

Current Market Outlook

Domestic Weekly Price Scenario: Due to the recovery in the arrivals and comparatively lower exports, cotton prices remained downtrend during the week.

Average price of Kapas at Rajkot during the week was Rs. 4915 per quintal, which stood at Rs 4920 previous week. Average price of Lint at Sirsa during the week was Rs. 3590 per maund (of 37.32 Kg each), which stood at Rs 3570 previous week. Cotton fiber (Shankar-6) prices remained weak this week. Average price was Rs 33800 per candy (of 355.6 kg each) during the week, which was Rs 33875 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained dull this week and closed at Rs. 864 per maund (of 20 kg each) which was Rs 891 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound with the price band of Rs. 4750-4900 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3480-3620 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs. 845-875 per maund (of 20 kg each).

Major Market Highlights: Cotton production in Gujarat is likely to be around 99.5 lakh bales in 2015-16, around 8% lower as compared to production of previous season which was 108 lakh bales, according to Cotton Association of India (CAI).

According to the latest estimates of Cotton Association of India (CAI), cotton output in India would be around 362 lakh bales (of 170 Kg each) in 2015-16, around 5.7% lower when compared to 382.75 lakh bales in 2014-15. Total supply would be around 454.65 (including opening stock, production and imports) and domestic consumption (mill and non mill) would be around 318 lakh bales.

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.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

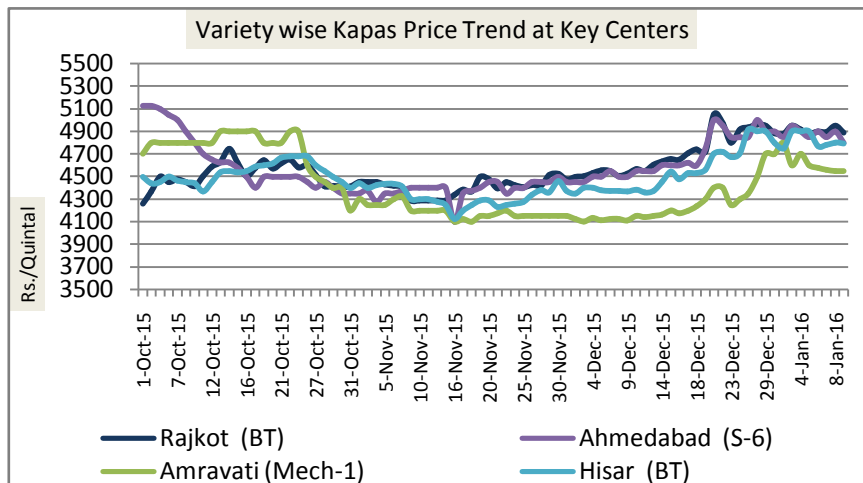
Weekly Price Review: Kapas price remained firm during the week due to the higher demand from overseas and domestic mills. Weekly average price of Kapas at Rajkot remained Rs. 4920 per quintal, slightly higher compared to previous week price of Rs. 4890 per quintal.

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 only spend Rs 20 billion approximately to procure 1 million bales of cotton in the current season i.e.2015-16.

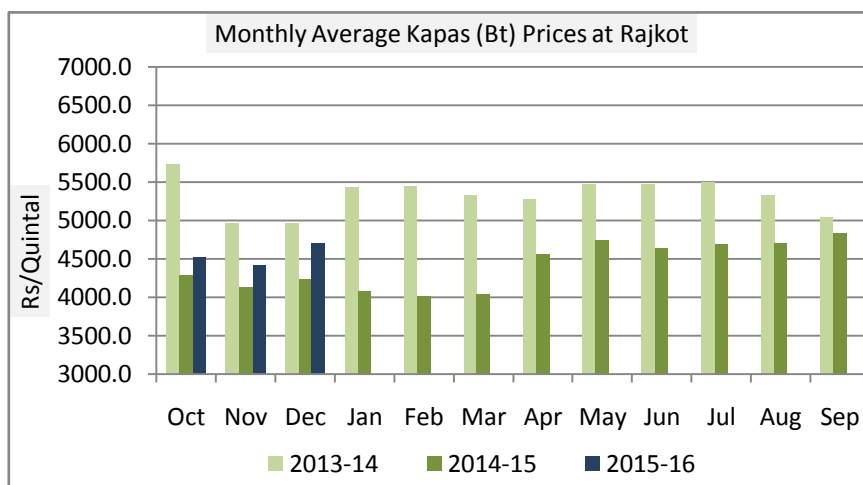
Textile mills in Madhya Pradesh are suffering with high cost of production which has increased by around 10-15% this year which has reduced their profit margins and ultimately their share in global market by making them less competitive. Also the prices of cotton are rising due to the lagging supplies, which too affected the mills purchasing power and then the production capacity.

Weekly Price Outlook: Kapas prices are expected to remain range-bound in coming days. The expected range for Kapas at Rajkot is Rs 4750-4900 per quintal.



