Current Market Outlook

Domestic Weekly Price Scenario: As farmers have started releasing their stocks in the markets and overall demand is ruling dull, cotton prices remained downtrend during the week.

Average price of Kapas at Rajkot during the week was Rs. 4860 per quintal, which stood at Rs 4870 previous week. Average price of Lint at Sirsa during the week was Rs. 3540 per maund (of 37.32 Kg each), which stood at Rs 3585 previous week. Cotton fiber (Shankar-6) prices remained firm this week. Average price was Rs 33740 per candy (of 355.6 kg each) during the week, which was Rs 33665 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained dull this week and closed at Rs. 818.5 per maund (of 20 kg each) which was Rs 841 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. 4800-4900 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3450-3550 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs. 800-845 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.

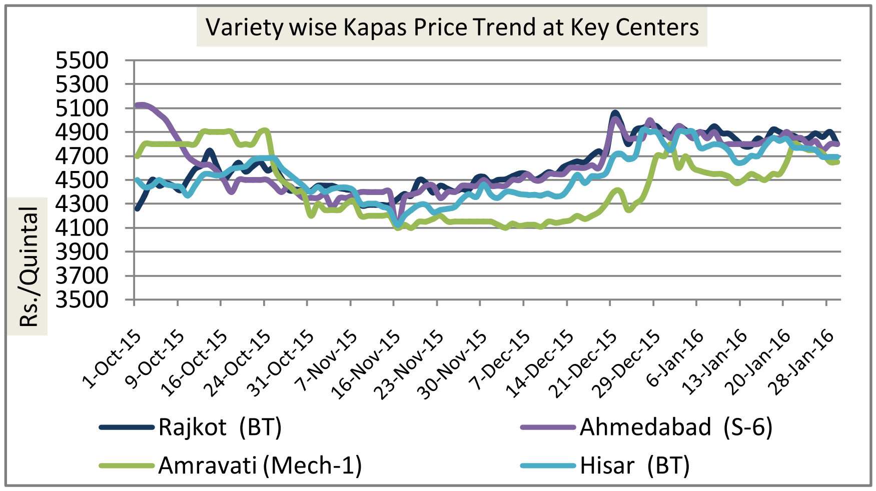
According to the Cotton Association of India (CAI), cotton arrivals are standing lower this year as compared to the previous year. CAI said that, as farmers are holding back their produce in the anticipation of better prices in future, cotton stocks have not been liquidated in the market resulting in 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 weak during the week due to the weak domestic and international demand. Weekly average price of Kapas at Rajkot remained Rs. 4860 per quintal, slightly higher compared to previous week price of Rs. 4870 per quintal.



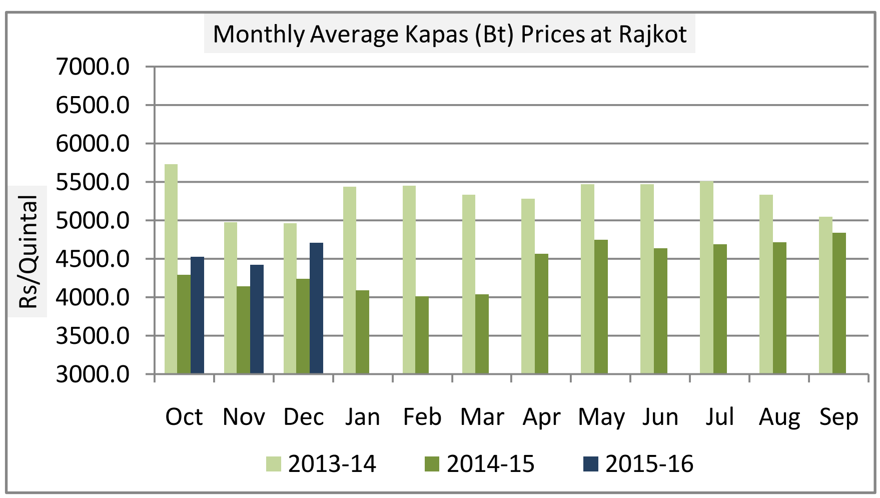
Cotton association of India has further slashed the cotton production estimates for the season 2015-16 to 357 lakh bales. In its October estimates the Association kept the production figures at 370 lakh bales and later it revised the same to 362 lakh bales in November. According to the latest estimates 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 4800-4900 per quintal.

