Current Market Outlook

Domestic Weekly Price Scenario: Cotton prices remained downtrend during the week following the uptrend in arrivals and weak demand from domestic mills.

Average price of Kapas at Rajkot during the week was Rs. 4815 per quintal, which stood at Rs 4860 previous week. Average price of Lint at Sirsa during the week was Rs. 3530 per maund (of 37.32 Kg each), which stood at Rs 3540 previous week. Cotton fiber (Shankar-6) prices remained slightly firm this week. Average price was Rs 33750 per candy (of 355.6 kg each) during the week, which was Rs 33740 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained dull this week and closed at Rs. 784.5 per maund (of 20 kg each) which was Rs 818.5 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 4780-4900 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3480-3550 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs. 770-800 per maund (of 20 kg each).

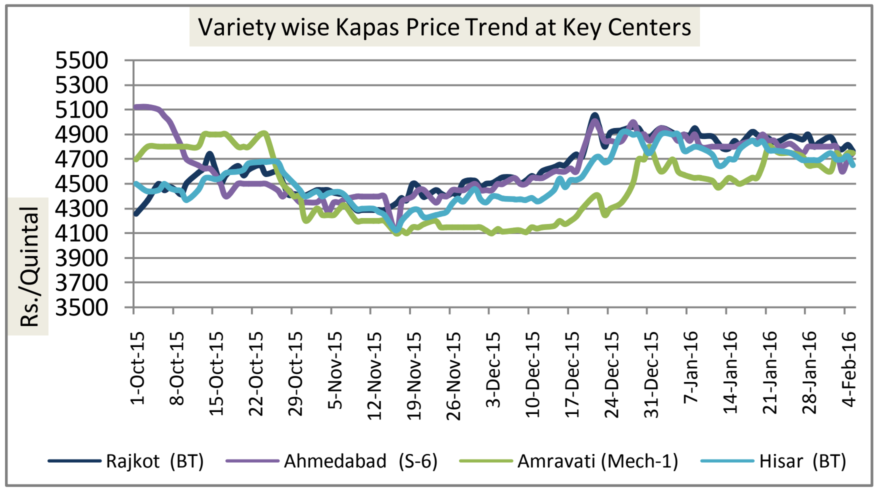
Major Market Highlights: Cotton exports from India are likely to stand around 21.27% higher at 70 lakh bales this season that is 2015-16 compared to 57.72 lakh bales previous season, according to the Textile Commissioner. The rise in exports is basically due to the drastic rise in cotton imports by Pakistan following the crop damage in the Punjab region of the country. Around 16.60 lakh bales of cotton has been imported by Pakistan so far in the current season compared to the 3.79 lakh bales in the entire season of 2014-15.

According to the second advance estimates released by the State agriculture department of Rajasthan, cotton production in the state is likely to be around 9.55 lakh bales around 38% lower compared to the previous estimates of 15.36 lakh bales forecasted in September. Last season the state produced around 15.27 lakh bales of cotton, said the department.

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.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario



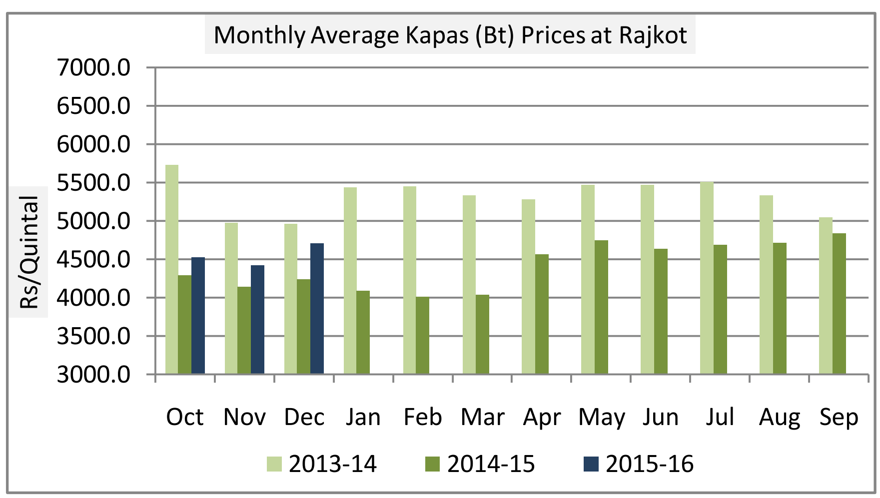
Weekly Price Review: Kapas price remained dull during the week due to the weak domestic demand, although exports remained higher. Weekly average price of Kapas at Rajkot remained Rs. 4815 per quintal, fairly lower as compared to previous week price of Rs. 4860 per quintal.