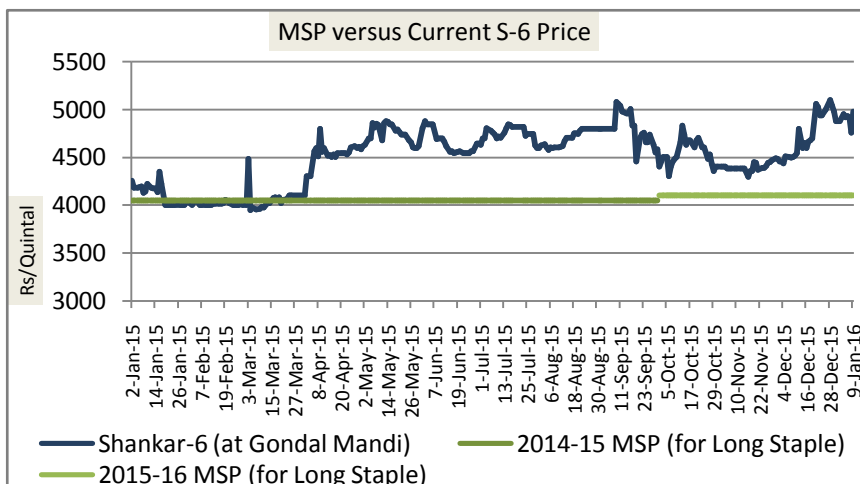
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed weak momentum during the December month following the strong overseas demand and falling arrivals, which has created the supply lag in the market. The cotton price remained strong during December compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.



Spot Price versus MSP

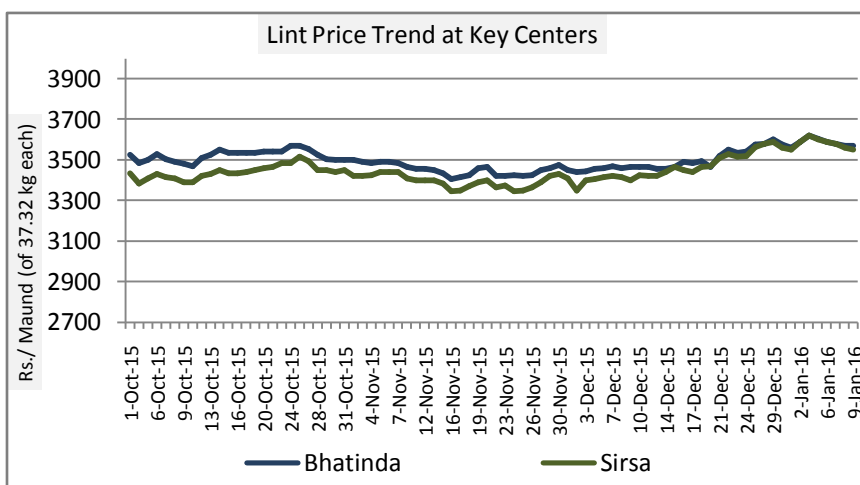
Kapas prices are ruling above the MSP so far. The gap between the two prices has been narrowed. The average gap between the prices was Rs 804 this week compared to Rs 897 a week earlier. This indicates prices are in the uptrend movement.



Lint (De-Seeded Cotton) Weekly Price Scenario

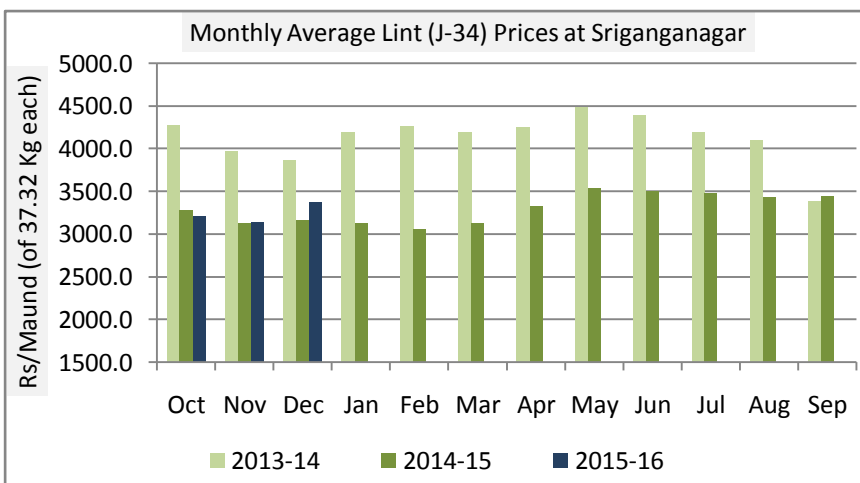
Weekly Price Review: Despite the weakness in the raw cotton prices, lint prices remained firm during the week. Weekly average price of Lint at Sirsa remained Rs. 3590 per maund of 37.32 kg each compared to previous week price of Rs. 3570 per maund.

Weekly Price Outlook: Lint prices are expected to remain sideways to firm as demand of fiber is expected in the upcoming days. We expect Lint at Sirsa to remain in range of Rs. 3480-3600 per maund.