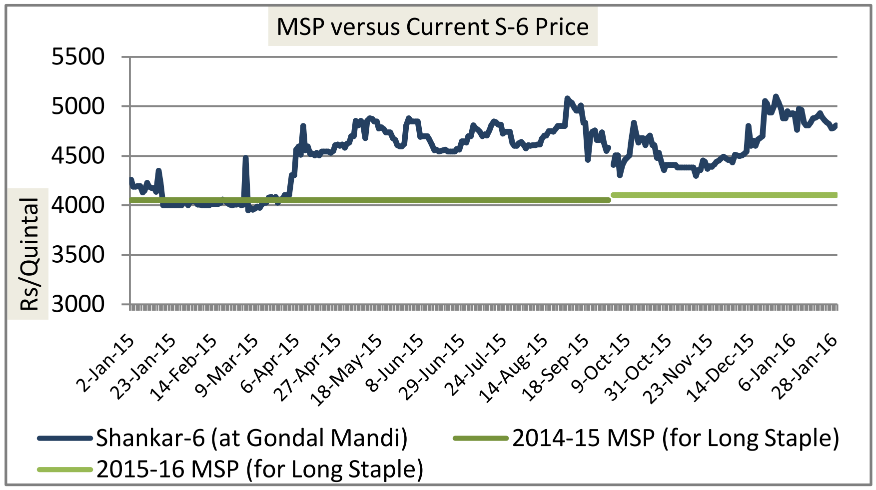
Kapas Monthly Y-o-Y Price Scenario

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

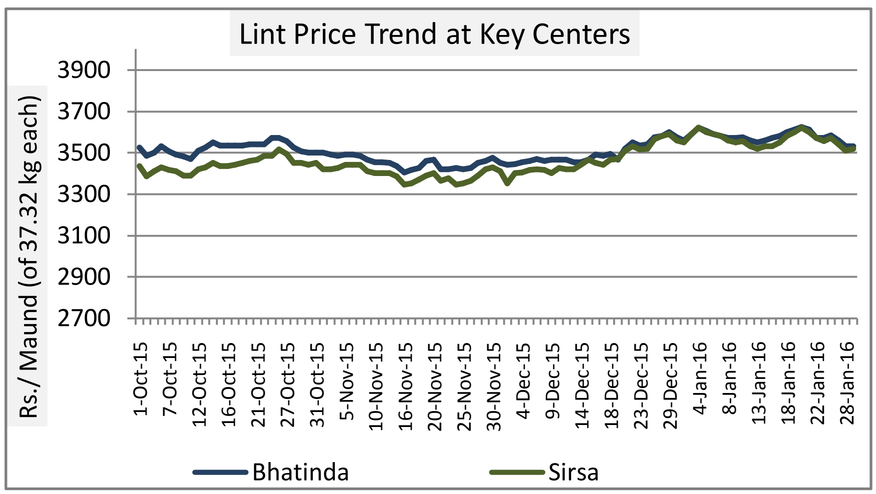
The Kapas prices are ruling above the MSP so far. The gap between the two prices has been narrowed this week due to the weaker prices. The average gap between the prices was Rs 715 this week compared to Rs 785 a week earlier. This indicates prices are in the downtrend movement.



Lint (De-Seeded Cotton) Weekly Price Scenario

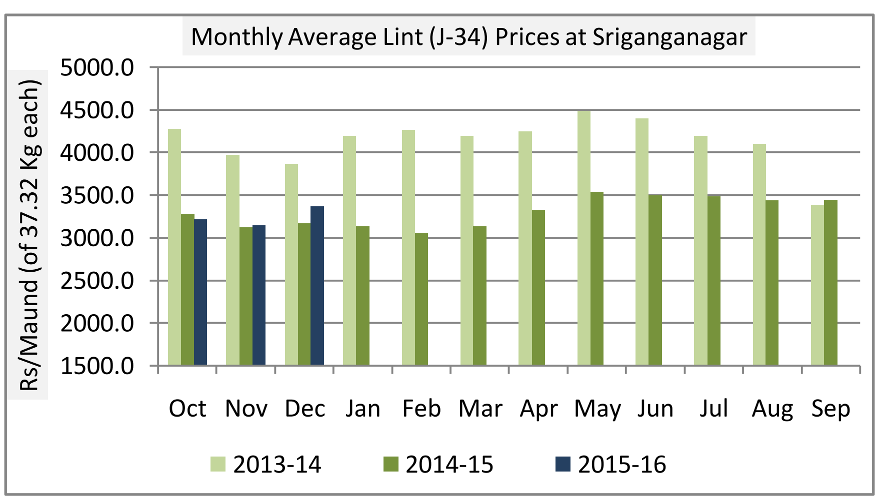
Weekly Price Review: Due to the weakness in the raw cotton prices, lint prices remained weak during the week. Weekly average price of Lint at Sirsa remained Rs. 3540 per maund of 37.32 kg each compared to previous week price of Rs. 3585 per maund.

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. 3450-3550 per maund.



