Current Market Outlook

Domestic Weekly Price Scenario: Following the weak overseas demand and lower purchase by mills, cotton prices remained downtrend during the week.

Average price of Kapas at Rajkot during the week was Rs. 4850 per quintal, which stood at Rs 4915 previous week. Average price of Lint at Sirsa during the week was Rs. 3535 per maund (of 37.32 Kg each), which stood at Rs 3590 previous week. Cotton fiber (Shankar-6) prices too remained weak this week. Average price was Rs 33485 per candy (of 355.6 kg each) during the week, which was Rs 33800 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained dull this week and closed at Rs. 835 per maund (of 20 kg each) which was Rs 864 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. 4700-4900 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3450-3600 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs. 815-855 per maund (of 20 kg each).

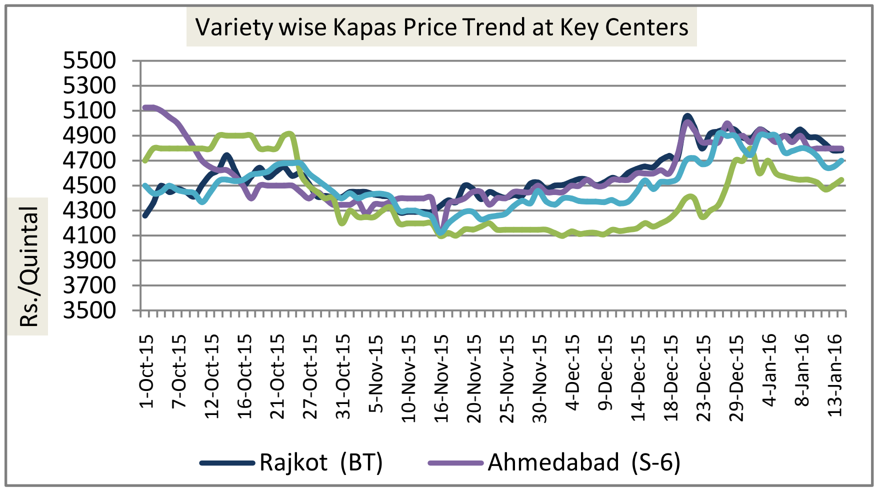
Major Market Highlights: India is likely to export 1.26 million tons (around 74.29 lakh bales of 170 kg each) of cotton in season 2015-16, around 9% higher than the estimates of previous month and around 38.2% higher compared to 0.91 (around 53.76 lakh bales) million tons, exported in the previous season, according to USDA.

Cotton consumption in India is likely to be around 5.443 million tons in season 2015-16, which was estimated to be around 5.50 million tons a month earlier. Although the consumption figures has been revised downward this month by USDA, the same would be standing around 2% higher compared to the previous year's consumption of 5.33 million tons.

Cotton ending stocks in India is likely to go down by around 13.5% this year as compared to the previous year. According to USDA, cotton stocks would stand around 2.54 million tons by the end of season 2015-16 compared to 2.93 million tons previous season.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario



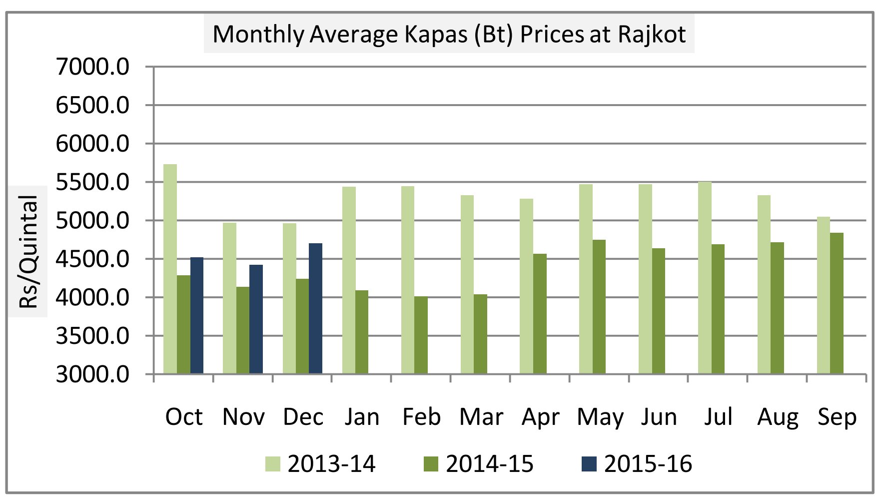
Weekly Price Review: Kapas price remained weak during the week due to the weaker demand from overseas and domestic mills. Weekly average price of Kapas at Rajkot remained Rs. 4850 per quintal, slightly higher compared to previous week price of Rs. 4920 per quintal.

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

According to the latest estimates by Cotton Advisory Board (CAB), India is likely to export 68 lakh bales of cotton in season 2015-16, around 18% higher compared to the exports of previous season which was 57.7 lakh bales.

Weekly Price Outlook: Kapas prices are expected to remain range-bound in coming days. The expected range for Kapas at Rajkot is Rs 4700-4900 per quintal.