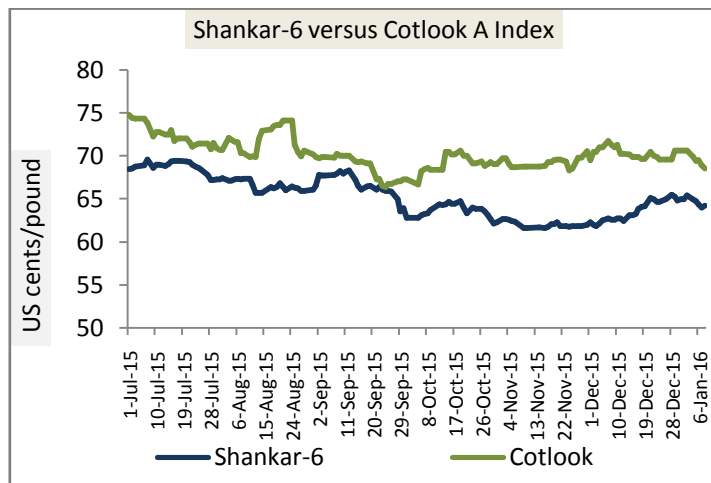
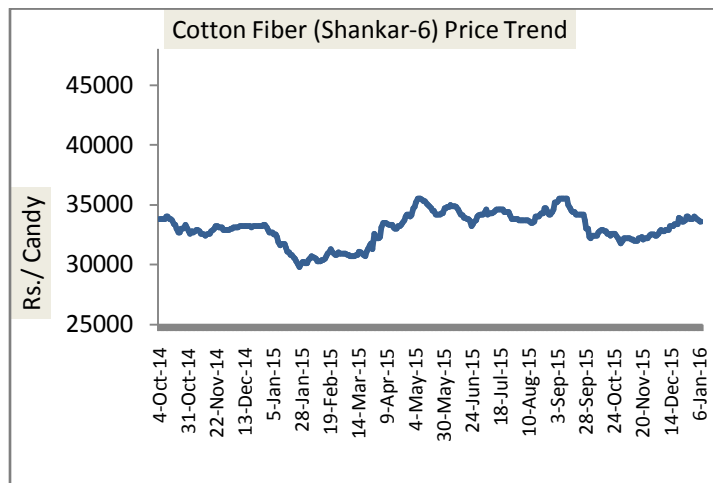
LintMonthly Y-o-Y Price Scenario

Due to the firmness in Kapas prices, lint prices too remained strong during December compared to previous month and it remained firm compared to corresponding month last year also. In December this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3375 per maund (of 37.32 Kg each), which was Rs 3150 last month and Rs 3166 during corresponding month previous year.



Cotton Fiber Weekly Price Scenario

Due to the weaker export demand and weakness in raw cotton prices, cotton fiber too remained weak this week. Weekly average price of cotton price (Shankar-6) at Mumbai remained Rs 33800 per candy (of 355.6 kg each) lower as compared to the prices of previous week which was Rs. 33875 per candy.

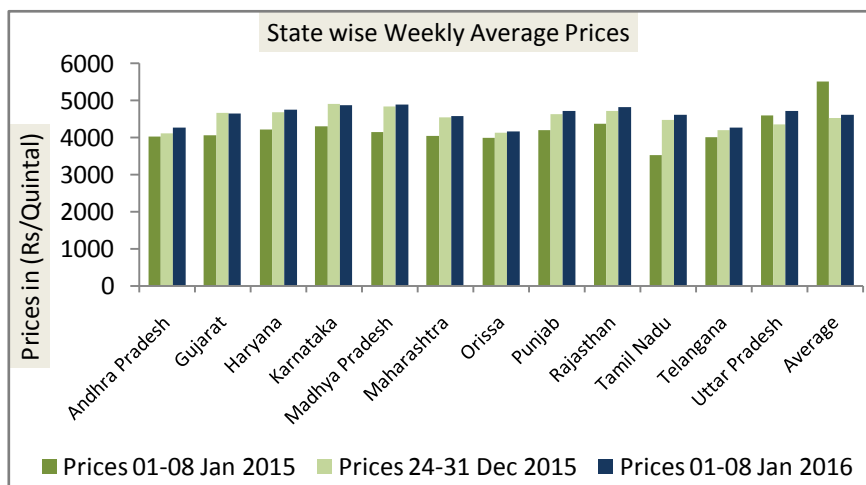


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 69.67 cents/pound, Indian weekly average price stood 64.68 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 32800-33500 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 Madhya Pradesh followed by Karnataka this week and lowest was in Orissa followed by Telangana. On year on year basis, cotton prices are reflecting uptrend in all of the States. Prices have been summarized in the table given in annexure.