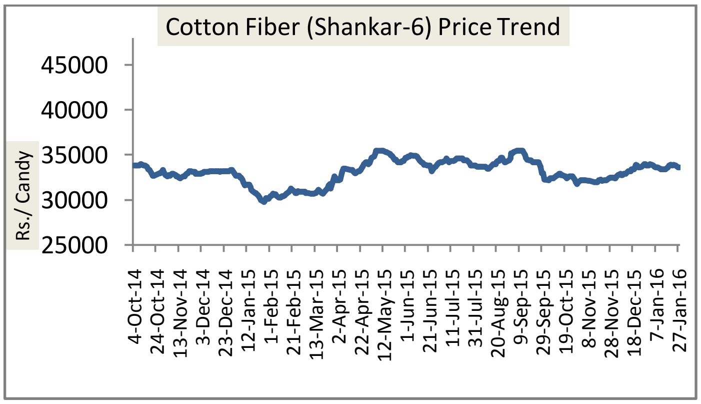
Lint Monthly Y-o-Y Price Scenario

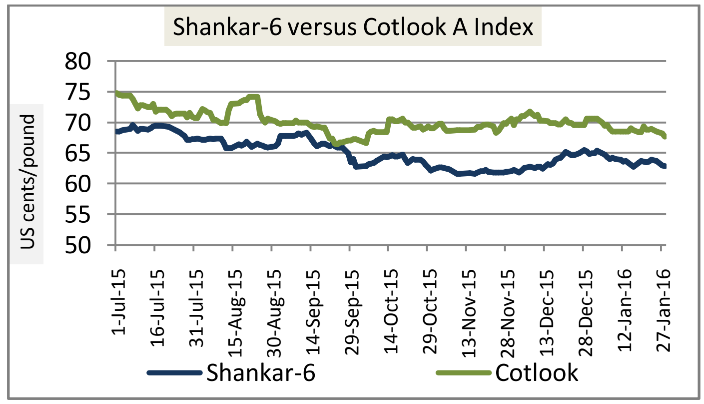
Due to the firmness in Kapas prices, lint prices too remained strong during December compared to previous month and it remained firm compared to corresponding month last year too. In December this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3375 per maund (of 37.32 Kg each), which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



Cotton Fiber Weekly Price Scenario

Despite the weakness in Kapas prices due to the weaker domestic and overseas demand, cotton fiber remained firm this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 33740 per candy (of 355.6 kg each) higher compared to the prices of previous week which was Rs. 33665 per candy.



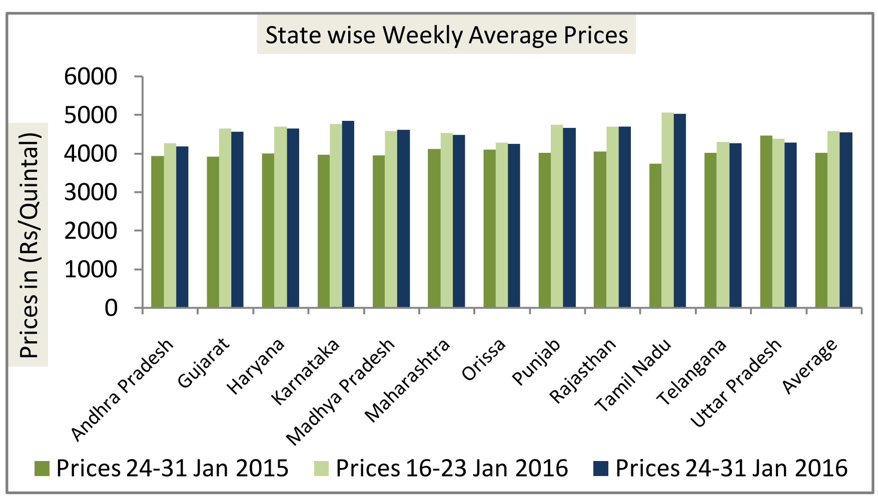


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 68.31 cents/pound, Indian weekly average price stood 63.39 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 33500-33750 per candy.

State wise Weekly Price Scenario

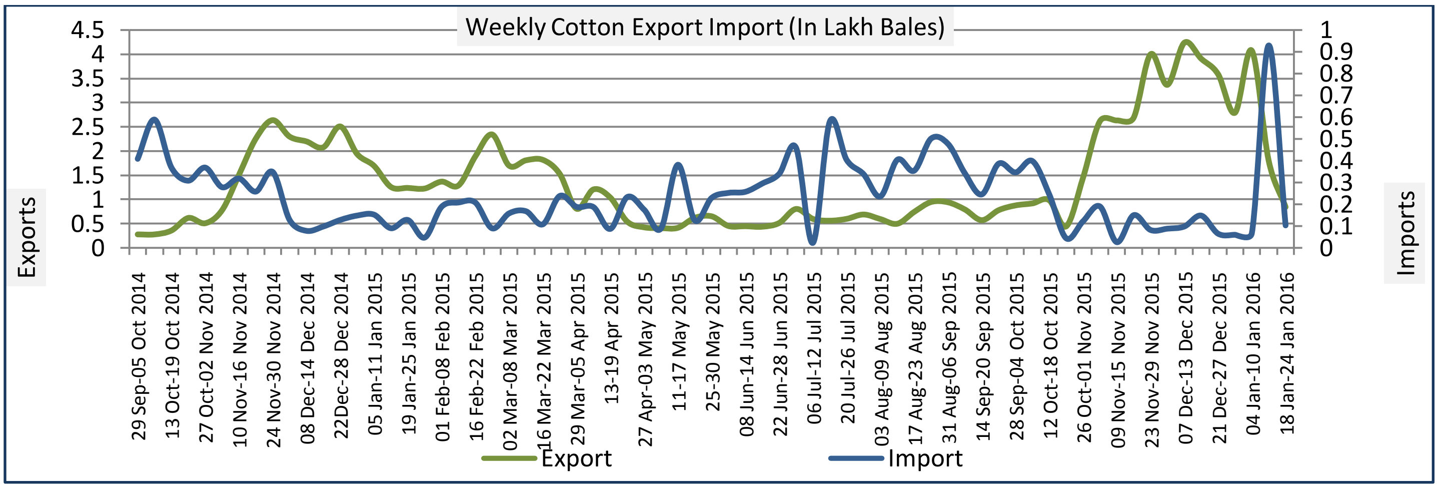
On week on week basis, prices are showing mostly weak trend in the States, highest price was recorded in Tamil Nadu followed by Karnataka this week and lowest was in Andhra Pradesh followed by Orissa. On year on year basis, cotton prices are reflecting uptrend in all of the States, except Uttar Pradesh.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



