

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. 4870 per quintal, which stood at Rs 4850 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 3535 previous week. Cotton fiber (Shankar-6) prices too remained firm this week. Average price was Rs 33665 per candy (of 355.6 kg each) during the week, which was Rs 33485 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained dull this week and closed at Rs. 841 per maund (of 20 kg each) which was Rs 835 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. 4780-4920 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3500-3600 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: Cotton production in Andhra Pradesh is likely to fall by around 20% in the current season to 22.18 lakh bales as compared to the 27.51 lakh bales a year ago, according to the second advance estimates released by the State Agriculture Department. However according to the cotton association of India, cotton production in the state would be around 26 lakh bales.

According to the Cotton Association of India (CAI), cotton arrivals are standing lower this year as compared to the previous year. CAI said that, as farmer are holding back their produce in the anticipation of better prices in future, cotton stocks has not been liquidated in the market resulting in the lower arrivals.

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.

Domestic Cotton Prices Scenario

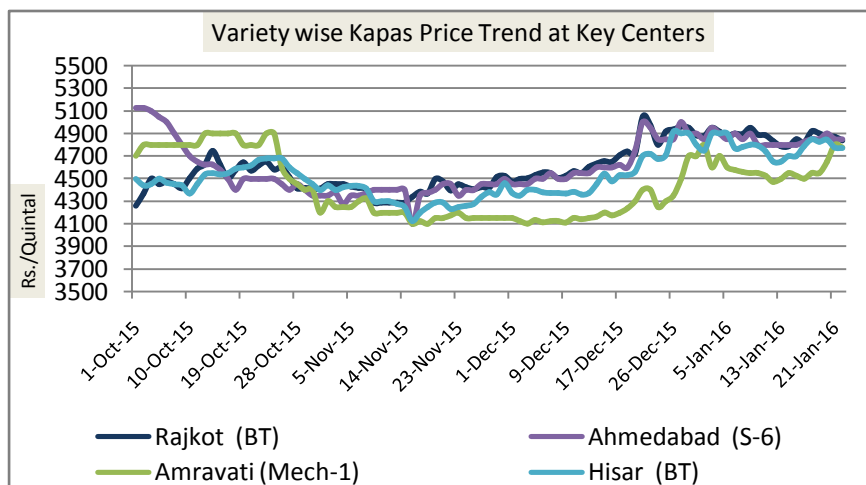
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained firm during the week due to the downward revision in the production figures by Cotton Association of India (CAI). Weekly average price of Kapas at Rajkot remained Rs. 4870 per quintal, slightly higher compared to previous week price of Rs. 4850 per quintal.

Cotton association of India has further slashed the cotton production estimates for the season 2015-16 to 357 lakh bales. In its October estimates the association kept the production figures at 370 lakh bales and later it revised the same to 362 lakh bales in November. According to the latest estimates the output would be around 357 lakh bales, 25.5 lakh bales or 6% lower when compared to the production figures of previous year which was 382.5 lakh bales.

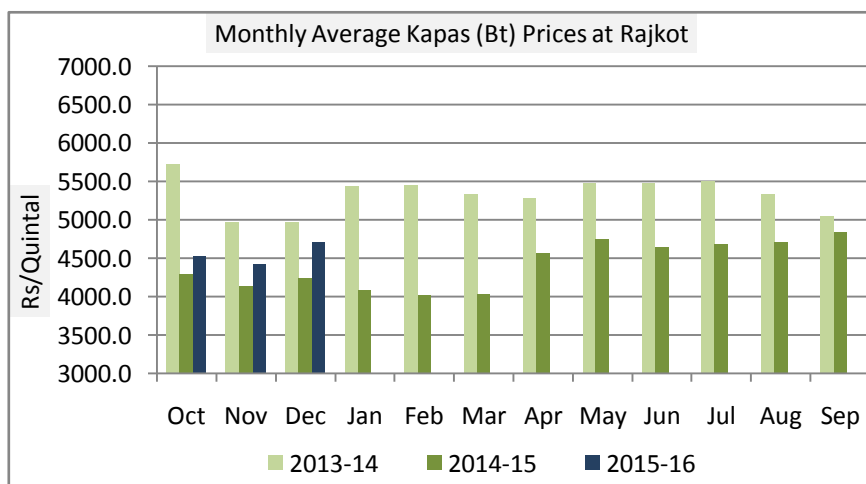
Cotton production in Gujarat is likely to be around 99.5 lakh bales in 2015-16, around 8% lower compared to production of 108 lakh bales in previous season, according to Cotton Association of India (CAI).

Weekly Price Outlook: Kapas prices are expected to remain range-bound in coming days. The expected range for Kapas at Rajkot is Rs 4780-4920 per quintal.