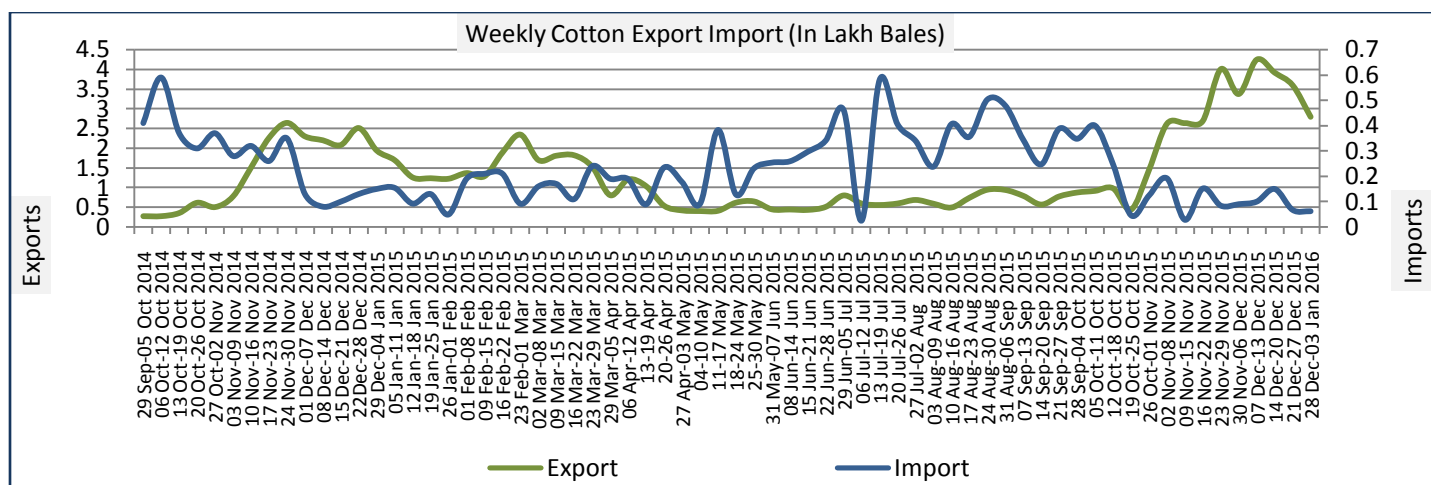


Cotton Weekly Export and Import

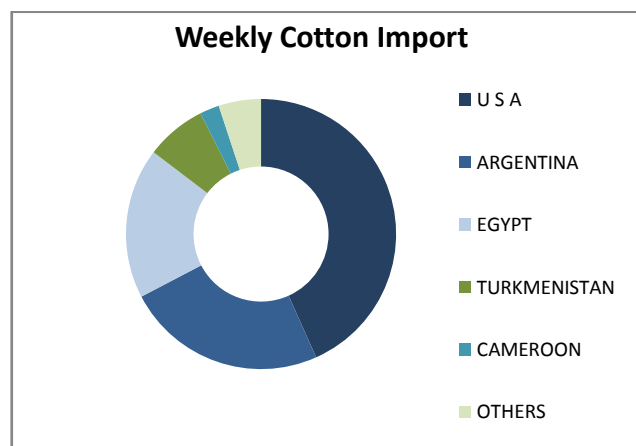
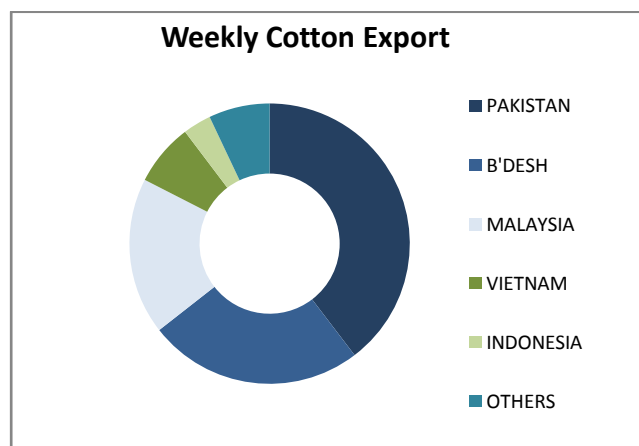
India exported 2.79 lakh bales of cotton last week (28 Dec-03 Jan 2016), which was 3.59 lakh bales previous to last week (21 Dec-27 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.06 lakh bales last week, which were 0.15 lakh bales previous to last week.

Export/Import	28 Dec-03 Jan 2016	21 Dec-27 Dec 2015
Export (In lakh Bales)	2.79	3.59
Import (In lakh Bales)	0.06	0.067

Source: IBIS



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

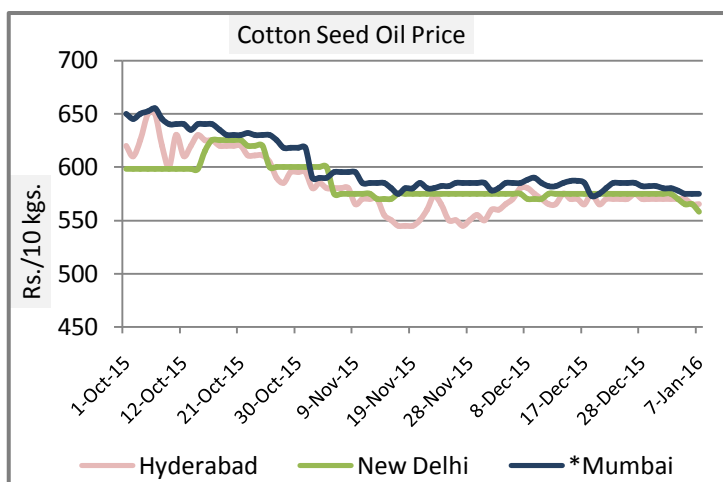


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price remained mostly weak during the week. Weekly average price in New Delhi remained Rs 566.5 per 10 Kg, relatively weak when compared to the weekly average price of previous week which was Rs 575 per 10 Kg.