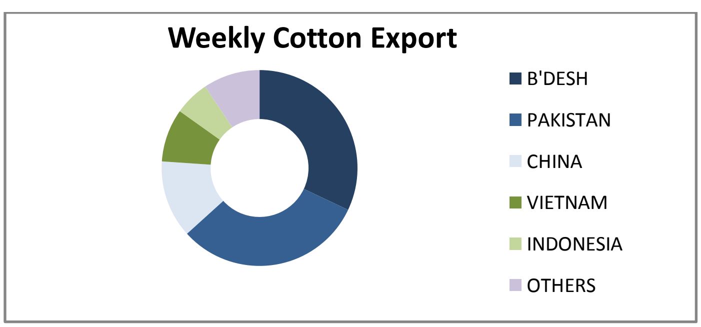
Cotton Weekly Export and Import

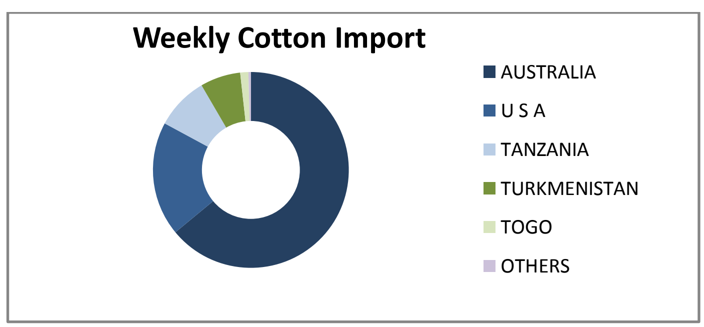
India exported 0.85 lakh bales of cotton last week (18 Jan-24 Jan 2016), which was 1.8 lakh bales previous to last week (11 Jan-17 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.10 lakh bales last week, which was 0.93 lakh bales previous to last week.

Export/Import	18 Jan-24 Jan 2016	11 Jan-17 Jan 2016
Export (In lakh Bales)	0.85	1.8
Import (In lakh Bales)	0.10	0.93
		Source: IBIS



Major importer of Indian cotton during the week was Bangladesh. According to the data released by IBIS, Bangladesh imported 0.27 lakh bales of cotton in the past week (i.e. 18 Jan-24 Jan 2016). Other major importers were Pakistan, China, Vietnam and Indonesia and their imported volumes were 0.26 lakh bales, 0.11 lakh bales, 0.07 lakh bales and 0.05 lakh bales respectively. India imported cotton mainly from Australia, USA Tanzania followed by Turkmenistan and Togo. The respective volumes these countries exported to India during the week are 0.067 lakh bales, 0.020 lakh bales, 0.009 lakh bales, 0.007 lakh bales, 0.001 Lakh Bales.





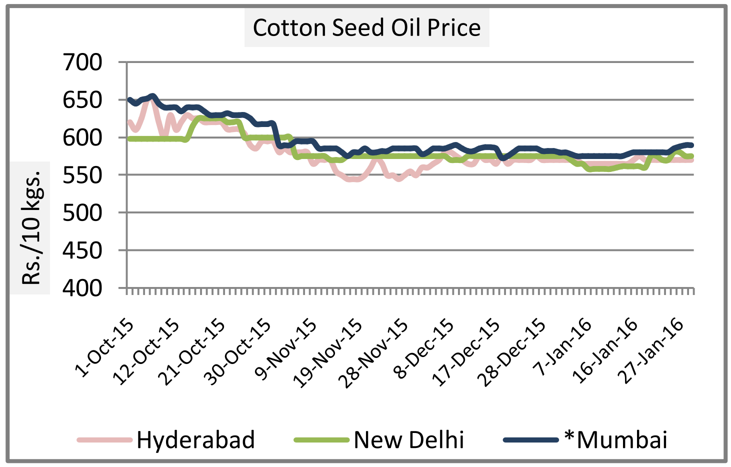
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price ruled with mixed sentiment during the week. Weekly average price in New Delhi remained Rs 575 per 10 Kg, relatively higher compared to the weekly average price of Rs 566 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	28-Jan-16	21-Jan-16	
New Delhi	575	566	1.59
Rajkot	575	579.5	-0.78
Hyderabad	570	570	0.00
Mumbai*	585	580	0.86