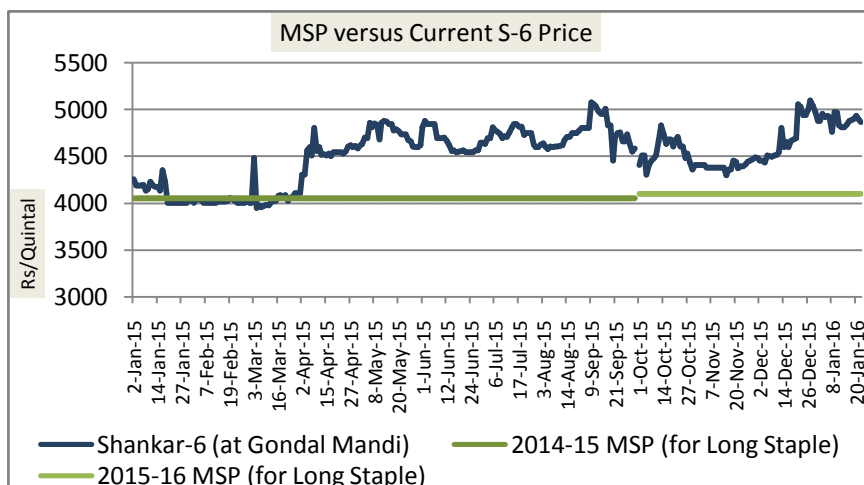
Kapas Monthly Y-o-Y Price Scenario

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

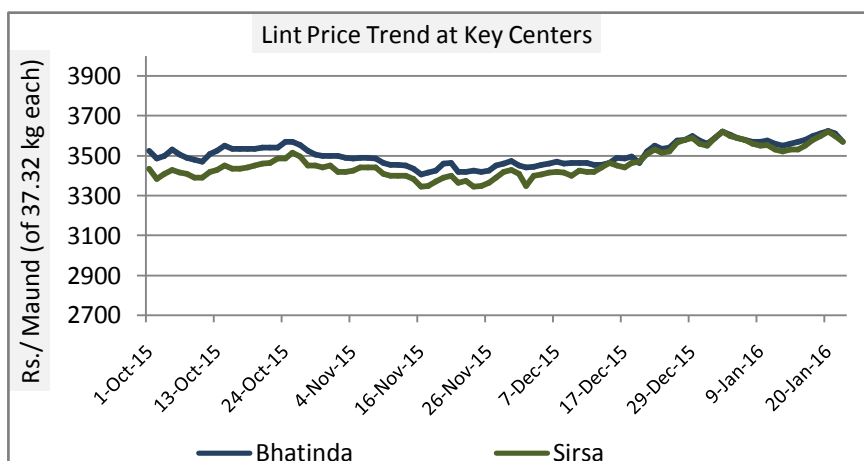
The Kapas prices are ruling above the MSP so far. The gap between the two prices has been widened this week due to the weaker prices. The average gap between the prices was Rs 785 this week compared to Rs 756 a week earlier. This indicates prices are in the uptrend movement.



Lint (De-Seeded Cotton) Weekly Price Scenario

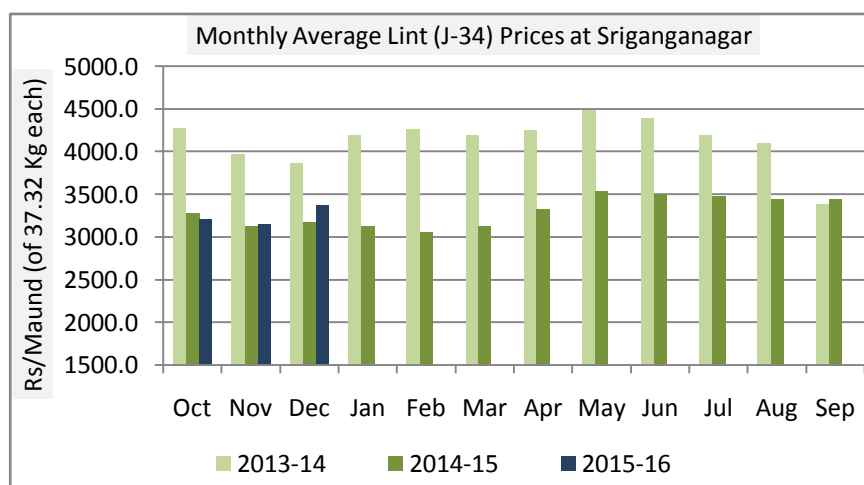
Weekly Price Review: Due to the firmness in the raw cotton prices, lint prices remained firm during the week. Weekly average price of Lint at Sirsa remained Rs. 3590 per maund of 37.32 kg each compared to previous week price of Rs. 3535 per maund.

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. 3500-3600 per maund.