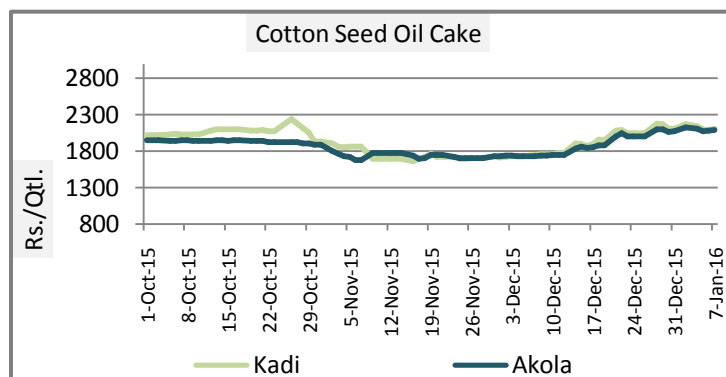
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	07-Jan-16	31-Dec -15	
New Delhi	566.5	575	-1.48
Rajkot	577.5	582	-0.77
Hyderabad	568	570	-0.35
Mumbai*	576.5	581.5	-0.86
*Vat Included			



Cotton Seed Oil Cake Weekly Price Scenario

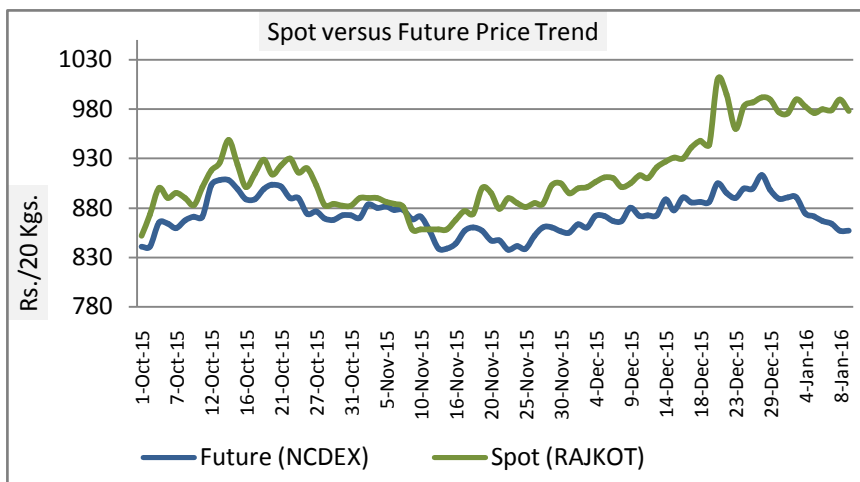
Cotton seed oil cake price remained firm during the week. Weekly average price in Akola remained Rs 2095 per quintal fairly firm when compared to the weekly average price of previous week which was Rs 2067 per quintal.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	07-Jan-16	31-Dec-15	
Kadi	2120.5	2120.5	0.00
Akola	2095	2067	1.35
*Source: NCDEX			



Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'16) closed at Rs 864 as on 07 Jan 2016, as compared to 891 a week earlier and Rs 798.5 a year earlier. Average gap between the spot and future price during the week was Rs.108 which Rs 85.6 a week earlier.



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



Weekly Technical Outlook:

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

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound Momentum	845-875

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
830	815	890	900

Figures in Rs/20 Kg

*Trade Recommendation as published on 17 Dec 2015

International Market Scenario

International cotton prices remained range bound to weak during the week. Cotlook A index weekly average stood at 69.25 cents/pound this week, which was 70.6 cents/pound during last week.