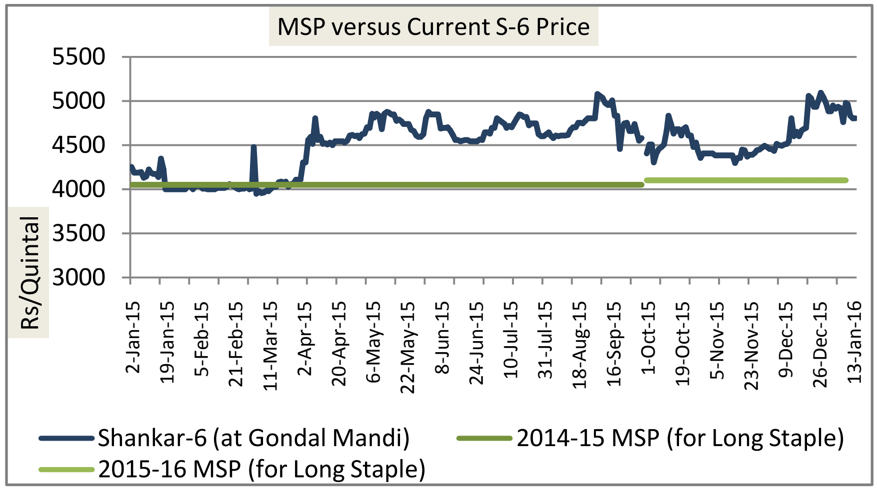
Kapas Monthly Y-o-Y Price Scenario



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

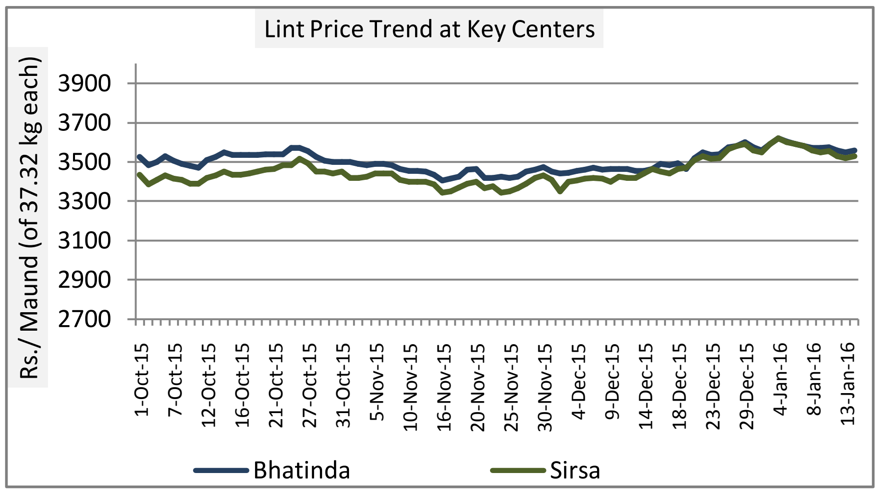
Although Kapas prices are ruling above the MSP so far, the gap between the two prices has been narrowed this week due to the weaker prices. The average gap between the prices was Rs 756 this week compared to Rs 804 a week earlier. This indicates prices are in the downtrend movement.



Lint (De-Seeded Cotton) Weekly Price Scenario

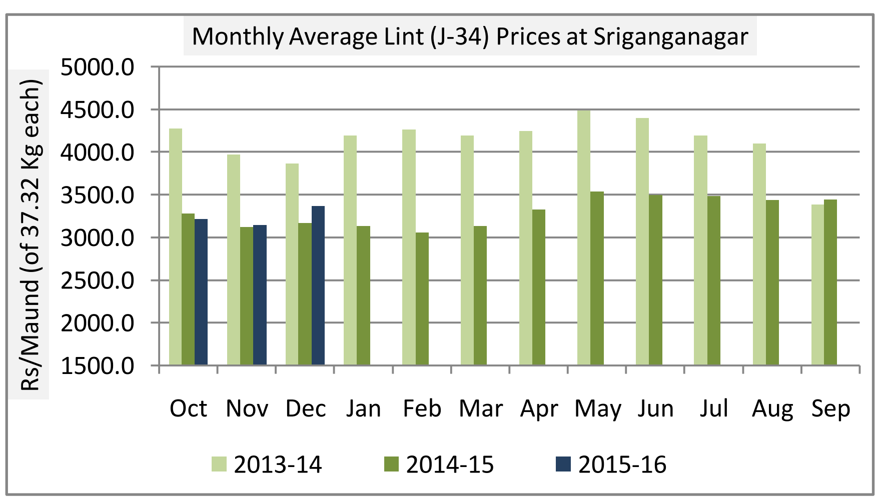
Weekly Price Review: due to the weakness in the raw cotton prices, lint prices remained weak during the week. Weekly average price of Lint at Sirsa remained Rs. 3535 per maund of 37.32 kg each compared to previous week price of Rs. 3590 per maund.

Weekly Price Outlook: Lint prices are expected to remain sideways to weak as demand of fiber is expected to remain timid in the upcoming days. We expect Lint at Sirsa to remain in range of Rs. 3450-3600- per maund.