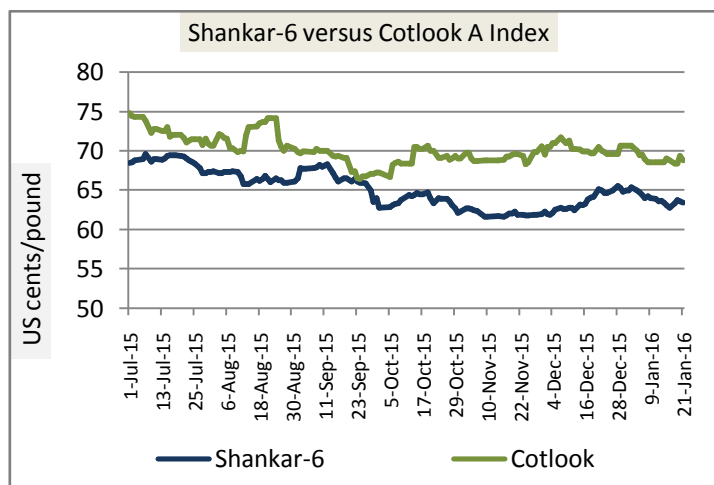
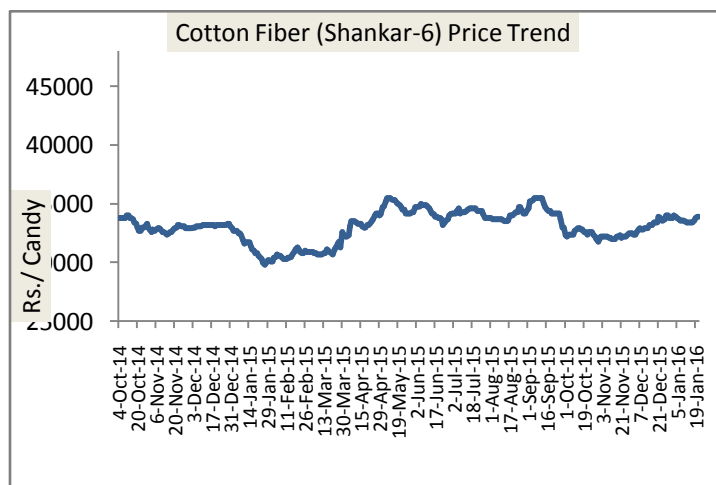
Lint Monthly Y-o-Y Price Scenario

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

Following the firmness in Kapas prices due to the lower production estimates, cotton fiber too remained firm this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 33665 per candy (of 355.6 kg each) higher compared to the prices of previous week which was Rs. 33485 per candy.

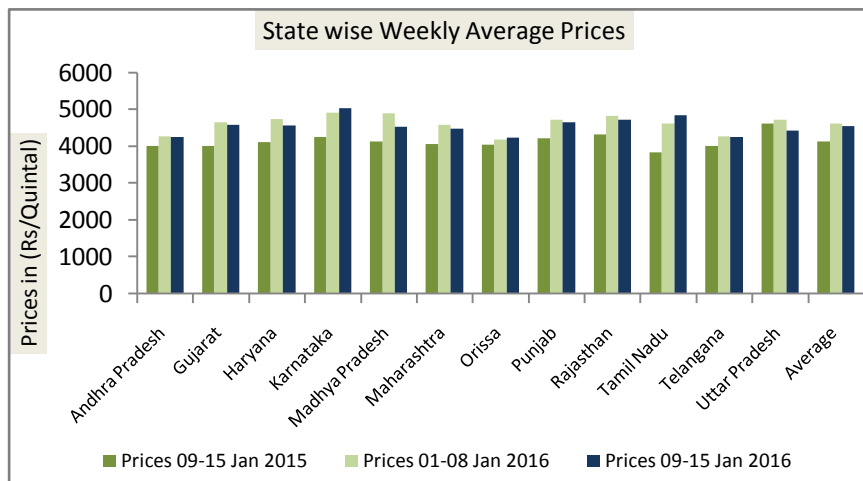


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 68.71 cents/pound, Indian weekly average price stood 63.29 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 33400-33700 per candy.

State wise Weekly Price Scenario

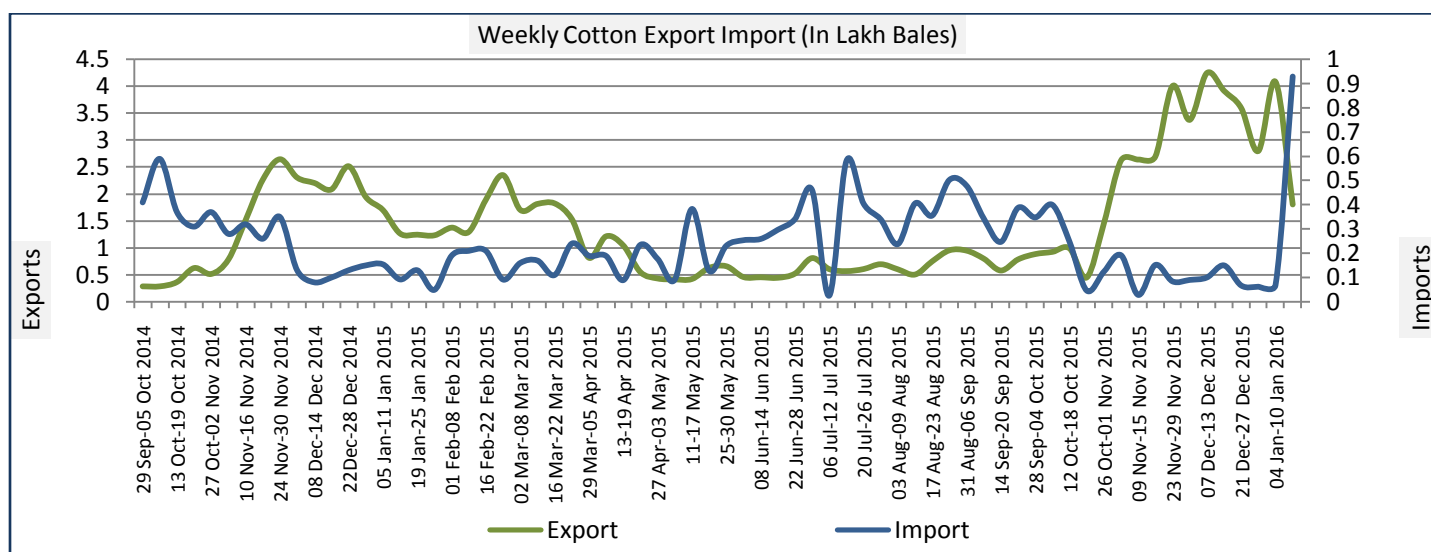
On week on week basis, prices are showing mixed trend in the States, highest price was recorded in Karnataka followed by Tamil Nadu this week and lowest was in Orissa followed by Telangana. On year on year basis, cotton prices are reflecting uptrend in all of the States, except Uttar Pradesh. Prices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



