

Current Market Outlook

Domestic Weekly Price Scenario: Following the depleting arrivals, strong international demand and anticipation of lower production in country, cotton prices noticed a fine uptrend during the prices. According to the cotton association of India, cotton production is likely to be around 370.5 lakh bales this season as compared to 382.75 in season 2014-15.

Average price of Kapas at Rajkot during the week was Rs. 4920 per quintal, which stood at Rs 4890 previous week. Average price of Lint at Sirsa during the week was Rs. 3570 per maund (of 37.32 Kg each), which stood at Rs 3510 previous week. Cotton fiber (Shankar-6) prices remained firm this week. Average price was Rs 33875 per candy (of 355.6 kg each) during the week, which was Rs 33675 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained sideways this week and closed at Rs.891 per maund (of 20 kg each) which was Rs 899.5a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain firm with the price band of Rs. 4850-4600 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3480-3600 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs.890-925 per maund (of 20 kg each).

Major Market Highlights: South Indian cotton mills in country have terminated the purchase of cotton from Gujarat due to the quality issues being reported in the produce. According to the SIMA (South Indian Mills Association), cotton supplies from Gujarat during December this year are not the up to quality standards, although it was good during October and November. Following this, the purchase from Gujarat has fallen down by 60-70 in the current month.

Many of the textile mills in country are willing to import cotton from African region rather than buying it from local traders. Due to the strong demand from overseas particularly Pakistan and China currently, the domestic prices of cotton are ruling quite high which is resulting in reluctance from textile mills to buy the local produce. Also, the cotton arrivals are declining, making the supply side to lag.

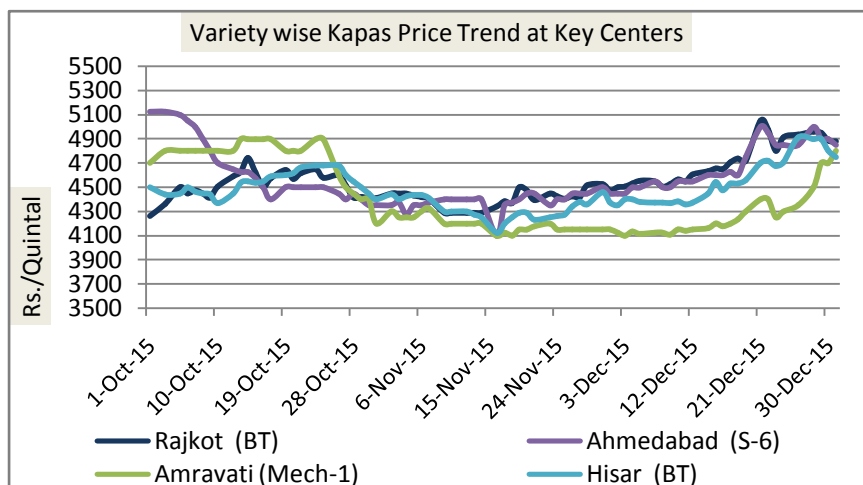
Due to the robust demand from overseas including Pakistan, Government of India is expected to cut drastically on the cotton purchasing under the MSP operation this season. According to the sources, country spent Rs 160 billion to procure 8.7 million bales of cotton in season 2014-15, surprisingly it could spend approximately only Rs 20 billion to procure 1 million bales of cotton in the current season i.e.2015-16.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained firm during the week due to the higher demand from overseas and domestic mills. Weekly average price of Kapas at Rajkot remained Rs. 4920 per quintal, slightly higher compared to previous week price of Rs. 4890 per quintal.

Major Market Highlights: Cotton consumption in India is likely to be around 5.50 million tons in season 2015-16, which was estimated to be around 5.55 million tons a month earlier. Although the consumption figures has been revised downward this month by USDA, the same would stand around 3% higher compared to the previous year's consumption of 5.33 million tons.

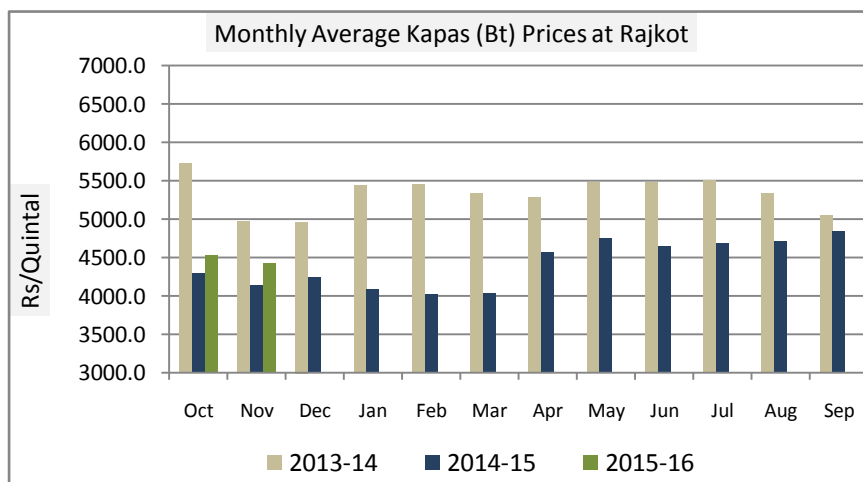


Cotton exports from India noticed a remarkable rise in November as compared to the previous month. During November the country exported around 12.46 lakh bales of cotton compared to 4.63 lakh bales during the previous month and 7.34 lakh bales during the corresponding month of previous season. However imports fell to almost half the quantity exported previous month. Cotton imports during November was 0.55 lakh bales, which was 0.92 a month earlier and 1.98 lakh bales during the same month a year earlier.