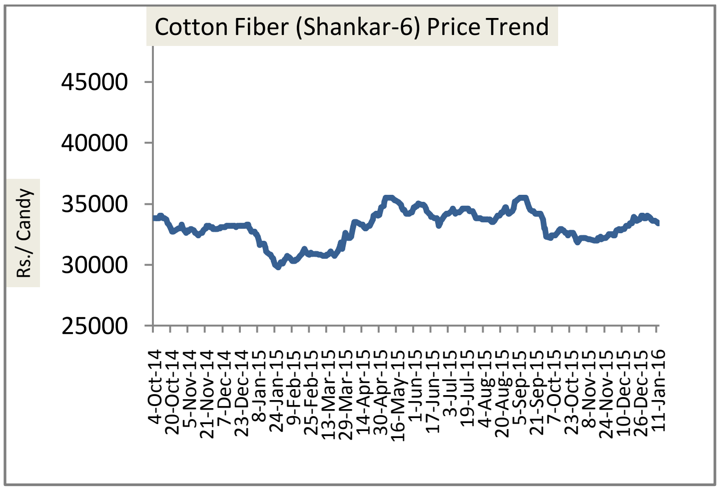
Lint Monthly Y-o-Y Price Scenario

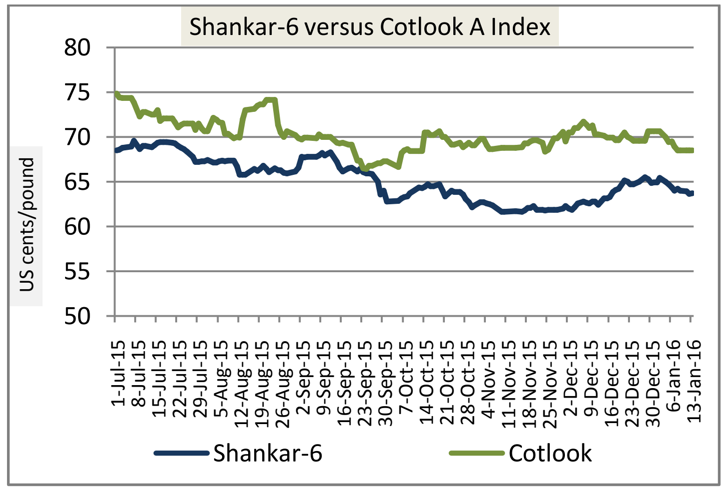
Due to the firmness in Kapas prices, lint prices too remained strong during December compared to previous month and it remained firm compared to corresponding month last year also. In December this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3375 per maund (of 37.32 Kg each), which 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 (Shankar-6) at Mumbai remained Rs 33485 per candy (of 355.6 kg each) lower compared to the prices of previous week which was Rs. 33800 per candy.



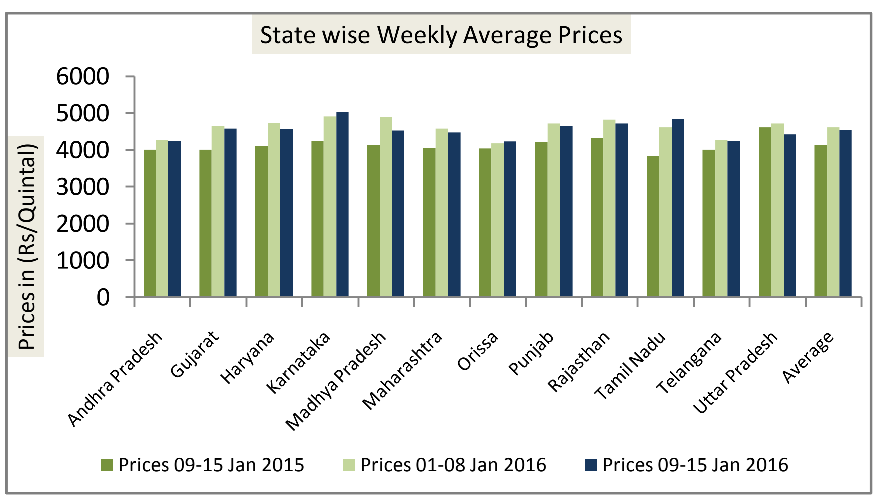


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 68.5 cents/pound, Indian weekly average price stood 63.88 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 33300-33600 per candy.

State wise Weekly Price Scenario

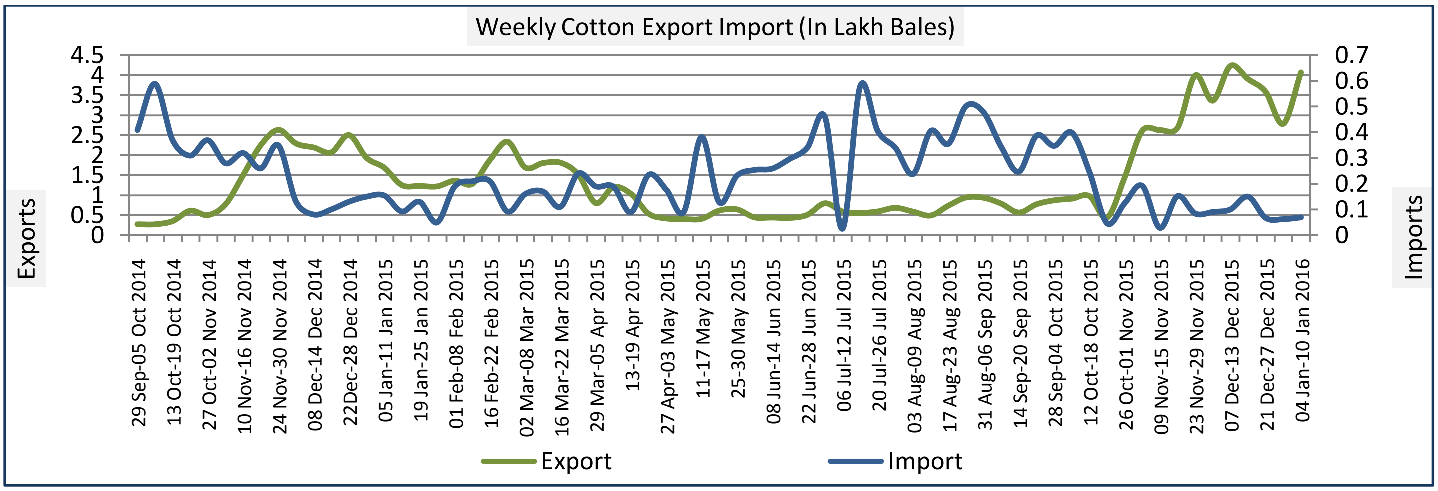
On week on week basis, prices are showing mixed trend in the States, highest price was recorded in Karnataka followed by Tamil Nadu this week and lowest was in Orissa followed by Telangana. On year on year basis, cotton prices are reflecting uptrend in all of the States, except Uttar Pradesh. Prices have been summarized in the table given in annexure.