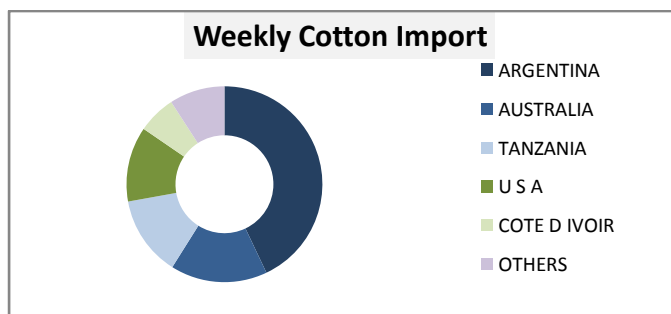
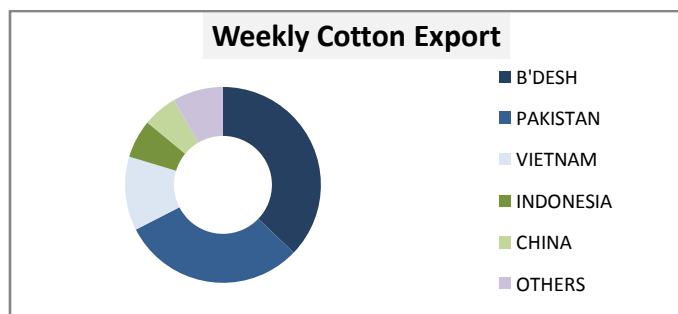
Cotton Weekly Export and Import

India exported 1.8 lakh bales of cotton last week (11 Jan-17 Jan 2016), which was 4.076 lakh bales previous to last week (03 Jan-10 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.93 lakh bales last week, which was 0.069 lakh bales previous to last week.

Export/Import	11 Jan-17 Jan 2016	04 Jan-10 Jan 2016
Export (In lakh Bales)	1.8	4.076
Import (In lakh Bales)	0.93	0.069
<i>Source: IBIS</i>		



Major importer of Indian cotton during the week was Bangladesh. According to the data released by IBIS, Bangladesh imported 0.67 lakh bales of cotton in the past week (i.e. 11 Jan-17 Jan 2016). Other major importers were Pakistan, Vietnam, Indonesia and China and their imported volumes were 0.55 lakh bales, 0.22 lakh bales, 0.11 lakh bales and 0.10 lakh bales respectively. India imported cotton mainly from Argentina, Australia, Tanzania followed by USA and Cote D Ivoire. The respective volumes these countries exported to India during the week are 0.040 lakh bales, 0.015 lakh bales, 0.012 lakh bales, 0.012 lakh bales, 0.006 Lakh Bales.

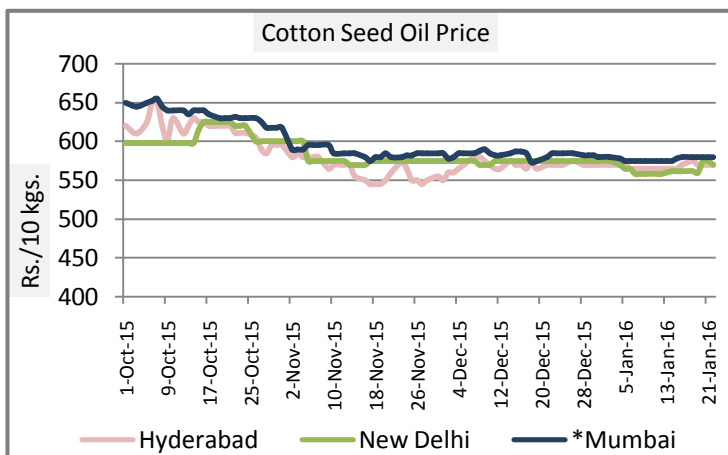


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price remained mostly firm during the week. Weekly average price in New Delhi remained Rs 566 per 10 Kg, relatively higher compared to the weekly average price of Rs 559 per 10 Kg in previous week.