*Vat Included

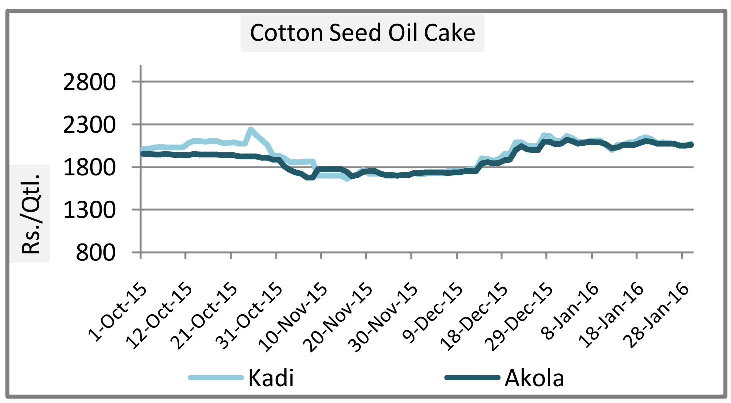


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price remained weak during the week. Weekly average price in Akola remained Rs 2064 per quintal, weaker compared to the weekly average price of previous week of Rs 2080 per quintal.

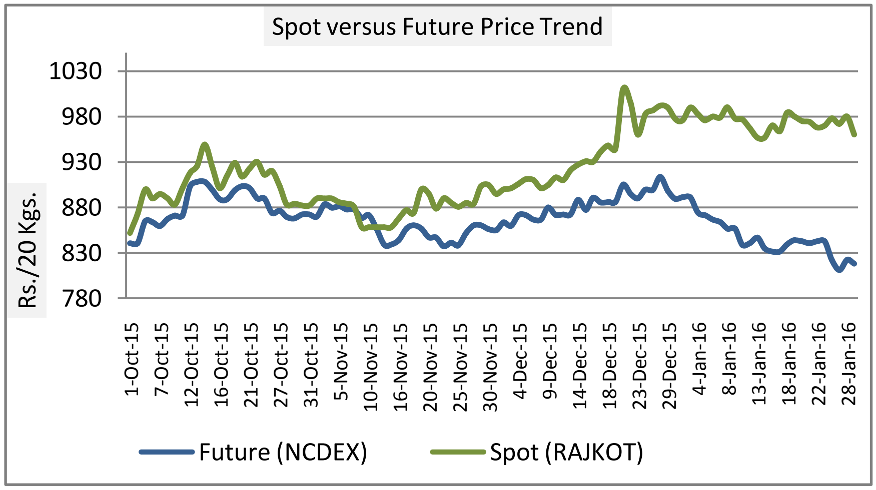
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	28-Jan-16	21-Jan-16	
Kadi	2068	2111	-2.04
Akola	2064	2080	-0.77

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'16) closed at Rs 818.5 as on 29 Jan 2016, compared to 841 a week earlier and Rs 745.5 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.145 which was Rs 134 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	800-845

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
790	770	850	865
Figures in Rs/20 Kg			

International Market Scenario

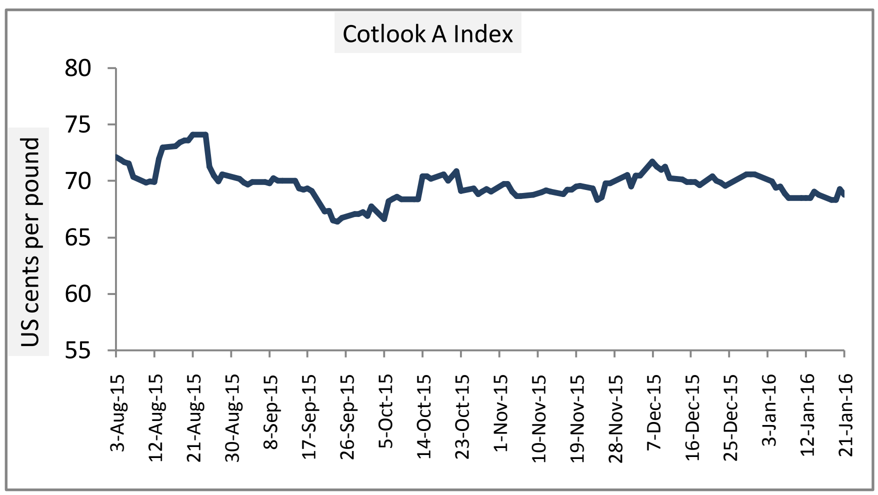
International cotton prices remained range bound to slightly weak during the week**.** Cotlook A index weekly average stood at 68.31 cents/pound this week, which was 68.71 cents/pound during last week.