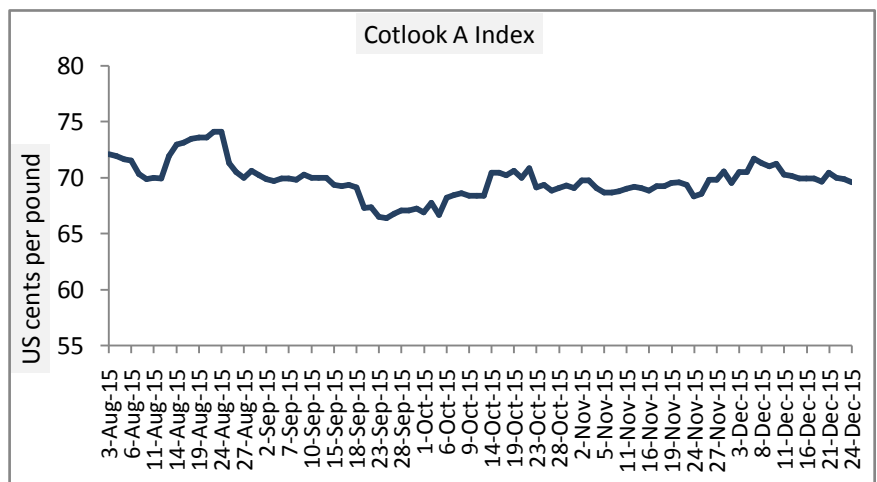
Major Market Highlights: Cotton production on the global front is likely to be around 22.89 million tons in season 2015-16, around 0.9% lower when compared to the estimates of previous month which was 23.11 million tons and around 13% lower when compared to the production estimates of previous season which was 26.33 million tons, according to the latest release by ICAC.

Australia, one of the major cotton importers in the world is expected to notice a remarkable rise in cotton production in the coming season. According to ICAC, cotton acreage in Australia is likely to increase by two fold to 3 lakh hectares and production is expected to rise by around 11%.

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.

Cotlook A Index

Cotlook A index remained range bound to weak during the week following the weak 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
	07-Jan-16	31-Dec-15	
Prices	69.25	70.6	-1.9
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.

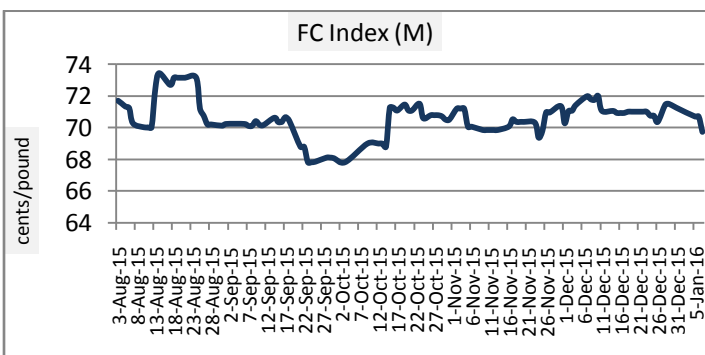
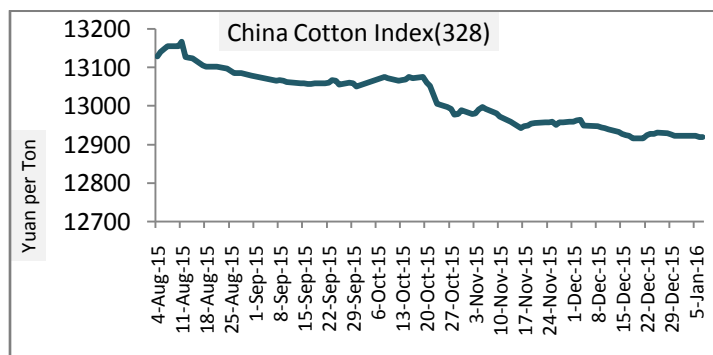
China is likely to import more cotton yarn this year instead of raw cotton, according to International Cotton Advisory Board (ICAC). As labor cost is rising in country, China is willing to cut the cost of cotton processing; meanwhile South East Asian countries are processing cotton at much cheaper rates.

China cotton index remained slightly dull during the week. FC Index (M) remained 70.38 cents/pound, as compared to 71.47 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	07-Jan-16	31-Dec-15	
FC (S)	73.6	74.69	-1.46
FC (M)	70.38	71.47	-1.53
FC (L)	68.11	69.47	-1.96
Prices in US cents per Pound			

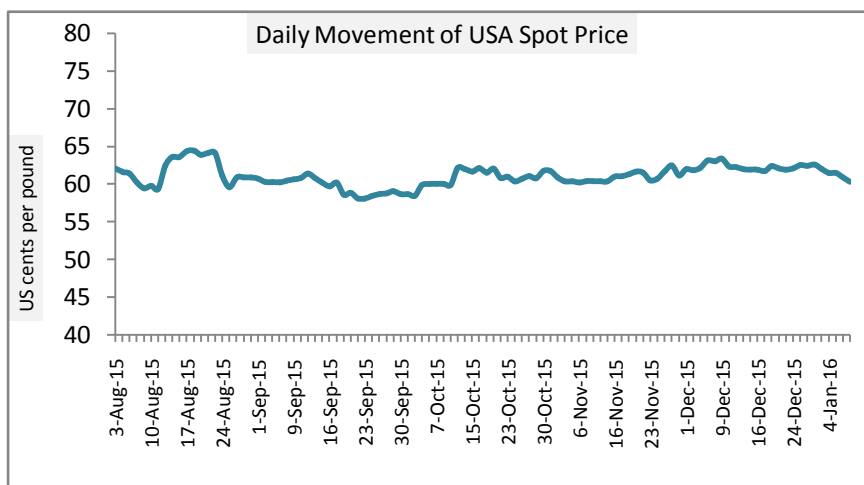
China Index too remained slightly firm during the week. CC Index (328) remained 12921.5 Yuan per ton during the week as average which was 12925 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	07-Jan-16	31-Dec-15	
CCIndex(229)	13555	13555	0.00
CCIndex(328)	12921.5	12925	-0.03
CCIndex(527)	11858	11869	-0.09
Prices in Yuan per ton			