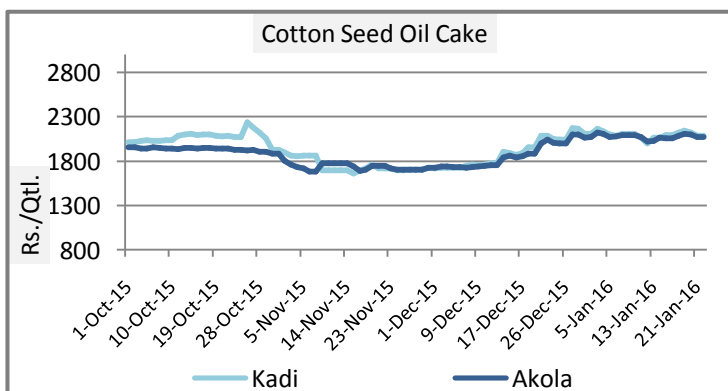
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	21-Jan-16	14-Jan-16	
New Delhi	566	559	1.25
Rajkot	579.5	570	1.67
Hyderabad	570	565	0.88
Mumbai*	580	575	0.87
*Vat Included			



Cotton Seed Oil Cake Weekly Price Scenario

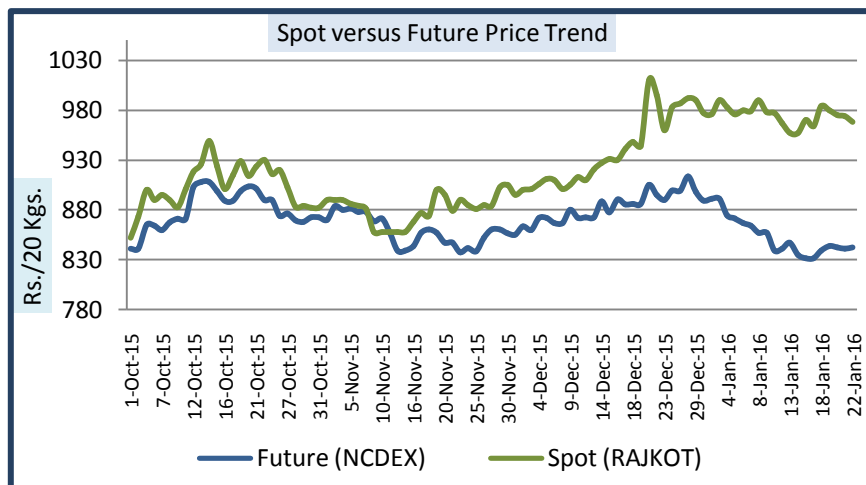
Cotton seed oil cake price remained firm during the week. Weekly average price in Akola remained Rs 2080 per quintal, weaker compared to the weekly average price of previous week of Rs 2055 per quintal.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	21-Jan-16	14-Jan-16	
Kadi	2111	2059	2.53
Akola	2080	2055	1.22
*Source: NCDEX			



Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'16) closed at Rs 841 as on 21 Jan 2016, compared to 835 a week earlier and Rs 747 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.134 which Rs 123 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
Range-bound Momentum	815-855

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
810	800	870	880
Figures in Rs/20 Kg			

International Market Scenario

International cotton prices remained range bound to slightly firm during the week. Cotlook A index weekly average stood at 68.71 cents/pound this week, which was 68.61 cents/pound during last week.

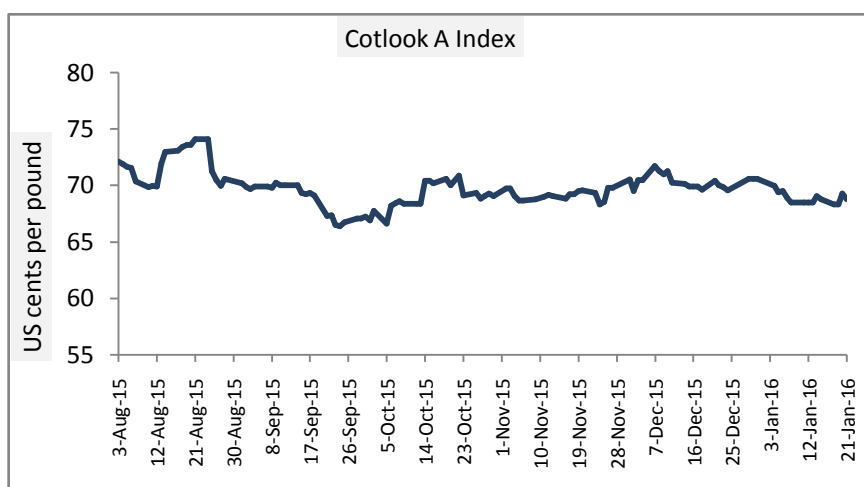
Major Market Highlights: World cotton production has been slashed further to 22.11 million tons around 2.08% lower compared to 22.58 million tons estimated in December. Considering the current estimates, cotton production would be around 14.7% lower this season compared to the output of 25.94 million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

USDA has revised the world cotton exports estimate upwards. According to USDA, cotton exports in the current season would be around 7.84 million tons, around 2% higher compared to the estimates of previous month. , 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 slightly firm during the week following the strong demand from overseas buyers. 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 etc. Cotlook A Index remained 68.71 cents/pound this week, slightly weaker compared to 68.61 cents/pound a week earlier.