Cotton Weekly Export and Import

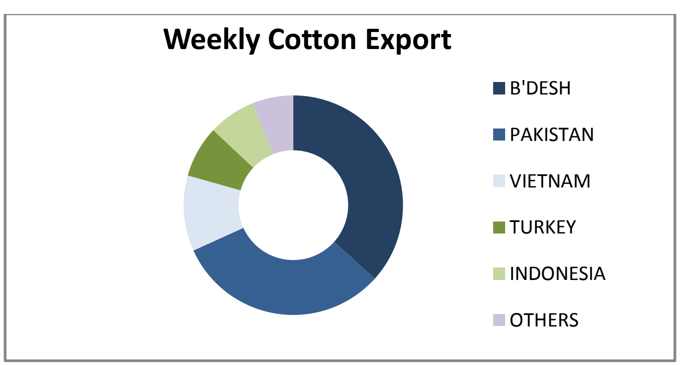
India exported 4.076 lakh bales of cotton last week (04 Jan-10 Jan 2016), which was 2.79 lakh bales previous to last week (28 Dec-03 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.069 lakh bales last week, which were 0.062 lakh bales previous to last week.

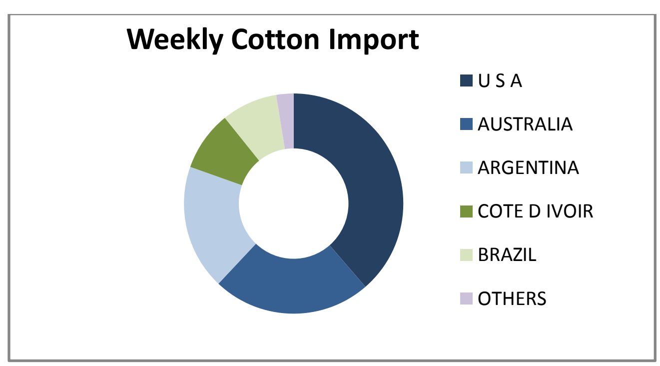
Export/Import	04 Jan-10 Jan 2016	28 Dec-03 Jan 2016
Export (In lakh Bales)	4.076	2.793
Import (In lakh Bales)	0.069	0.062
		Source: IBIS



Major importer of Indian cotton during the week was Bangladesh. According to the data released by IBIS, Bangladesh imported 1.49 lakh bales of cotton in the past week (i.e. 03 Jan-10 Jan 2016). Other major importers were Pakistan, Vietnam, Turkey and Indonesia and their imported volumes were 1.29 lakh bales, 0.45 lakh bales, 0.31 lakh bales and 0.28 lakh bales respectively.

During the last week (i.e. 03 Jan-10 Jan 2016) India imported cotton mainly from USA, Australia, Argentina followed by Cote D Ivoire and Brazil. The respective volumes these countries exported to India during the week are 0.027 lakh bales, 0.016 lakh bales, 0.013 lakh bales, 0.006 lakh bales, 0.002 Lakh Bales.





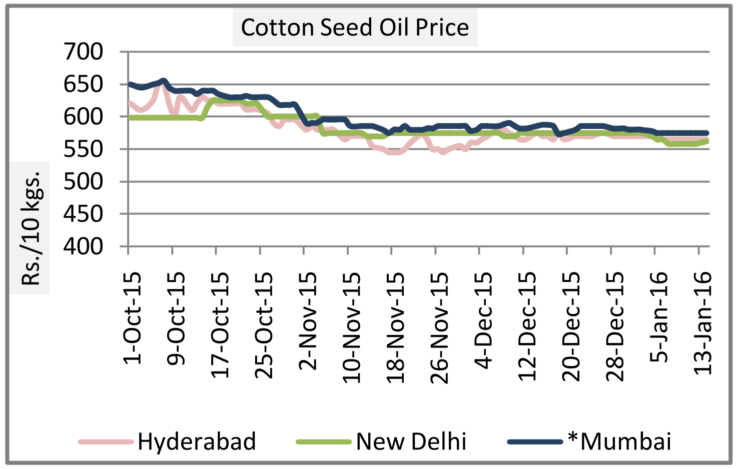
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price remained mostly weak during the week. Weekly average price in New Delhi remained Rs 559 per 10 Kg, relatively weaker compared to the weekly average price of previous week which was Rs 567 per 10 Kg.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	14-Jan-16	07-Jan-16	
New Delhi	559	567	-1.41
Rajkot	570	578	-1.38
Hyderabad	565	568	-0.53
Mumbai*	575	577	-0.35