USA Spot Prices

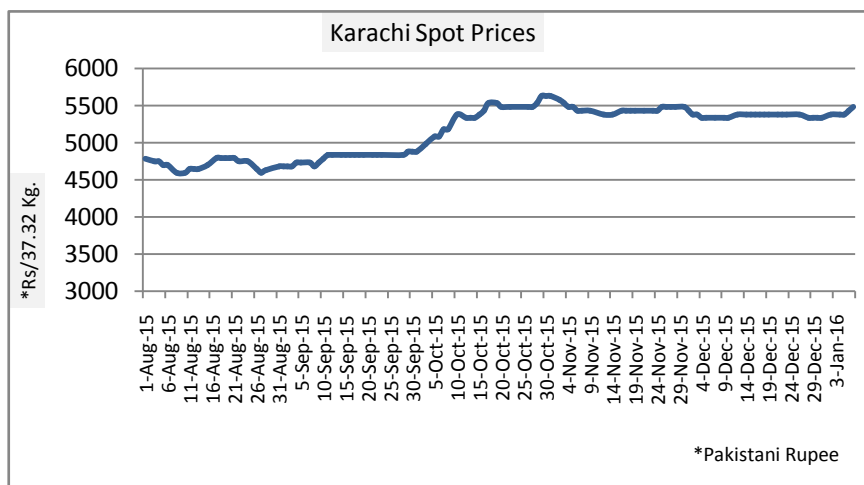
Cotton production in USA is likely to be around 13 million bales (of 480 pound each) in the current season that is 2015-16, said the private analytics firm Informa Economics. The current projection is slightly higher than the estimates of December, which was 12.9 million bales, but the same is still low as compared to the official estimates of U.S. Government which is 13.03 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	07-Jan-16	31-Dec-15	
Prices	61.1	62.4	-2.08
Prices in US cents per Pound			

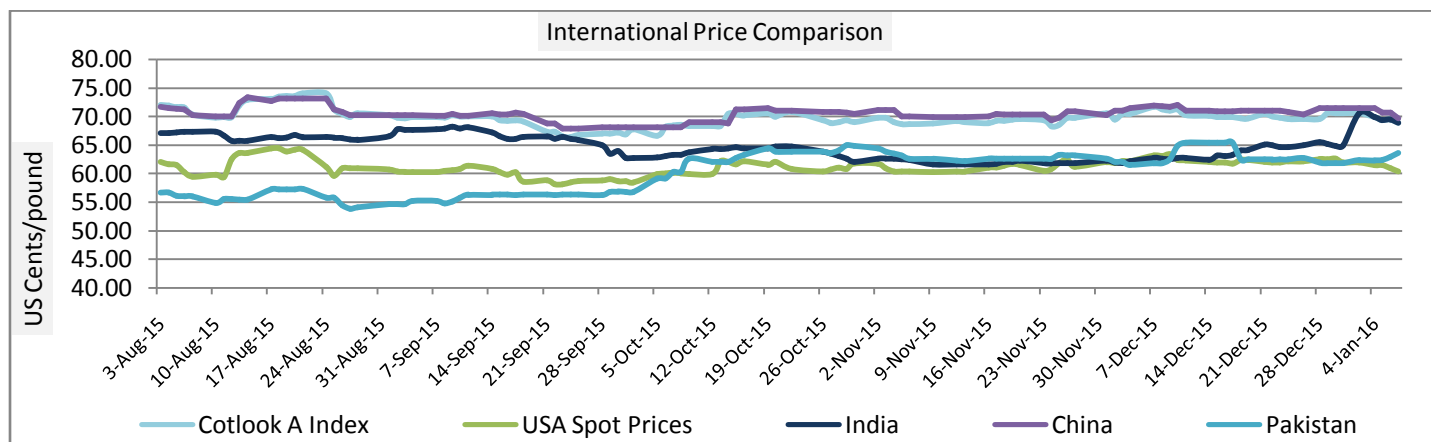
Pakistan Spot Prices

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. Due to the supply lag cotton prices in country are rising up.