Cotlook A Index	Weekly Average Price as on		% Change
	21-Jan-16	14-Jan-16	
Prices	68.71	68.61	0.1
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

China cotton imports have moved 9 years low, according the calculation of Reuters. The country imported 188,200 tons of cotton in December, around 28.85 per cent lower compared to the volume in the corresponding month of previous year. However till December the total volume for the calendar year stood 1.48 million tons, the lowest level in last nine years, according to Reuters.

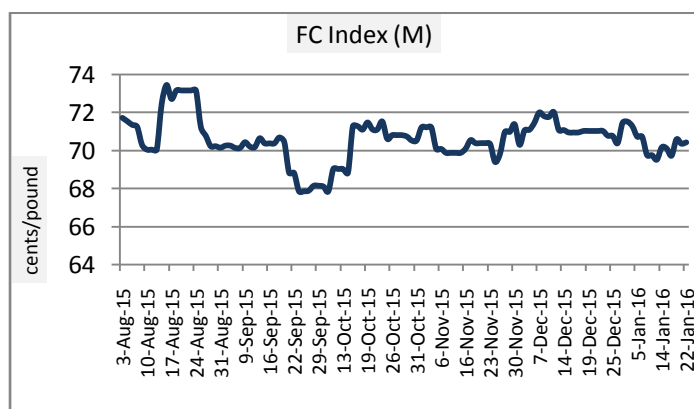
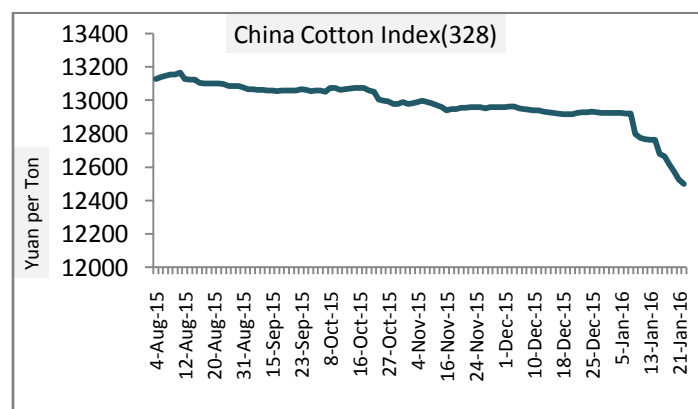
According to the China Cotton Association, the country is likely to import around 1.65 million tons of cotton in 2015-16. China during the current season would be consuming around 7.2 million tons. The ending stocks by the end of season 2015-16 would be around 13.16 million tons compared to 13.56 million 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 cotton index remained slightly uptrend during the week. FC Index (M) remained 70.17 cents/pound, as compared to 69.8 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	21-Jan-16	14-Jan-16	
FC (S)	73.5	73.16	0.46
FC (M)	70.17	69.8	0.53
FC (L)	67.86	67.24	0.92
Prices in US cents per Pound			

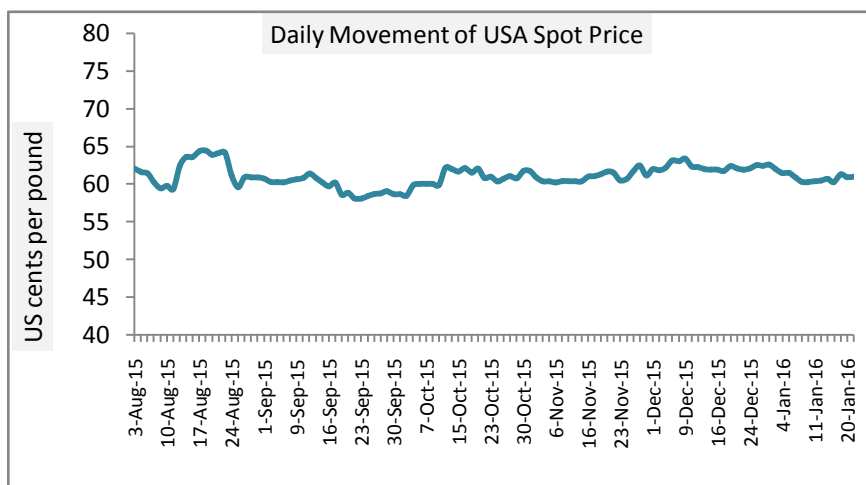
China Index remained slightly weak during the week. CC Index (328) remained 12612 Yuan per ton during the week as average which was 12772 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	21-Jan-16	14-Jan-16	
CCIndex(229)	13210	13340	-0.97
CCIndex(328)	12612	12772	-1.25
CCIndex(527)	11768	11844	-0.64
Prices in Yuan per ton			