Weekly Price Outlook: Kapas prices are expected to remain steady to firm in coming days. The expected range for Kapas at Rajkot is Rs 4850-5000 per quintal.

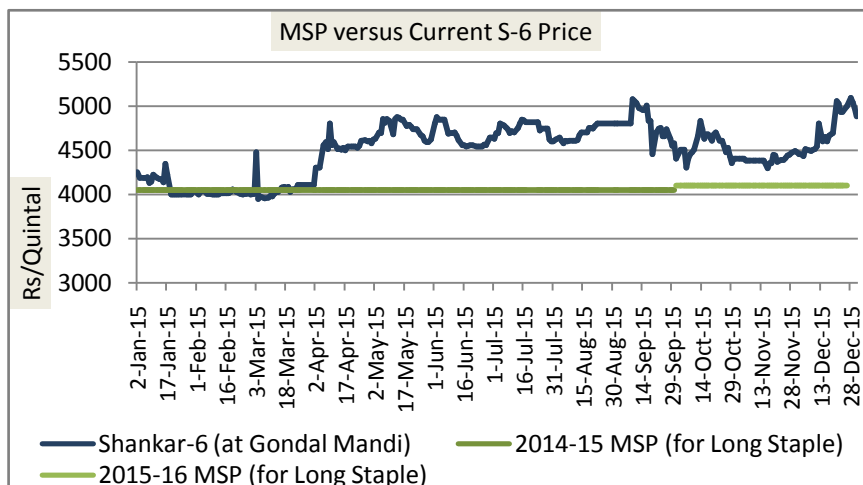
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices noticed weak momentum during the November month following the peak arrivals time, which created the supply lead in the market. Though cotton price remained weak during November compared to the previous month, it is ruling higher compared to the prices during the corresponding month of previous season. Monthly average price of Kapas at Rajkot remained Rs.4425 per quintal during November, which was Rs 4520 during previous month and Rs 4135 per quintal during the corresponding month last year.



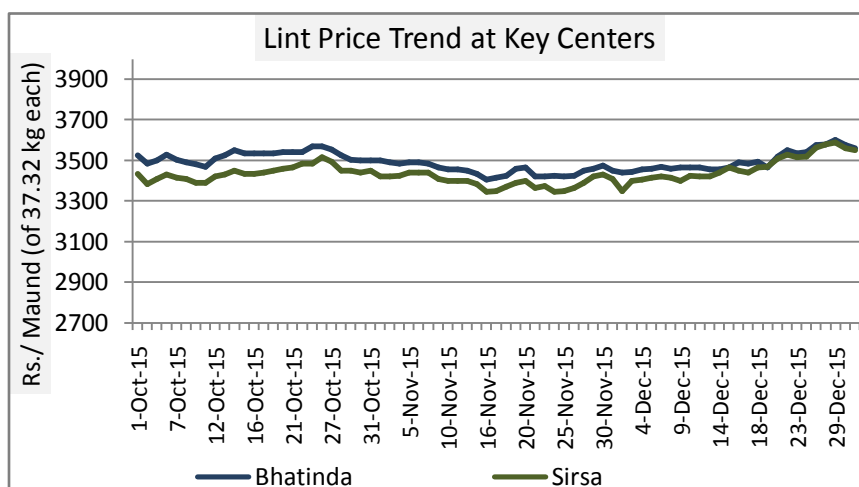
Spot Price versus MSP

Kapas prices are ruling above the MSP so far. The gap between the two prices has been widened. The average gap between the prices was Rs 897 this week compared to Rs 788 a week earlier. This indicates prices are in the uptrend movement.



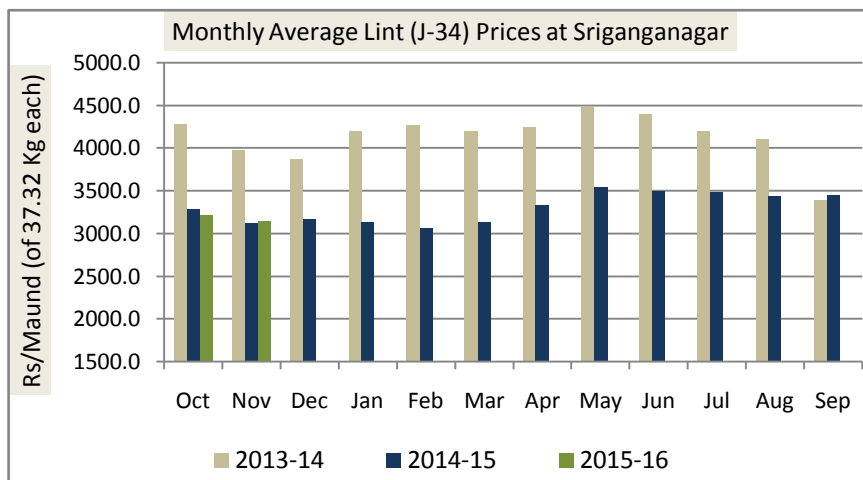
Lint (De-Seeded Weekly Price Scenario

Weekly Price Review: Firmness in the raw cotton prices pulled up the lint prices too. Weekly average price of Lint at Sirsa remained Rs. 3570 per maund of 37.32 kg each compared to previous week price of Rs. 3510 per maund. Weekly Price Outlook: Lint prices are expected to remain sideways to firm as demand of fiber is expected in the upcoming month. We expect Lint at Sirsa to remain in range of Rs. 3480-3600 per maund.