Karachi Spot Prices	Weekly Average Price as on		% Change
	07-Jan-16	31-Dec-15	
Prices	5415	5335	1.50
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 bearish momentum in the market.
- Volume and Open Interest are rising.
- We expect cotton prices to remain range bound to weak.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	60.00-62.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
61.40	61.00	63.00	63.60

Figures in US cents per pound

*Trade Recommendation as published on 02 Jan 2015

Cotton Future Prices at ICE

Contracts	07-Jan-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-16	61.43	63.28	64.57	65.6	-2.92	-4.86	-6.36
May-16	62.12	64.11	65.28	--	-3.10	-4.84	--
Jul-16	62.86	64.79	65.70	--	-2.98	-4.32	--
Oct-16	62.56	64.41	65.13	--	-2.87	-3.95	--
Dec-16	62.97	64.72	65.59	--	-2.70	-3.99	--
Mar-17	63.90	64.99	--	--	-1.68	--	--

Domestic Cotton Prices and Arrivals at Key Centers

Centre	Variety	Weekly Average Prices as on		Change
		08th Jan 2016	31th Dec 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4600	4610	-10
Khandwa	Mech-1	4760	NA	-
Khargaon	Mech-1	4760	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4930	4895	35
Rajkot	B.T. Cotton	4915	4920	-5
Patan	B.T. Cotton	4840	3910	930
Deesa	B.T. Cotton	4705	4645	60
Dhrol	B.T. Cotton	4925	3945	980
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4725	4870	-145
Adampur	B.T. Cotton	4840	4855	-15
Fatehabad	B.T. Cotton	4765	4860	-95
Dabwali	B.T. Cotton	4670	4745	-75
Jind	B.T. Cotton	4870	4910	-40
Uchana	B.T. Cotton	4865	4890	-25
Rawatsar	B.T. Cotton	4685	4740	-55
Hubli	B.T. Cotton	5160	5090	70
Hathras	B.T. Cotton	4825	4400	425
Hanumangarh	B.T. Cotton	4810	4860	-50
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4890	4915	-25
Gondal	Shankar-6	4895	5000	-105
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	4725	4730	-5
Jamner (Jalgaon)	Medium Staple	4815	4715	100
Hathras	Desi	4825	4200	625
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	6040	-
Raichur	H-44 Cotton	4885	4750	135

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	3590	3580	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3595	3580	15
Sirsa	J-34	3590	3570	20
Mansa	J-34	3595	3565	30
Sri-Ganganagar	J-34	4890	4970	-80

Cotton Association of India Spot Rates (Cotton Fiber Prices)

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices as on		+/- Change
				07 th Jan 2016	30 th Dec 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32530	31800	730
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33030	32300	730
J-34(202)	26mm	3.5 - 4.9	23	33270	33225	45
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33055	32875	180
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33875	-75
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34155	33950	205
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35755	35125	630
DCH-32(107)	34mm	3.0 - 3.8	33	48155	46875	1280

State wise-summary of Weekly Prices

State	Prices 01-08 Jan 2016	Prices 24-31 Dec 2015	Prices 01-08 Jan 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4264.14	4109.47	4024.74	3.76	5.95
Gujarat	4646.04	4668.2	4070.3	-0.47	14.14
Haryana	4761.84	4689.83	4213.22	1.54	13.02
Karnataka	4883.8	4919.03	4297.79	-0.72	13.64
Madhya Pradesh	4890.35	4840	4150.66	1.04	17.82
Maharashtra	4585.17	4546.45	4050.99	0.85	13.19
Orissa	4172.96	4132.66	4000.15	0.98	4.32
Punjab	4718.71	4638.11	4203.29	1.74	12.26
Rajasthan	4819.82	4728.45	4370.46	1.93	10.28
Tamil Nadu	4610.02	4477.43	3529.82	2.96	30.6
Telangana	4266.22	4205.72	4009.11	1.44	6.41
Uttar Pradesh	4725	4360	4603.33	8.37	2.64
Average	4612.01	4526.28	5513.37		

Source:Agmarknet

Cotton Weekly Cumulative Arrivals:

Centre	Variety	Weekly Total Arrivals (In Quintals)		Change
		01 Dec'15-08 Jan'16	26 Dec'15-31 Dec'15	
Amravati	Mech-1	104000	49000	55000
Khandwa	Mech-1	8400	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	240000	145000	95000
Rajkot	B.T. Cotton	27200	26600	600
Patan	B.T. Cotton	60968	40265	20703
Deesa	B.T. Cotton	7895	7975	-80
Dhrol	B.T. Cotton	4657	4582	75
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	700	7250	-6550
Adampur	B.T. Cotton	2465	2465	Unch
Fatehabad	B.T. Cotton	65	130	-65
Dabwali	B.T. Cotton	1225	1700	-475
Jind	B.T. Cotton	578	952	-374
Uchana	B.T. Cotton	3175	4000	-825
Rawatsar	B.T. Cotton	3500	4800	-1300
Hubli	B.T. Cotton	658	172	486
Hathras	B.T. Cotton	35	10	25
Hanumangarh	B.T. Cotton	8500	7000	1500
Ahmedabad	Shankar-6	297500	153000	144500
Gondal	Shankar-6	22013	20060	1953
Bhiwani	Desi	150	400	-250
Jamner (Jalgaon)	Medium Staple	233	417	-184
Hathras	Desi	35	10	25
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	24	-
Raichur	H-44 Cotton	7191	6126	1065
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	4760	3740	1020
Bhatinda	J-34	28900	27200	1700
Sirsa	J-34	3910	4080	-170
Mansa	J-34	1275	850	425
Sri-Ganganagar	J-34	2200	1850	350

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2015 Indian Agribusiness Systems Pvt Ltd.