USA Spot Prices

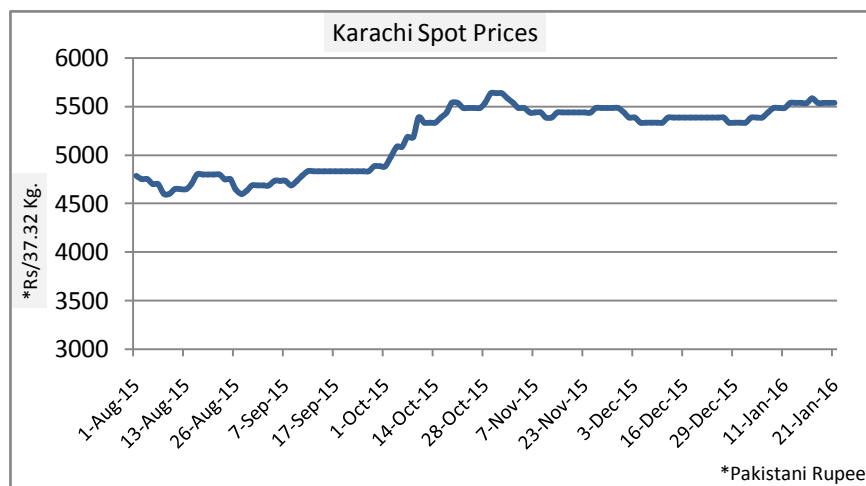
According to USDA latest report, USA cotton production would stand around 2.81 million tons, around 0.6% lower compared to the estimates of previous month i.e. 2.83 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons. Despite the lower production estimates, Cotton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



USA Spot Prices	Weekly Average Price as on		% Change
	21-Jan-16	14-Jan-16	
Prices	60.9	60.5	0.66
Prices in US cents per Pound			

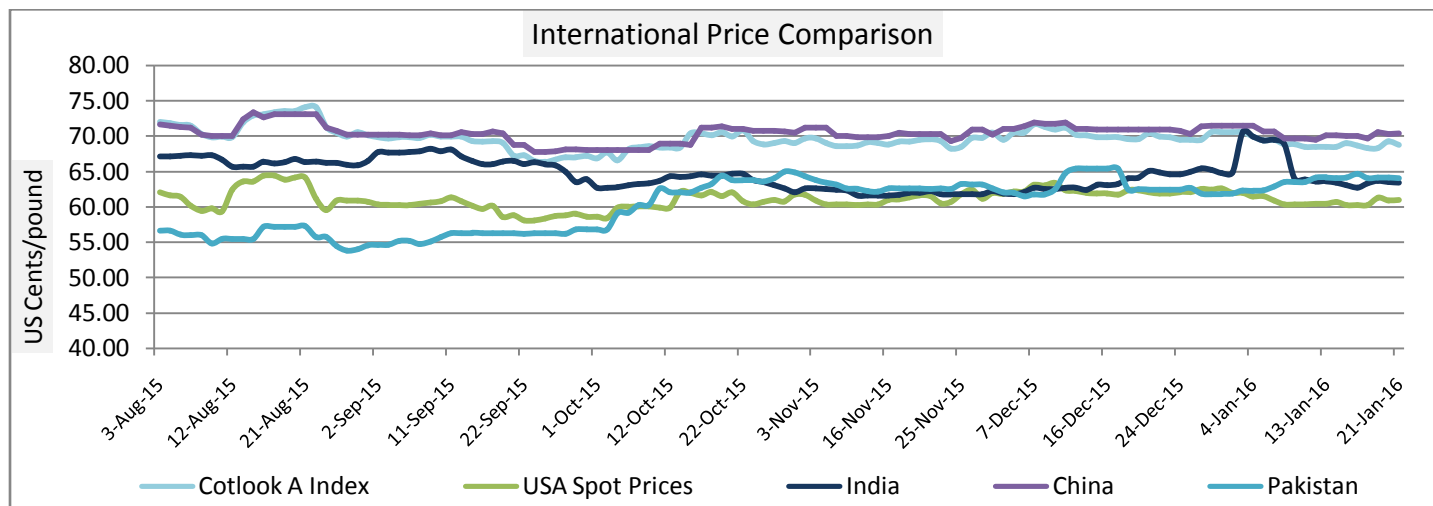
Pakistan Spot Prices

According to the Pakistan Cotton Ginners Association, the country has produced around 9.475 million bales of cotton during this season, around 33.5 per cent lower compared to the 14.251 million bales previous year.



Karachi Spot Prices	Weekly Average Price as on		% Change
	21-Jan-16	14-Jan-16	
Prices	5545	5515	0.54
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 sideways 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	60.20-63.20

Expected Support and Resistance

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	21-Jan-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-16	62.09	61.90	63.32	61.97	0.31	-1.94	0.19
May-16	62.46	62.27	64.11	--	0.31	-2.57	--
Jul-16	62.85	62.64	64.76	--	0.34	-2.95	--
Oct-16	61.99	62.19	64.41	--	-0.32	-3.76	--
Dec-16	62.36	62.71	64.64	--	-0.56	-3.53	--
Mar-17	63.08	--	--	--	--	--	--