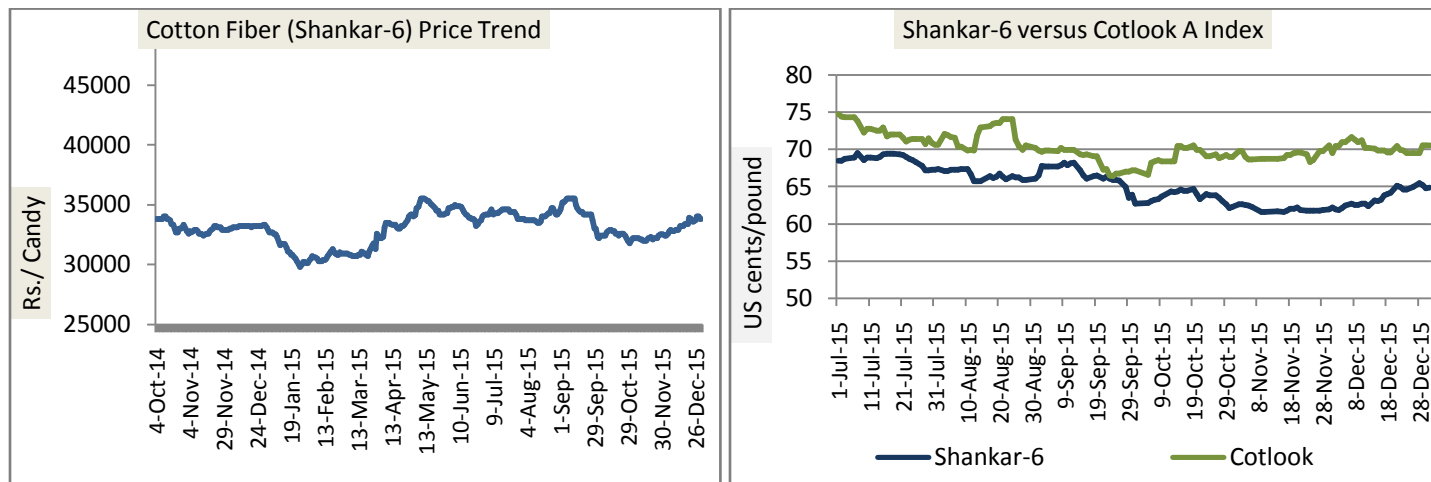
LintMonthly Y-o-Y Price Scenario

Due to the weakness in Kapas prices, lint prices too remained weaker during November compared to previous month. However, it remained firm compared to corresponding month last year. In November this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3150 per maund (of 37.32 Kg each), which was Rs 3215 last month and Rs 3125 during corresponding month previous year.



Cotton Fiber Weekly Price Scenario

Due to the higher export demand and firmness in raw cotton prices, cotton fiber too remained firm this week. Weekly average price of cotton price (Shankar-6) at Mumbai remained Rs 33875 per candy (of 355.6 kg each) fairly higher compared to the prices of previous week which was Rs. 33675 per candy.

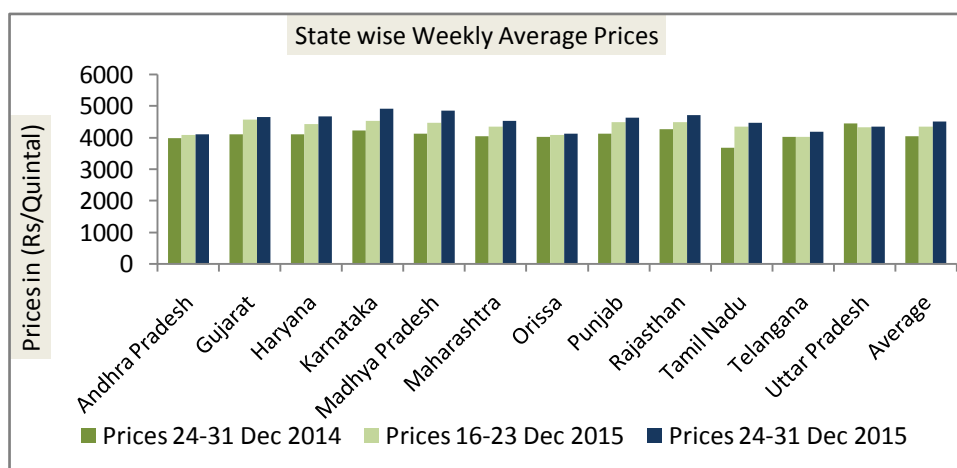


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 70.18 cents/pound, Indian weekly average price stood 65.09 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 33800-34000 per candy.

State wise Weekly Price Scenario

On week on week basis, prices are showing up trend in all of the States, highest price was recorded in Karnataka followed by Rajasthan this week and lowest was in Andhra Pradesh followed by Orissa. On year on year basis, cotton prices are reflecting uptrend in all of the States, except Uttar Pradesh which noticed downtrend in Y-o-Y price comparison. Prices have been summarized in the table given in annexure.