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 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 4780-4900 per quintal.

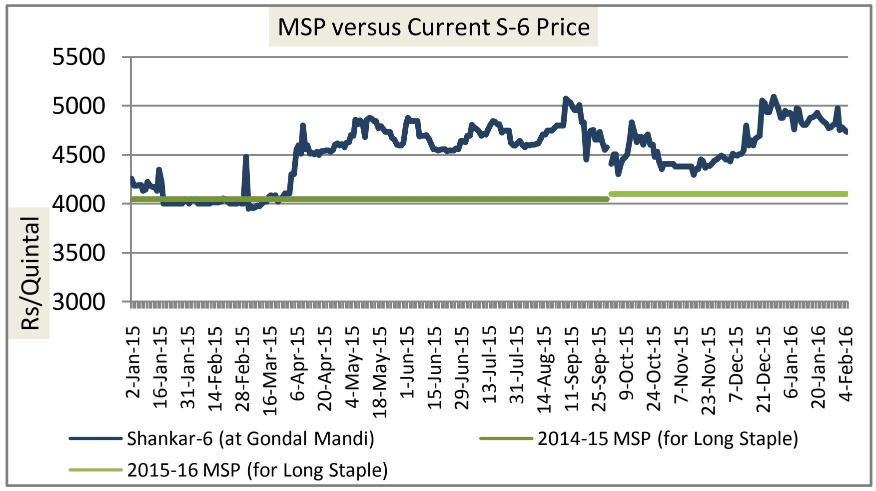
Kapas Monthly Y-o-Y Price Scenario



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

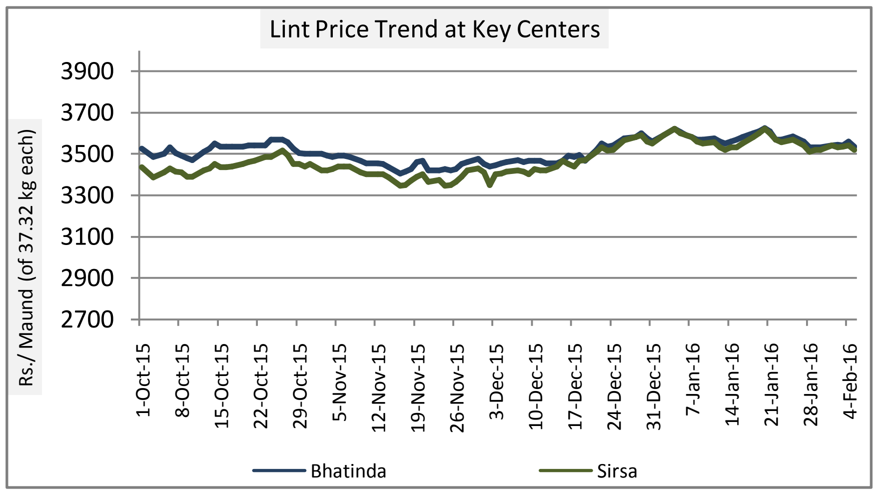
The Kapas prices are ruling above the MSP so far. The gap between the two prices has been narrowed this week due to the weaker prices. The average gap between the prices was Rs 700 this week compared to Rs 715 a week earlier. This indicates prices are in the downtrend movement.