Vat Included

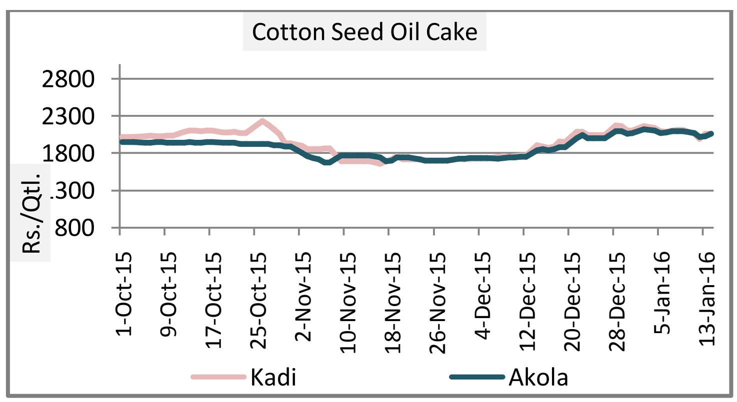


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price remained dull during the week. Weekly average price in Akola remained Rs 2055 per quintal, weaker compared to the weekly average price of previous week of Rs 2095 per quintal.

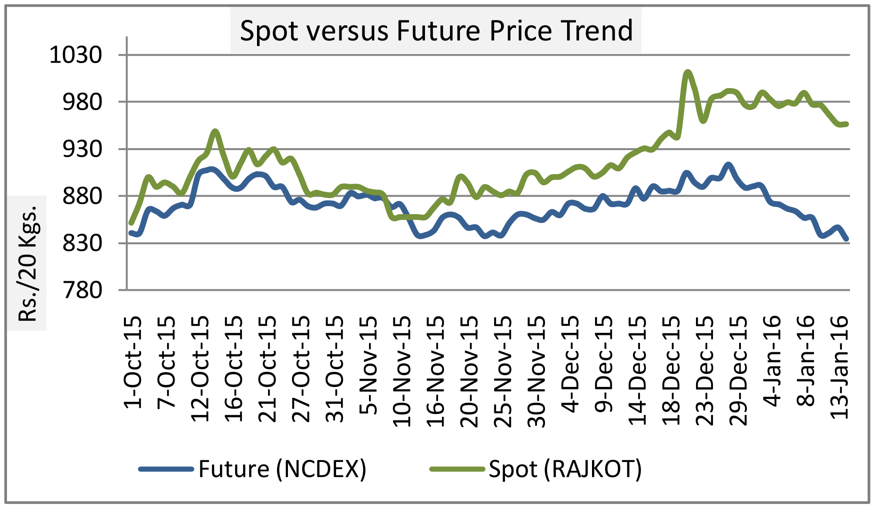
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	14-Jan-16	07-Jan-16	
Kadi	2059	2121	-2.92
Akola	2055	2095	-1.91

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'16) closed at Rs 835 as on 14 Jan 2016, compared to 864 a week earlier and Rs 771.5 a year earlier. The gap between the spot and future prices is widening. Average gap between the spot and future price during the week was Rs.123 which Rs 108 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 weak.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bearish Momentum	815-855

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
800	785	865	880
Figures in Rs/20 Kg			

International Market Scenario

International cotton prices remained range bound to weak during the week. Cotlook A index weekly average stood at 68.61 cents/pound this week, which was 69.25 cents/pound during last week.

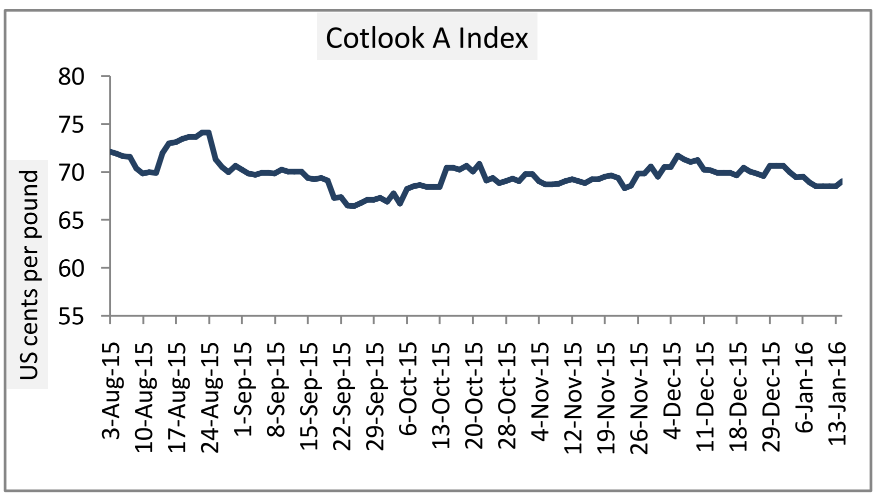
Major Market Highlights: World cotton production has been slashed down further to 22.11 million tons around 2.08% lower compared to 22.58 million tons estimated in December. Considering the current estimates, cotton production would be around 14.7% lower this season compared to the output of previous season which was 25.94 million tons.

USDA has revised the world cotton exports estimated upwards. According to USDA, cotton exports in the current season would be around 7.84 million tons, around 2% higher when compared to the estimates of previous month. As compared to the previous season too, the export are expected be on the higher side by around 1.9% this year, against the exports of 7.70 million tons in previous season, said USDA.