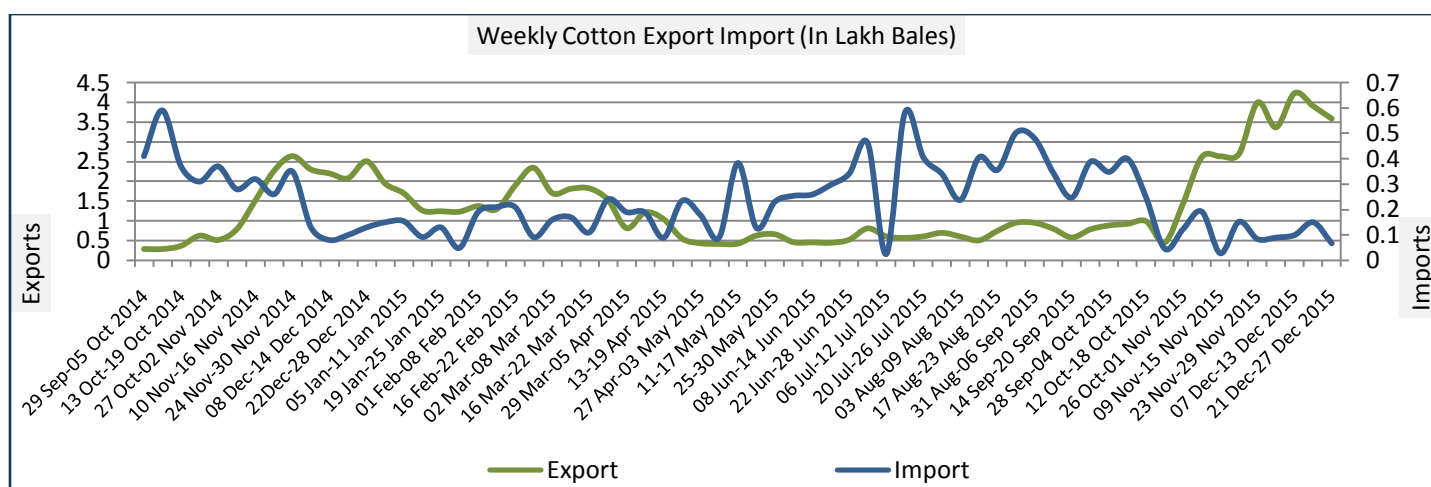


Cotton Weekly Export and Import

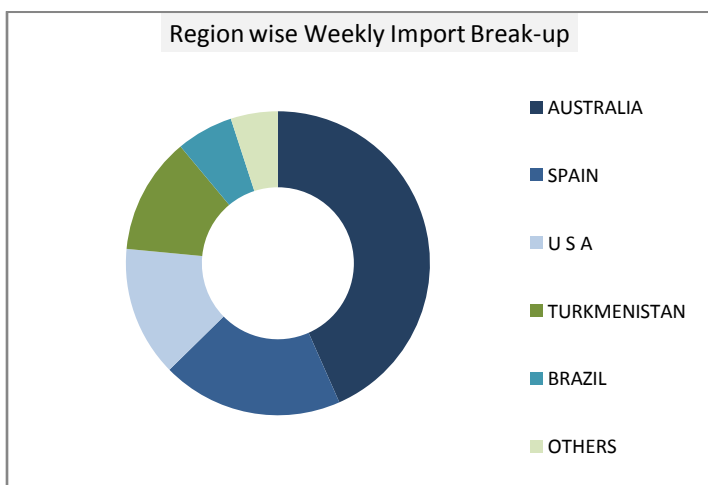
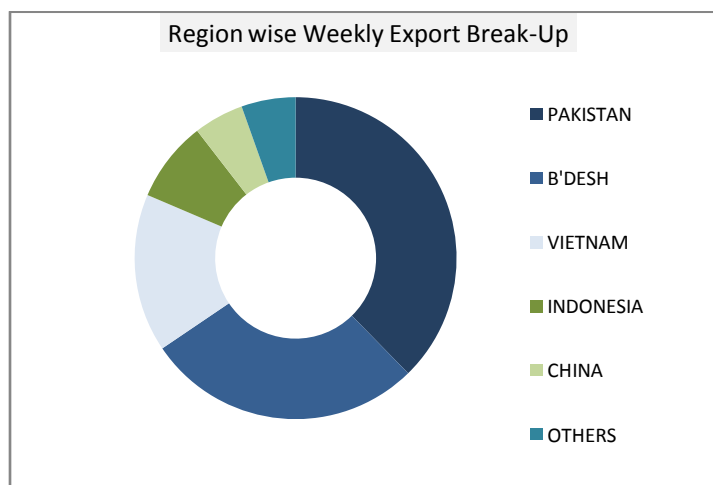
India exported 3.59 lakh bales of cotton last week (21 Dec-27 Dec 2015), which was 3.91 lakh bales previous to last week (14 Dec-20 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.067 lakh bales last week, which were 0.15 lakh bales previous to last week.

Export/Import	21 Dec-27 Dec 2015	14 Dec-20 Dec 2015
Export (In lakh Bales)	3.59	3.91
Import (In lakh Bales)	0.067	0.15

Source: IBIS



Major Export Destination and Importer: The major exporting destinations during the week were Pakistan, Bangladesh, Vietnam followed by Indonesia and China. The country sourced cotton from Australia, Spain, USA, Turkmenistan and Brazil during the week.

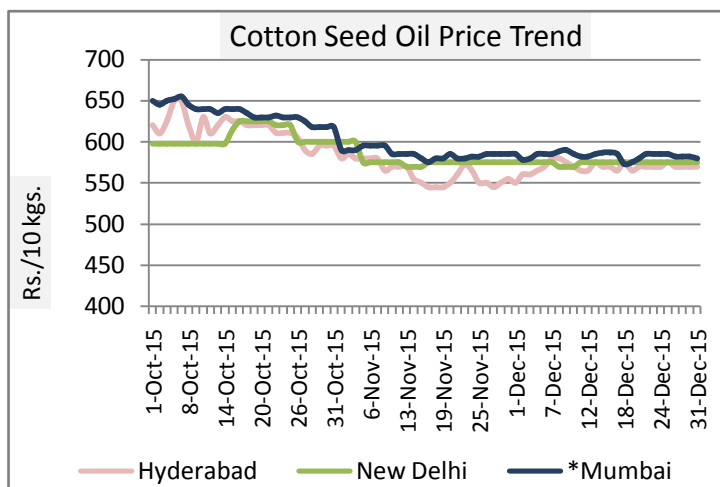


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price remained mostly steady during the week. Weekly average price in New Delhi remained Rs 575 per 10 Kg, unchanged when compared to the weekly average price of previous week which was Rs 575 per 10 Kg.