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 exports 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 lackluster 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 etc. Cotlook A Index remained 68.31 cents/pound this week, slightly weaker compared to 68.71 cents/pound a week earlier.



Cotlook A Index	Weekly Average Price as on		% Change
	28-Jan-16	21-Jan-16	
Prices	68.31	68.71	-0.6
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

China cotton imports have moved to 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 at 1.48 million tons, the lowest level in last nine years, according to Reuters.

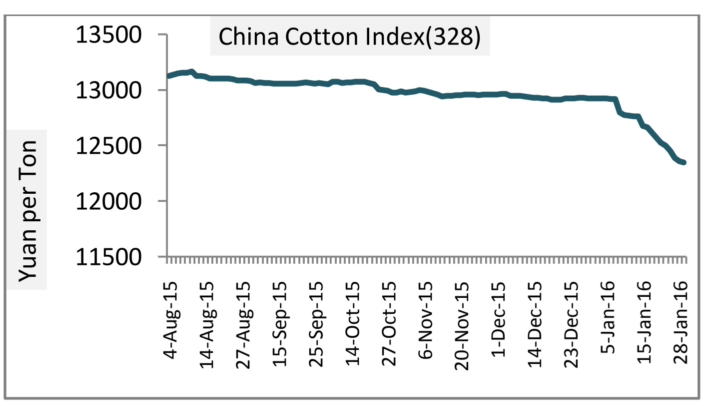
According to the China Cotton Association, the country is likely to import around 1.65 million tons of cotton in 2015-16. China during the current season would be consuming around 7.2 million tons. The ending stocks by the end of season 2015-16 would be around 13.16 million tons compared to 13.56 million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

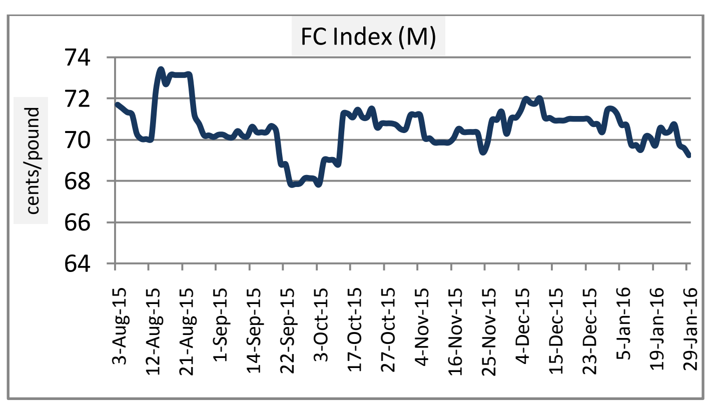
China cotton index remained slightly downtrend during the week. FC Index (M) remained 70.12 cents/pound, as compared to 70.17 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	28-Jan-16	21-Jan-16	
FC (S)	73.47	73.5	-0.04
FC (M)	70.12	70.17	-0.07
FC (L)	68.02	67.86	0.24
			Prices in US cents per Pound

China Index remained slightly weak during the week. CC Index (328) remained 12424 Yuan per ton during the week as average which was 12612 Yuan per ton during previous week.

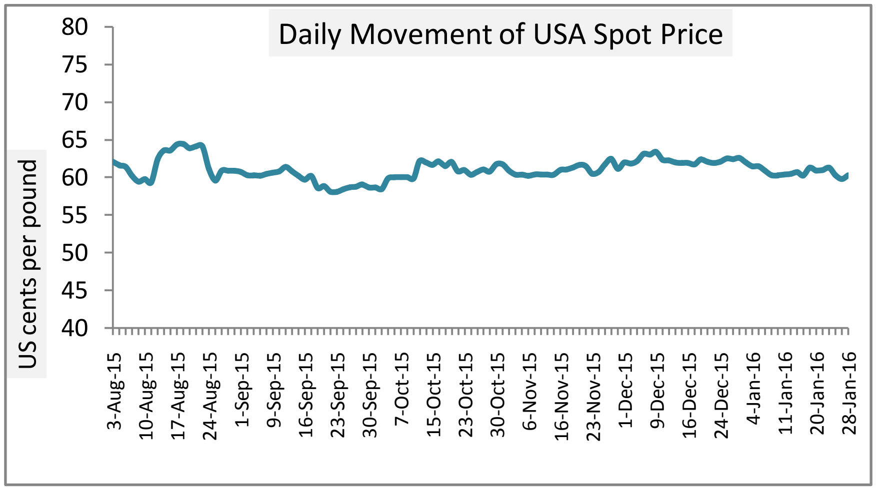
Cotton Index	Weekly Average Price as on		% Change
	28-Jan-16	21-Jan-16	
CCIndex(229)	13028	13210	-1.38
CCIndex(328)	12424	12612	-1.49
CCIndex(527)	11632	11768	-1.16
			Prices in Yuan per ton