Cotton ending stocks during the season 2015-16 are expected to be around 22.39 million tons, around 1.5% lower compared to the estimates of previous month and around 8.2% lower compared to the ending stocks of 24.4 million tons in the season 2014-15, according to USDA.

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 68.61 cents/pound this week, slightly weaker when compared to 69.25 cents/pound a week earlier.



Cotlook A Index	Weekly Average Price as on		% Change
	14-Jan-16	07-Jan-16	
Prices	68.61	69.25	-0.9
			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 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.

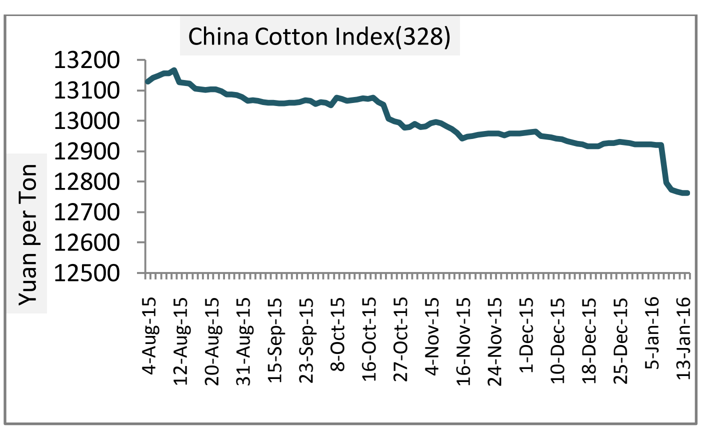
China is likely to import more cotton yarn this year instead of raw cotton, according to International Cotton Advisory Board (ICAC). As labor cost is rising in country, China is willing to cut the cost of cotton processing; meanwhile South East Asian countries are processing cotton at much cheaper rates.

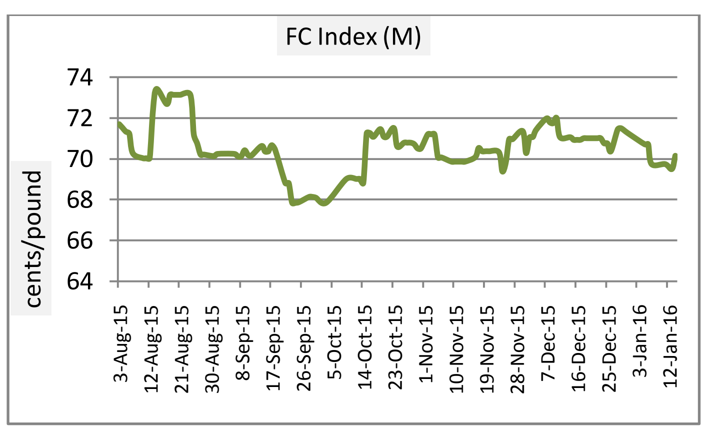
China cotton index remained slightly dull during the week. FC Index (M) remained 69.8 cents/pound, as compared to 70.38 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	14-Jan-16	07-Jan-16	
FC (S)	73.16	73.6	-0.60
FC (M)	69.8	70.38	-0.82
FC (L)	67.24	68.11	-1.28
Prices in US cents per Pound			

China Index too remained slightly firm during the week. CC Index (328) remained 12772 Yuan per ton during the week as average which was 12922 Yuan per ton during previous week.

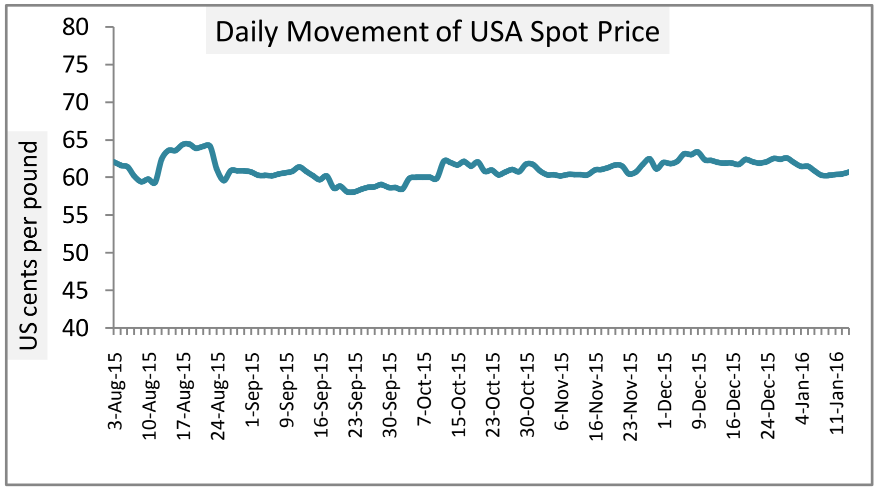
Cotton Index	Weekly Average Price as on		% Change
	14-Jan-16	07-Jan-16	
CCIndex(229)	13340	13555	-1.59
CCIndex(328)	12772	12922	-1.16
CCIndex(527)	11844	11858	-0.12
Prices in Yuan per ton			





USA Spot Prices

According to USDA latest report, USA cotton production would stand around 2.81 million tons, around 0.6% lower compared to the estimates of previous month i.e. 2.83 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons. Despite the lower porduction estimates, Cotton prices in US are ruling lower due to the dull buying from China.