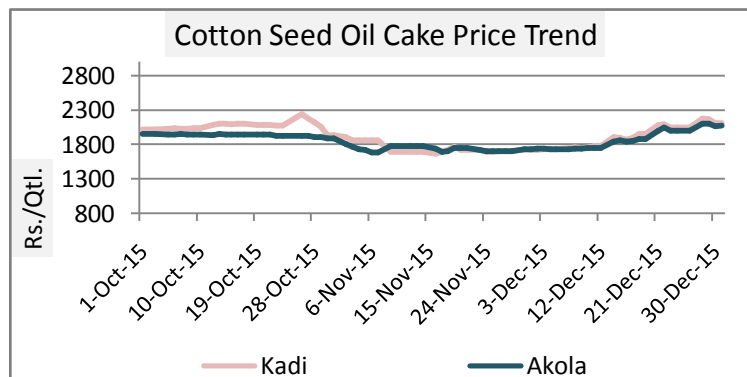
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	31-Dec -15	24-Dec -15	
New Delhi	575	575	Unch
Rajkot	582	585	-0.51
Hyderabad	570	570	0.00
Mumbai*	581.5	580.5	0.17
*Vat Included			



Cotton Seed Oil Cake Weekly Price Scenario

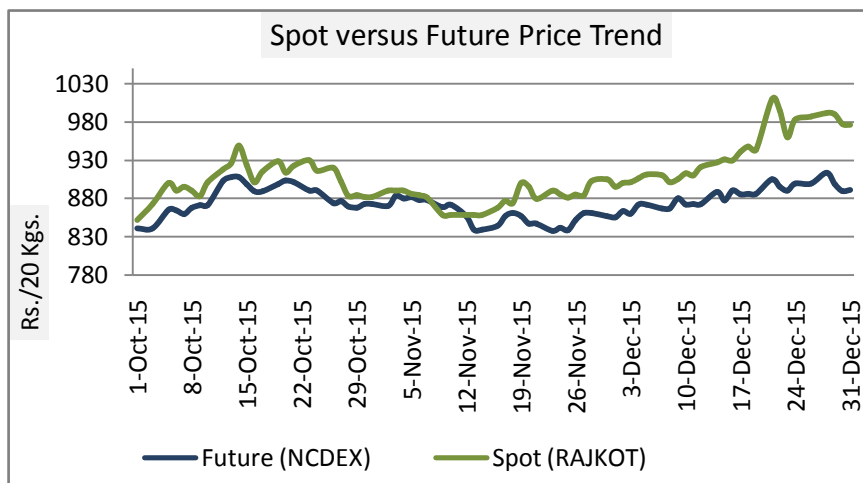
Cotton seed oil cake price remained mainly firm during the week. Weekly average price in Akola remained Rs 2085 per quintal fairly firm when compared to the weekly average price of previous week which was Rs 1970 per quintal.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	31-Dec -15	24-Dec -15	
Kadi	2140	2030	5.42
Akola	2085	1970	5.84
*Source: NCDEX			



Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'16) closed at Rs 891 as on 31 Dec 2015, as compared to 899.5 a week earlier and Rs 809 a year earlier. Average gap between the spot and future price during the week was Rs.85.6 which Rs 79.75 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(April'16 Contract)



Weekly Technical Outlook:

- Candlesticks denote overall bullish momentum in the market.
- RSI is moving towards over bought region.
- MACD centerline and signal line are showing positive movements.
- We expect cotton prices to remain sideways to firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	890-925

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
875	860	930	945

Figures in Rs/20 Kg

*Trade Recommendation as published on 17 Dec 2015

International Market Scenario

International cotton prices remained range bound to slightly firm during the week. Cotlook A index weekly average stood at 70.6 cents/pound this week, which was 69.9 cents/pound during last week.

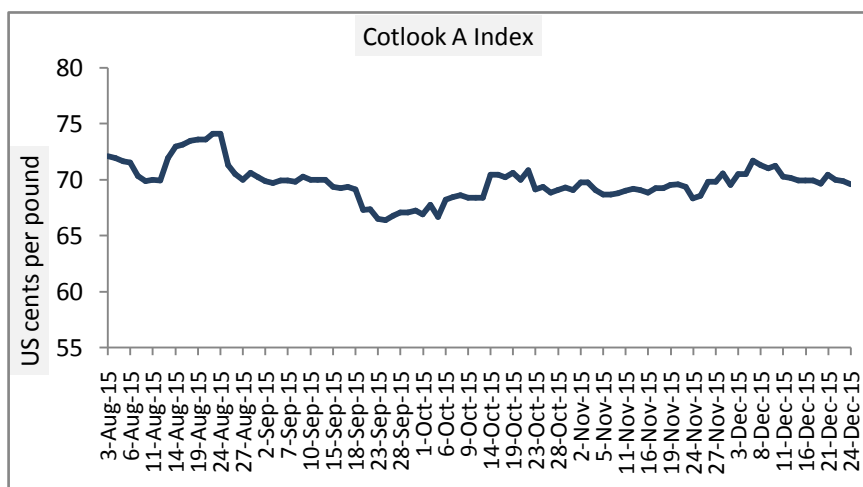
Major Market Highlights: According to the latest report of ICAC, average Cotlook A index during the season 2014-15 stood at 71 cents per pound, around 22% lower when compared to the index previous year which was 91 cents per pound and around 19% lower when compared to the price during previous to last season which was 88 cents per pound.