USA Spot Prices

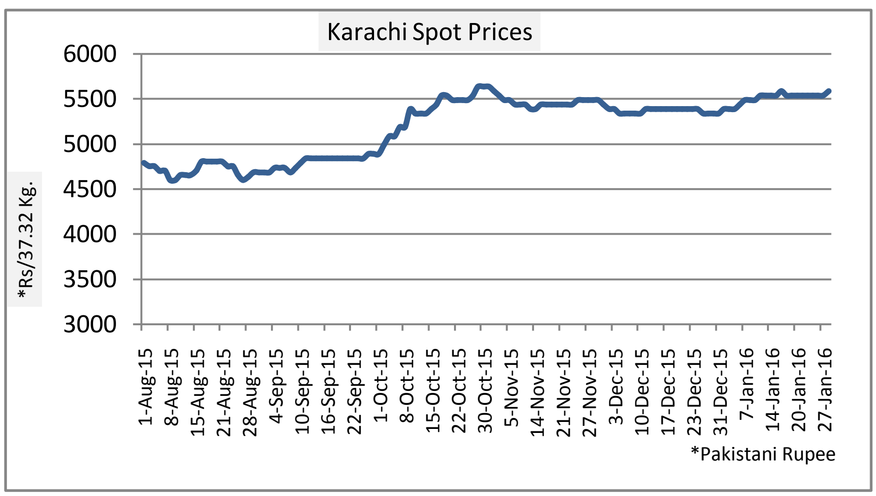
According to USDA latest report, USA cotton production would stand around 2.81 million tons, around 0.6% lower compared to the estimates of previous month i.e. 2.83 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons. Despite the lower porduction estimates, Cotton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



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

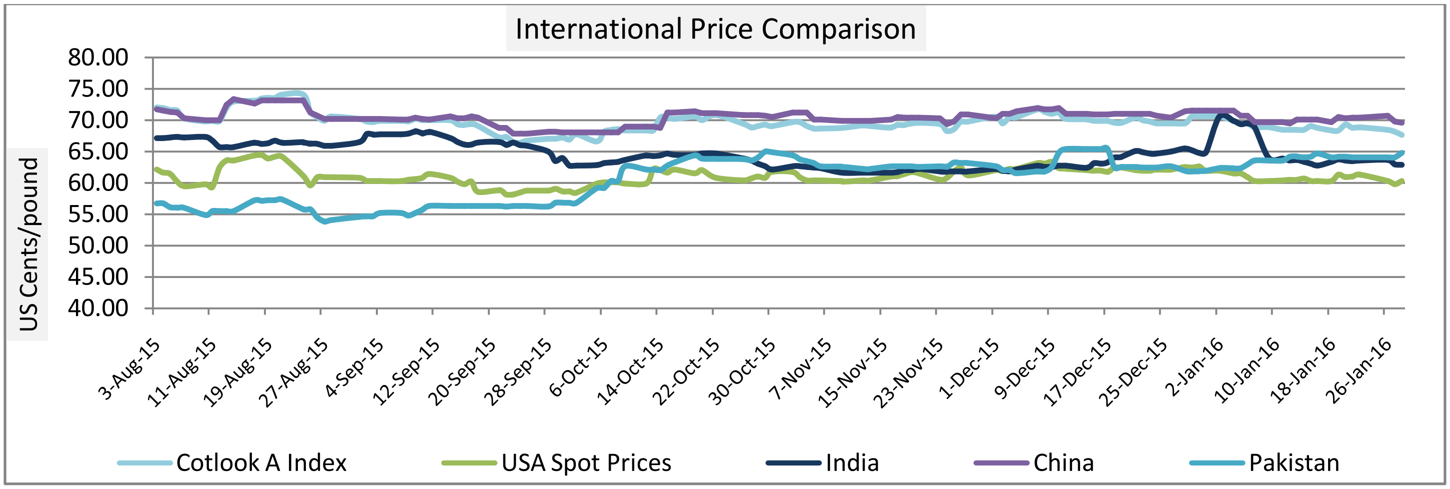
Pakistan Spot Prices

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
	28-Jan-16	21-Jan-16	
Prices	5560	5545	0.27
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	60.20-62.40

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
60.00	59.40	63.20	63.80
Figures in US cents/pound			

Cotton Future Prices at ICE

Contracts	28-Jan-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-16	61.36	62.09	63.97	62.99	-1.18	-4.08	-2.59
May-16	61.91	62.46	64.72	--	-0.88	-4.34	--
Jul-16	62.52	62.85	65.36	--	-0.53	-4.35	--
Oct-16	61.74	61.99	64.87	--	-0.40	-4.83	--
Dec-16	61.88	62.36	65.09	--	-0.77	-4.93	--
Mar-17	62.58	63.08	--	--	-0.79	--	--