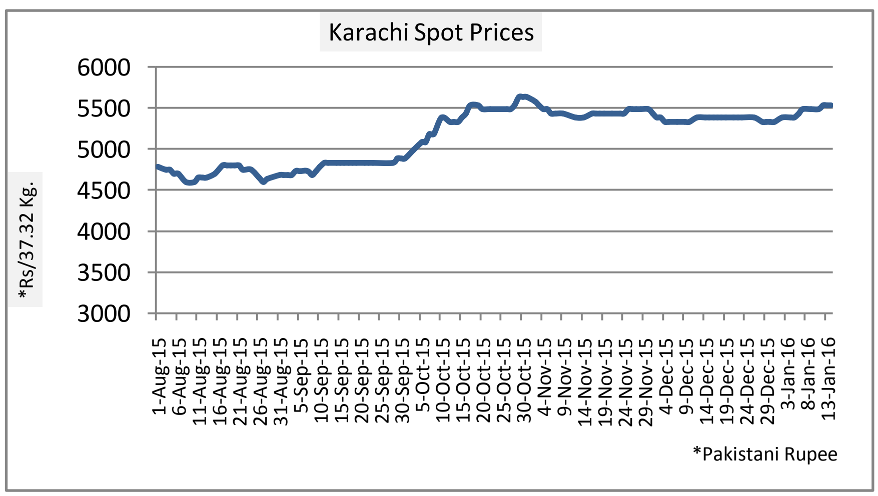


USA Spot Prices	Weekly Average Price as on		% Change
	14-Jan-16	07-Jan-16	
Prices	60.5	61.1	-0.98
			Prices in US cents per Pound

Pakistan Spot Prices

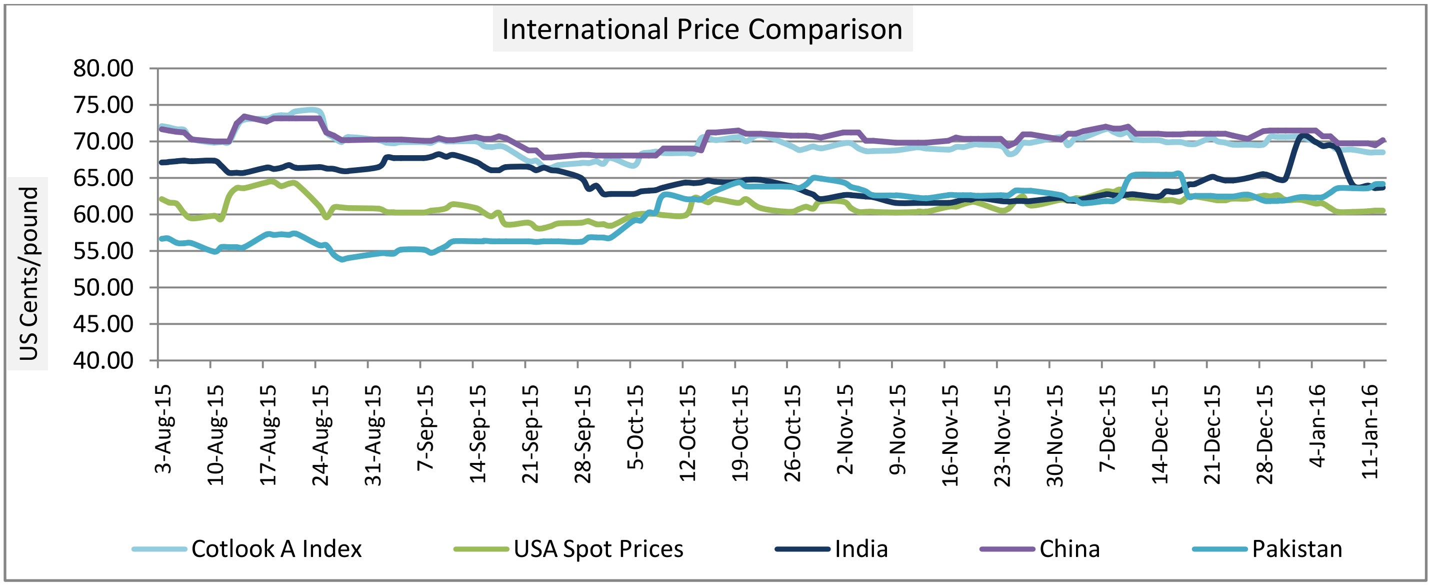
Pakistan is likely to import around 588 thousand tons of cotton in 2015-16, around 35% higher compared to the estimates of previous month i.e. 435 thousand tons and more than triple the amount it imported in 2014-15, which was 182 thousand tons. Reason for the same is fall in the production to 1.56 million tons in current season from 2.3 million tons previous season.

Due to the higher imports, cotton prices in country are ruling higher.