During a Ministerial meeting at World Trade Organization (WTO), held at Nairobi, a decision was made to give more importance to cotton from least developed countries by providing duty-free and quota-free access to the developed nations. The decision includes three elements that is market access, domestic support and export competition and the same will be effective from January 01, 2016.

According to USDA, Bangladesh is likely to surpass China as world's largest cotton importer by the end of season 2015-16. Bangladesh is likely to import 5.75 million bales (one 480 pound each) of cotton during the current season, whereas China will import around 5.5 million bales of cotton, lowest since 2003, said USDA.

Cotlook A Index

Cotlook A index remained range bound to slightly firm during the week following the better demand from overseas buyers. However the cotton market is on the bullish note following the various factors including downward revision in the production figures by USDA, recovery in the export demand, delayed harvesting of USA cotton crop etc. Cotlook A Index remained 70.6 cents/pound this week, slightly higher when compared to 69.9cents/pound a week earlier.



Cotlook A Index	Weekly Average Price as on		% Change
	31-Dec-15	24-Dec-15	
Prices	70.6	69.9	1.0
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

According to the China Cotton Association, the country is likely to import around 1.65 million tons of cotton in 2015-16. China during the current season would be consuming around 7.2 million tons. The ending stocks by the end of season 2015-16 would be around 13.16 million tons as compared to 13.56 million tons in 2014-15.

China is likely to produce 5.15 million tons of cotton this season, around 70,000 tons or 20.76% lower compared to the previous year, according to the latest estimates by China cotton association.

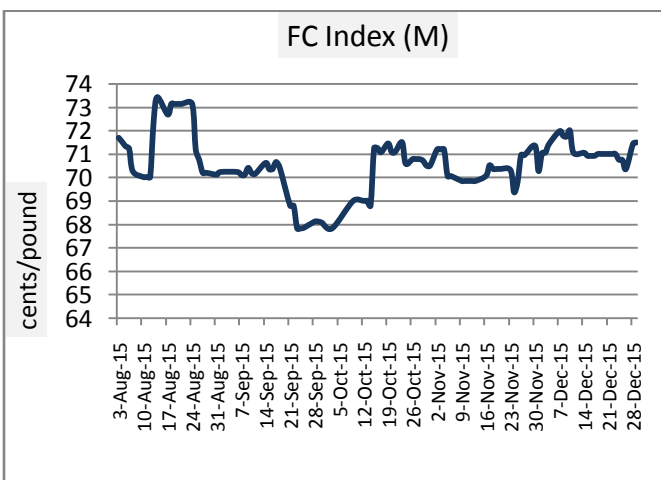
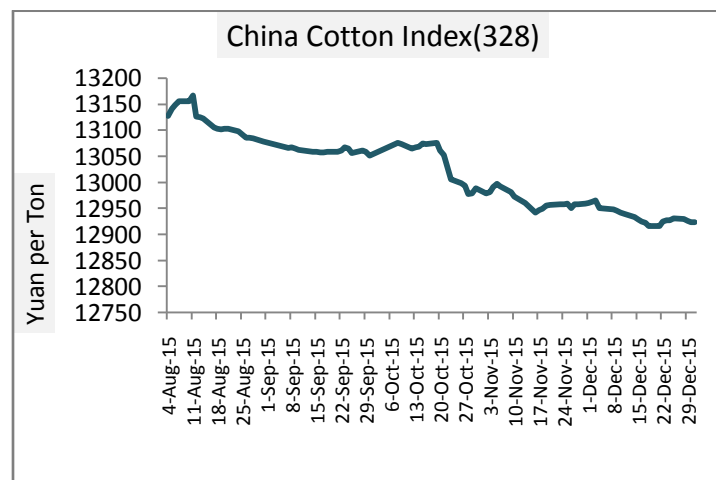
China is likely to import more cotton yarn this year instead of raw cotton, according to International Cotton Advisory Board (ICAC). As labor cost is rising in country, China is willing to cut the cost of cotton processing; meanwhile South East Asian countries are processing cotton at much cheaper rates.

China cotton index remained slightly firm during the week. FC Index (M) remained 71.47 cents/pound, as compared to 70.96 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	31-Dec-15	24-Dec-15	
FC (S)	74.69	74.2	0.66
FC (M)	71.47	70.96	0.72
FC (L)	69.47	68.99	0.70
Prices in US cents per Pound			

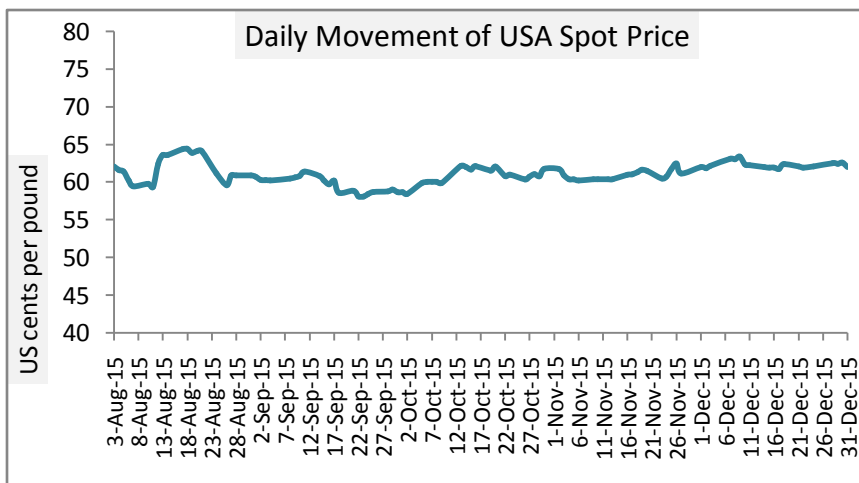
China Index too remained slightly firm during the week. CC Index (328) remained 12925 Yuan per ton during the week as average which was 12920 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	31-Dec-15	24-Dec-15	
CCIndex(229)	13555	13566	-0.08
CCIndex(328)	12925	12920	0.04
CCIndex(527)	11869	11866	0.03
Prices in Yuan per ton			