Domestic Cotton Prices and Arrivals at Key Centers

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	16th to 22th Jan 2016	09th to 15th Jan 2016	
Gujarat	Ahmedabad	Shankar-6	4855	4800	55
	Gondal	Shankar-6	4890	4880	10
	Rajkot	B.T. Cotton	4870	4850	20
	Patan	B.T. Cotton	4820	4765	55
	Kadi	B.T. Cotton	4905	4735	170
	Deesa	B.T. Cotton	4620	4590	30
	Dhrol	B.T. Cotton	4810	4785	25
Punjab	Fazilika	B.T. Cotton	NR	NR	--
	Muktsar	B.T. Cotton	NR	NR	--
Haryana	Bhiwani	B.T. Cotton	4915	4900	15
	Bhiwani	Desi	4780	4800	-20
	Adampur	B.T. Cotton	4810	4705	105
	Fatehabad	B.T. Cotton	4695	4665	30
	Jind	B.T. Cotton	4900	4795	105
	Uchana	B.T. Cotton	4860	4735	125
	Dabwali	B.T. Cotton	4705	4570	135
Rajasthan	Hanumangarh	B.T. Cotton	4810	4700	110
	Rawatsar	B.T. Cotton	4670	4590	80
Madhya Pradesh	Khandwa	Mech-1	4715	4690	25
	Khargaon	Mech-1	4715	4690	25
Maharashtra	Amravati	Mech-1	4640	4520	120
	Jamner	Medium Staple	4665	4685	-20
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	--
	Hathras	Desi	NA	NA	--
Telangana	Adilabad	Un-Ginned	4475	4450	25
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	--
	Kurnool	Un-Ginned	NA	NA	--
	Krishna	Un-Ginned	NA	4100	--
	East Godavari	Un-Ginned	NA	4075	--

Karnataka	Bijapur	Bunny	NA	NA	--
	Hubli	D.C.H.	4970	5000	-30
	Hubli	B.T. Cotton	NA	NA	--
	Raichur	H-44 Cotton	4815	4750	65
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	16th to 22th Jan 2016	09th to 15th Jan 2016	
Punjab	Bhatinda	J-34	3600	3565	35
	Abohar	J-34	3620	3560	60
	Mansa	J-34	3590	3560	30
	Muktsar	J-34	NR	NR	--
	Fazilika	J-34	NR	NR	--
Haryana	Sirsa	J-34	3590	3535	55
Rajasthan	Sri-Ganganagar	J-34	NA	NA	--

Cotton Association of India Spot Rates (Cotton Fiber Prices)

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices as on		+/- Change
				21 st Jan 2016	14 th Jan 2016	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31585	31650	-65
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32085	32150	-65
J-34(202)	26mm	3.5 - 4.9	23	33185	32835	350
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32965	32765	200
Shankar-6(105)	29mm	3.5 - 4.9	28	33665	33485	180
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34465	34100	365
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35535	165
DCH-32(107)	34mm	3.0 - 3.8	33	49500	49300	200

State wise-summary of Weekly Prices

State	Prices 16-23 Jan 2016	Prices 09-15 Jan 2016	Prices 16-23 Jan 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Gujarat	4651.09	4576.01	3894.64	1.64	19.42
Andhra Pradesh	4260.5	4249.66	3970.5	0.26	7.3
Madhya Pradesh	4574.42	4591.74	3993.16	-0.38	14.56
Maharashtra	4529.83	4485.83	4050	0.98	11.85
Telangana	4291	4241.73	4019.04	1.16	6.77
Punjab	4745.97	4656.35	4063.88	1.92	16.78
Rajasthan	4691.05	4714.55	4208.21	-0.5	11.47
Karnataka	4781.05	5022.25	4049.74	-4.8	18.06
Haryana	4704.45	4563.36	3999.3	3.09	17.63
Uttar Pradesh	4380.95	4427.08	4423.28	-1.04	-0.96
Tamil Nadu	4958.13	4833.59	3855.5	2.58	28.6
Orissa	4289.7	4233.76	4028.77	1.32	6.48

Source: Agmarknet

Cotton Weekly Cumulative Arrivals:

Commodity		Kapas		Weekly Sum Arrivals (Quintal)	
State	Centre	Variety	16th to 22th Jan 2016	09th to 15th Jan 2016	Change
Gujarat	Ahmedabad	Shankar-6	297500	221000	76500
	Gondal	Shankar-6	24299	23128	1171
	Rajkot	B.T. Cotton	27100	22840	4260
	Patan	B.T. Cotton	46701	31361	15340
	Kadi	B.T. Cotton	237500	187500	50000
	Deesa	B.T. Cotton	3025	3425	-400
	Dhrol	B.T. Cotton	5134	4255	879
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	9750	150	9600
	Bhiwani	Desi	550	150	400
	Adampur	B.T. Cotton	1403	1955	-553
	Fatehabad	B.T. Cotton	3100	1850	1250
	Jind	B.T. Cotton	1241	462	778.6
	Uchana	B.T. Cotton	3075	1840	1235
	Dabwali	B.T. Cotton	2025	340	1685
Rajasthan	Hanumangarh	B.T. Cotton	9500	6100	3400
	Rawatsar	B.T. Cotton	2000	1700	300
Madhya Pradesh	Khandwa	Mech-1	7500	5600	1900
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	81000	107500	-26500
	Jamner	Medium Staple	155	153	2
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	19553	17209	2344
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	214	238	-24
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4042	2414	1628
Commodity		Lint		Weekly Sum Arrivals (Quintal)	
State	Centre	Variety	16th to 22th Jan 2016	09th to 15th Jan 2016	Change
Punjab	Bhatinda	J-34	17850	20400	-2550
	Abohar	J-34	5440	3230	2210
	Mansa	J-34	1615	1020	595
Haryana	Sirsa	J-34	4590	3740	850
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

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