Karachi Spot Prices	Weekly Average Price as on		% Change
	14-Jan-16	07-Jan-16	
Prices	5515	5415	1.85
			Prices in Rs per 37.32 Kg

International Price Comparison



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

<u>Weekly Technical Outlook:</u>

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

<u>Expected Price Range During Coming Week</u>

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	60.20-63.20

<u>Expected Support and Resistance</u>

Support 1	Support 2	Resistance 1	Resistance 2
60.00	59.60	63.60	64.00
Figures in US cents/pound			

Cotton Future Prices at ICE

Contracts	14-Jan-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-16	61.90	61.43	64.15	64.13	0.77	-3.51	-3.48
May-16	62.27	62.12	64.77	--	0.24	-3.86	--
Jul-16	62.64	62.86	64.42	--	-0.35	-2.76	--
Oct-16	62.19	62.56	64.69	--	-0.59	-3.86	--
Dec-16	62.71	62.97	65.11	--	-0.41	-3.69	--
Mar-17	63.59	63.90	NA	--	-0.49	--	--

Domestic Cotton Prices and Arrivals at Key Centers

Centre	Variety	Weekly Average Prices		Change
		09 Jan to 15th Jan 2016	01 Jan to 08th Jan 2016	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4520	4600	-80
Khandwa	Mech-1	4690	4760	-70
Khargaon	Mech-1	4350	4760	-410
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4735	4930	-195
Rajkot	B.T. Cotton	4850	4915	-65
Patan	B.T. Cotton	4765	4840	-75
Deesa	B.T. Cotton	4590	4705	-115
Dhrol	B.T. Cotton	4785	4925	-140
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4900	4725	175
Adampur	B.T. Cotton	4705	4840	-135
Fatehabad	B.T. Cotton	4665	4765	-100
Dabwali	B.T. Cotton	4570	4670	-100
Jind	B.T. Cotton	4795	4875	-80
Uchana	B.T. Cotton	4735	4865	-130
Rawatsar	B.T. Cotton	4585	4685	-100
Hubli	B.T. Cotton	5000	5160	-160
Hathras	B.T. Cotton	NA	4825	-
Hanumangarh	B.T. Cotton	4700	4810	-110
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4800	4890	-90
Gondal	Shankar-6	4880	4895	-15
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	4800	4725	75
Jamner (Jalgaon)	Medium Staple	4705	4815	-110
Hathras	Desi	NA	4825	-

Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	6160	NA	-
Raichur	H-44 Cotton	4750	4885	-135
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	4075	4100	-25
	Lint	**Rs./Maund** (of 37.32kg each)		
Abohar	J-34	3560	3590	-30
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3565	3595	-30
Sirsa	J-34	3535	3590	-55
Mansa	J-34	3555	3595	-40
Sri-Ganganagar	J-34	4685	4890	-205

Cotton Association of India Spot Rates (Cotton Fiber Prices)

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices as on		+/- Change
				14th Jan 2016	07th Jan 2016	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31650	32530	-880
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32150	33030	-880
J-34(202)	26mm	3.5 - 4.9	23	32835	33270	-435
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32765	33055	-290
Shankar-6(105)	29mm	3.5 – 4.9	28	33485	33800	-315
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34155	-55
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35535	35755	-220
DCH-32(107)	34mm	3.0 - 3.8	33	49300	48155	1145

State wise-summary of Weekly Prices

State	Prices 09-15 Jan 2016	Prices 01-08 Jan 2016	Prices 09-15 Jan 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4250.5	4264.13	4013.84	-0.32	5.9
Gujarat	4581.59	4645.99	4007.25	-1.39	14.33
Haryana	4563.49	4739.08	4103.9	-3.71	11.2
Karnataka	5020.3	4903.64	4251	2.38	18.1
Madhya Pradesh	4529.04	4885.22	4130.81	-7.29	9.64
Maharashtra	4477.94	4581.26	4050	-2.26	10.57
Orissa	4236.38	4174.9	4045.79	1.47	4.71
Punjab	4652.49	4720.34	4211.65	-1.44	10.47
Rajasthan	4716.26	4813.45	4324.73	-2.02	9.05
Tamil Nadu	4833.59	4610.02	3832.14	4.85	26.13
Telangana	4243.53	4263.7	4005.05	-0.47	5.95
Uttar Pradesh	4415.79	4725	4620.24	-6.54	-4.43
Average	4543.41	4610.56	4133.03		

Source: Agmarknet

Cotton Weekly Cumulative Arrivals:

Centre	Variety	Weekly Total Arrivals (In Quintals)		Change
		09 Jan to 15th Jan 2016	01 Jan to 08th Jan 2016	
Amravati	Mech-1	107500	104000	3500
Khandwa	Mech-1	5600	8400	-2800
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	187500	240000	-52500
Rajkot	B.T. Cotton	22840	27200	-4360
Patan	B.T. Cotton	31361	60968	-29607
Deesa	B.T. Cotton	3425	7895	-4470
Dhrol	B.T. Cotton	4255	4657	-402
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	700	-
Adampur	B.T. Cotton	1955	2465	-510
Fatehabad	B.T. Cotton	1850	65	1785
Dabwali	B.T. Cotton	340	1225	-885
Jind	B.T. Cotton	462	578	-116
Uchana	B.T. Cotton	1840	3175	-1335
Rawatsar	B.T. Cotton	1600	3500	-1900
Hubli	B.T. Cotton	238	658	-420
Hathras	B.T. Cotton	NA	35	-
Hanumangarh	B.T. Cotton	6100	8500	-2400
Ahmedabad	Shankar-6	221000	297500	-76500
Gondal	Shankar-6	23128	22013	1115
Bhiwani	Desi	150	150	Unch
Jamner (Jalgaon)	Medium Staple	130	233	-103
Hathras	Desi	NA	35	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	2	NA	-
Raichur	H-44 Cotton	2414	7191	-4777
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	3230	4760	-1530
Bhatinda	J-34	20400	28900	-8500
Sirsa	J-34	3740	3910	-170
Mansa	J-34	1020	1275	-255
Sri-Ganganagar	J-34	1900	2200	-300