USA Spot Prices

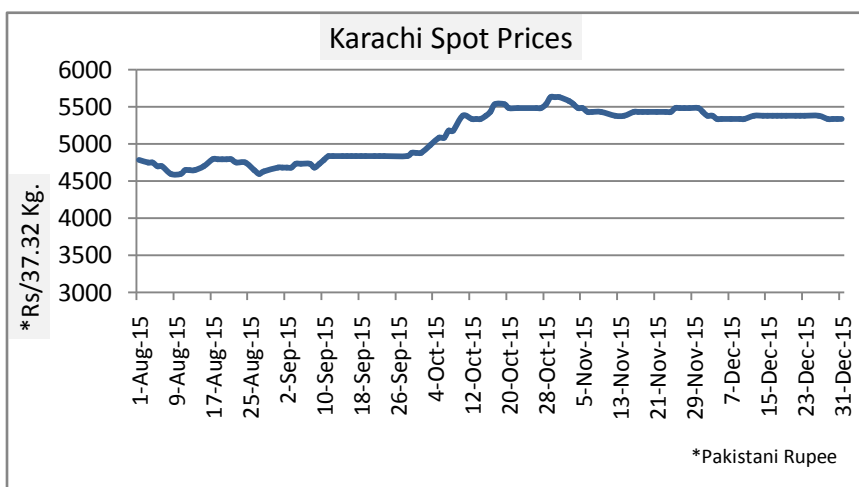
According to latest USDA report, USA cotton production would stand around 2.83 million tons, around 2% lower compared to the estimates of previous month i.e. 2.89 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons. USA spot prices remained slightly firm during the week. Weekly average price was 62.10 cents/pound slightly higher compared to 62.00 cents/pound a week earlier.



USA Spot Prices	Weekly Average Price as on		% Change
	31-Dec-15	24-Dec-15	
Prices	62.4	62.1	0.48
Prices in US cents per Pound			

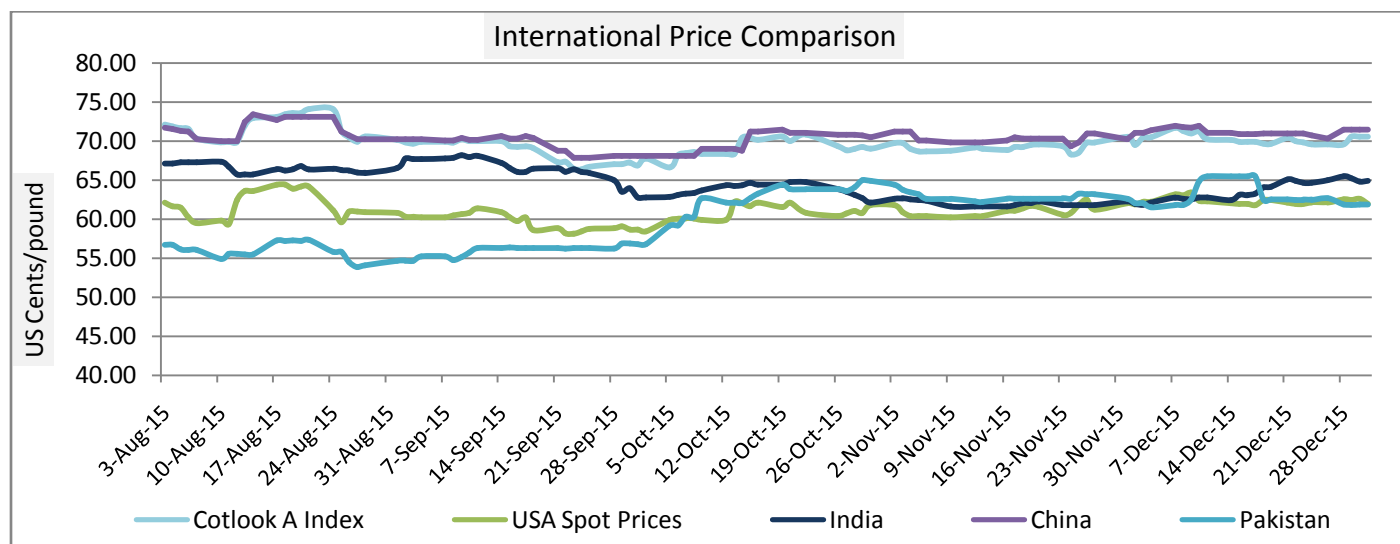
Pakistan Spot Prices

Pakistan cotton prices are falling due to the expectation of higher imports this season. Pakistan is likely to import around 435 thousand tons of cotton in 2015-16, more than double the amount it imported in 2014-15, which was 182 thousand tons. Reason for the same is fall in the production to 1.7 million tons in current season from 2.3 million tons previous season.