Domestic Cotton Prices and Arrivals at Key Centers

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	23rd to 29th Jan 2016	16th to 22th Jan 2016	
Gujarat	Ahmedabad	Shankar-6	4795	4855	-60
	Gondal	Shankar-6	4805	4890	-85
	Rajkot	B.T. Cotton	4860	4870	-10
	Patan	B.T. Cotton	4780	4820	-40
	Kadi	B.T. Cotton	4895	4905	-10
	Deesa	B.T. Cotton	4575	4620	-45
	Dhrol	B.T. Cotton	4805	4810	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4875	4915	-40
	Bhiwani	Desi	4700	4780	-80
	Adampur	B.T. Cotton	4735	4810	-75
	Fatehabad	B.T. Cotton	4645	4695	-50
	Jind	B.T. Cotton	4855	4900	-45
	Uchana	B.T. Cotton	4760	4860	-100
	Dabwali	B.T. Cotton	4555	4705	-150
Rajasthan	Hanumangarh	B.T. Cotton	4730	4810	-80
	Rawatsar	B.T. Cotton	4585	4670	-85
Madhya Pradesh	Khandwa	Mech-1	4700	4715	-15
	Khargaon	Mech-1	4700	4715	-15
Maharashtra	Amravati	Mech-1	4705	4640	65
	Jamner	M. Staple	4650	4665	-15
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4450	4475	-25
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	NA	-
	East Godavari	Un-Ginned	4100	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-

	Hubli	D.C.H.	4850	4970	-120
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4735	4815	-80

Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	23rd to 29th Jan 2016	16th to 22th Jan 2016	
Punjab	Bhatinda	J-34	3555	3599	-44
	Abohar	J-34	3585	3620	-35
	Mansa	J-34	3545	3590	-45
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3540	3585	-45
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
				28th Jan 2016	21st Jan 2016	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31100	31585	-485
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31600	32085	-485
J-34(202)	26mm	3.5 - 4.9	23	32780	33185	-405
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33040	32965	75
Shankar-6(105)	29mm	3.5 – 4.9	28	33740	33665	75
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34465	235
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35840	35700	140
DCH-32(107)	34mm	3.0 - 3.8	33	49200	49500	-300

State wise-summary of Weekly Prices

State	Prices 24-31 Jan 2016	Prices 16-23 Jan 2016	Prices 24-31 Jan 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4184.86	4260.41	3920.43	-1.77	6.74
Gujarat	4562	4640.29	3906.75	-1.69	16.77
Haryana	4638.11	4689.89	3992.63	-1.1	16.17
Karnataka	4839.11	4762.31	3961.89	1.61	22.14
Madhya Pradesh	4601.77	4578.57	3943.45	0.51	16.69
Maharashtra	4473.53	4532.55	4102.82	-1.3	9.04
Orissa	4251.05	4279.21	4094.69	-0.66	3.82
Punjab	4664.87	4741.19	4016.81	-1.61	16.13
Rajasthan	4692.8	4696.53	4038.55	-0.08	16.2
Tamil Nadu	5029.01	5049.99	3725.44	-0.42	34.99
Telangana	4263.63	4287.77	4010.5	-0.56	6.31
Uttar Pradesh	4272.86	4380.95	4459.03	-2.47	-4.18

Source:Agmarknet

Cotton Weekly Cumulative Arrivals:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	23rd to 29th Jan 2016	16th to 22th Jan 2016	
Gujarat	Ahmedabad	Shankar-6	353600	297500	56100
	Gondal	Shankar-6	23327	24299	-972
	Rajkot	B.T. Cotton	23700	27100	-3400
	Patan	B.T. Cotton	36378	46701	-10323
	Kadi	B.T. Cotton	310000	237500	72500
	Deesa	B.T. Cotton	2700	3025	-325
	Dhrol	B.T. Cotton	3384	5134	-1750
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	7500	9750	-2250
	Bhiwani	Desi	600	550	50
	Adampur	B.T. Cotton	680	1403	-723
	Fatehabad	B.T. Cotton	3150	3100	50
	Jind	B.T. Cotton	809	1241	-432
	Uchana	B.T. Cotton	2750	3075	-325
	Dabwali	B.T. Cotton	575	2025	-1450
Rajasthan	Hanumangarh	B.T. Cotton	7500	9500	-2000
	Rawatsar	B.T. Cotton	1000	2000	-1000
Madhya Pradesh	Khandwa	Mech-1	2500	7500	-5000
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	22000	81000	-59000
	Jamner	Medium Staple	44	155	-111
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	50254	19553	30701
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.	126	214	-88
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	3127	4042	-915
Commodity	**Lint**		**Weekly Sum Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**23rd to 29th Jan 2016**	**16th to 22th Jan 2016**	
Punjab	Bhatinda	J-34	20400	17850	2550
	Abohar	J-34	5100	5440	-340

	Mansa	J-34	1700	1615	85
Haryana	Sirsa	J-34	4590	4590	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-