Karachi Spot Prices	Weekly Average Price as on		% Change
	31-Dec-15	24-Dec-15	
Prices	5335	5385	-0.93
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (Mar'16 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote overall range-bound momentum in the market.
- Volume and Open Interest are falling.
- We expect cotton prices to remain range bound.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound Momentum	62.40-64.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.00	61.40	65.00	65.60

Figures in US cents per pound

*Trade Recommendation as published on 02 Jan 2015

Cotton Future Prices at ICE

Contracts	31-Dec-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-16	63.28	63.66	62.64	65.45	-0.60	1.02	-3.32
May-16	64.11	64.35	63.43	--	-0.37	1.07	--
Jul-16	64.79	64.99	63.98	--	-0.31	1.27	--
Oct-16	64.41	64.51	63.63	--	-0.16	1.23	--
Dec-16	64.72	64.85	64.34	--	-0.20	0.59	--
Mar-17	64.99	65.12	--	--	-0.20	--	--

Domestic Cotton Prices and Arrivals at Key Centers

Centre	Variety	Weekly Average Prices as on		Change
		31th Dec 2015	24th Dec 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4610	4330	280
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4895	4790	105
Rajkot	B.T. Cotton	4920	4890	30
Patan	B.T. Cotton	4890	4710	180
Deesa	B.T. Cotton	4645	4610	35
Dhrol	B.T. Cotton	3945	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4870	4800	70
Adampur	B.T. Cotton	4855	4670	185
Fatehabad	B.T. Cotton	4860	4690	170
Dabwali	B.T. Cotton	4745	4600	145
Jind	B.T. Cotton	4910	4725	185
Uchana	B.T. Cotton	4890	4730	160
Rawatsar	B.T. Cotton	4740	4560	180
Hubli	B.T. Cotton	5092	NA	-
Hathras	B.T. Cotton	4400	4500	-100
Hanumangarh	B.T. Cotton	4860	4730	130
	Kapas			
Ahmedabad	Shankar-6	4915	4890	25
Gondal	Shankar-6	4990	4930	60
	Kapas			
Bhiwani	Desi	4730	4550	180
Jamner (Jalgaon)	Medium Staple	4715	NA	-
Hathras	Desi	4200	4300	-100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	6000	NA	-

Raichur	H-44 Cotton	4750	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	4100	4100	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3580	3520	60
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3580	3520	60
Sirsa	J-34	3570	3510	60
Mansa	J-34	3565	3515	50
Sri-Ganganagar	J-34	4970	4630	340

Cotton Association of India Spot Rates (Cotton Fiber Prices)

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices as on		+/- Change
				30th Dec 2015	24th Dec 2015	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	31800	30225	1575
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32300	30725	1575
J-34(202)	26mm	3.5 - 4.9	23	33225	32850	375
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32875	32625	250
Shankar-6(105)	29mm	3.5 - 4.9	28	33875	33675	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33950	33475	475
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35125	34375	750
DCH-32(107)	34mm	3.0 - 3.8	33	46875	45375	1500

State wise-summary of Weekly Prices

State	Prices 24-31 Dec 2015	Prices 16-23 Dec 2015	Prices 24-31 Dec 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4110.69	4094.1	3983.37	0.41	3.2
Gujarat	4666.87	4571.02	4119.5	2.1	13.29
Haryana	4691.13	4441.82	4122.75	5.61	13.79
Karnataka	4924.4	4537.5	4239.02	8.53	16.17
Madhya Pradesh	4863.7	4474.45	4126.31	8.7	17.87
Maharashtra	4543.78	4360.41	4053.11	4.21	12.11
Orissa	4132.66	4088.87	4042.79	1.07	2.22
Punjab	4634.75	4499.48	4139.53	3.01	11.96
Rajasthan	4720.22	4504.74	4270.48	4.78	10.53
Tamil Nadu	4477.43	4365.17	3698.66	2.57	21.06
Telangana	4205.77	4038.2	4035.54	4.15	4.22
Uttar Pradesh	4360	4343.75	4450	0.37	-2.02
Average	4527.62	4359.96	4060.08		

Source: Agmarknet

Cotton Weekly Cumulative Arrivals:

Centre	Variety	Weekly Sum Arrivals (In Quintals)		Change
		26th Dec to 31th Dec 2015	19th Dec to 24th Dec 2015	
Amravati	Mech-1	49000	132000	-83000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	145000	240000	-95000
Rajkot	B.T. Cotton	26600	28350	-1750
Patan	B.T. Cotton	40265	47141	-6876
Deesa	B.T. Cotton	7975	8965	-990
Dhrol	B.T. Cotton	4582	4080	502
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	7250	15000	-7750
Adampur	B.T. Cotton	2465	4930	-2465
Fatehabad	B.T. Cotton	2700	4450	-1750
Dabwali	B.T. Cotton	1700	2850	-1150
Jind	B.T. Cotton	952	1896	-944
Uchana	B.T. Cotton	4000	6900	-2900
Rawatsar	B.T. Cotton	4800	5100	-300
Hubli	B.T. Cotton	172	226	-54
Hathras	B.T. Cotton	10	20	-10
Hanumangarh	B.T. Cotton	7000	10500	-3500
Ahmedabad	Shankar-6	153000	195500	-42500
Gondal	Shankar-6	20060	13333	6727
Bhiwani	Desi	400	1600	-1200
Jamner (Jalgaon)	Medium Staple	417	545	-128
Hathras	Desi	10	20	-10
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	24	60	-36
Raichur	H-44 Cotton	6126	5736	390
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	3740	7820	-4080
Bhatinda	J-34	27200	39814	-12614
Sirsa	J-34	4080	6120	-2040
Mansa	J-34	850	2550	-1700
Sri-Ganganagar	J-34	1850	1250	600

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