Lint (De-Seeded Cotton) Weekly Price Scenario

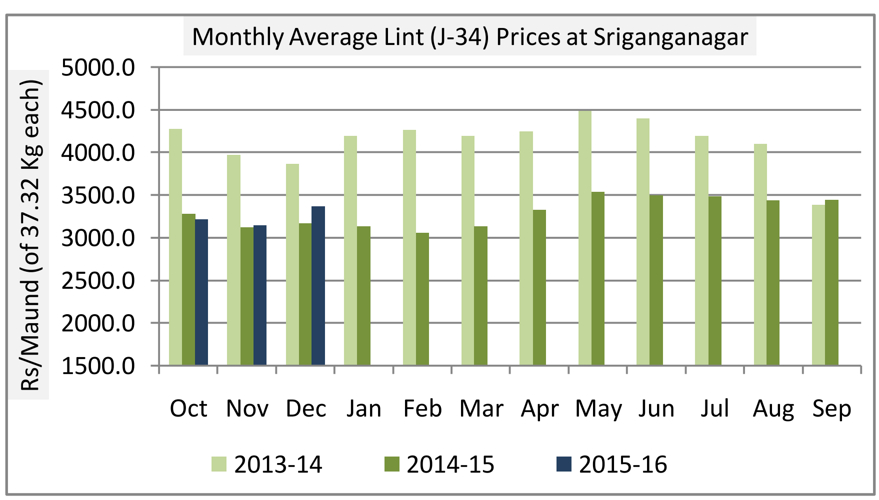
Weekly Price Review: Due to the weakness in the raw cotton prices, lint prices remained weak during the week. Weekly average price of Lint at Sirsa remained Rs. 3530 per maund of 37.32 kg each compared to previous week price of Rs. 3540 per maund.

Weekly Price Outlook: Lint prices are expected to remain sideways to weak as demand of fiber is expected to remain timid in the coming days. We expect Lint at Sirsa to remain in range of Rs. 3480-3550 per maund.



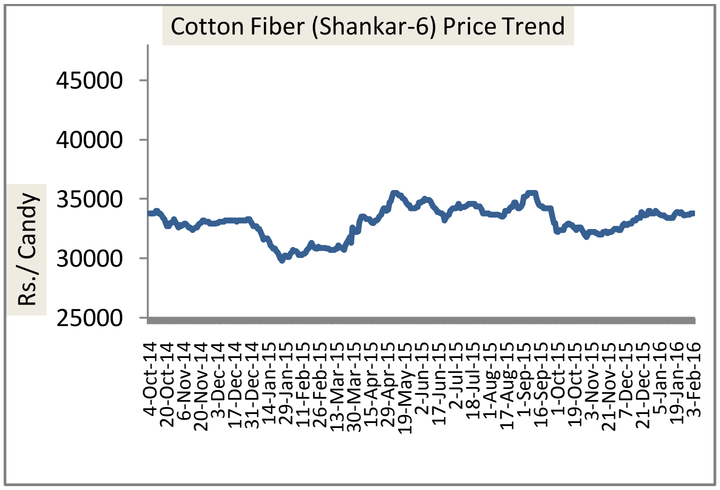
Lint Monthly Y-o-Y Price Scenario

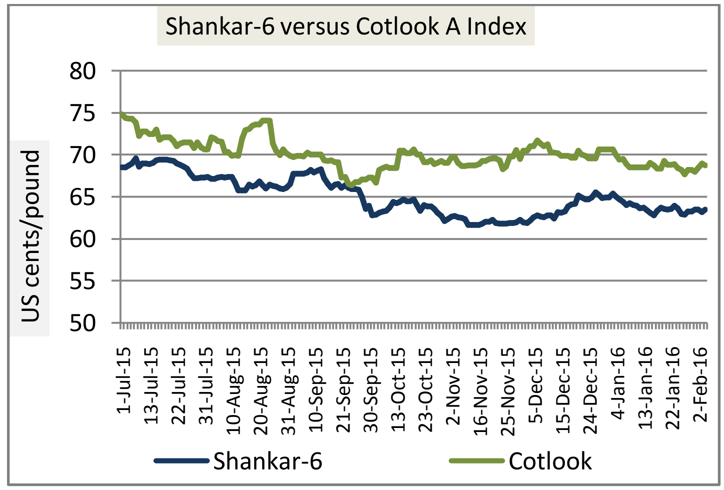
Due to the firmness in Kapas prices, lint prices too remained strong during December compared to previous month and it remained firm compared to corresponding month last year too. In December this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3375 per maund (of 37.32 Kg each), which 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 demand, cotton fiber remained firm this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 33750 per candy (of 355.6 kg each) higher compared to the prices of previous week which was Rs. 33740 per candy.



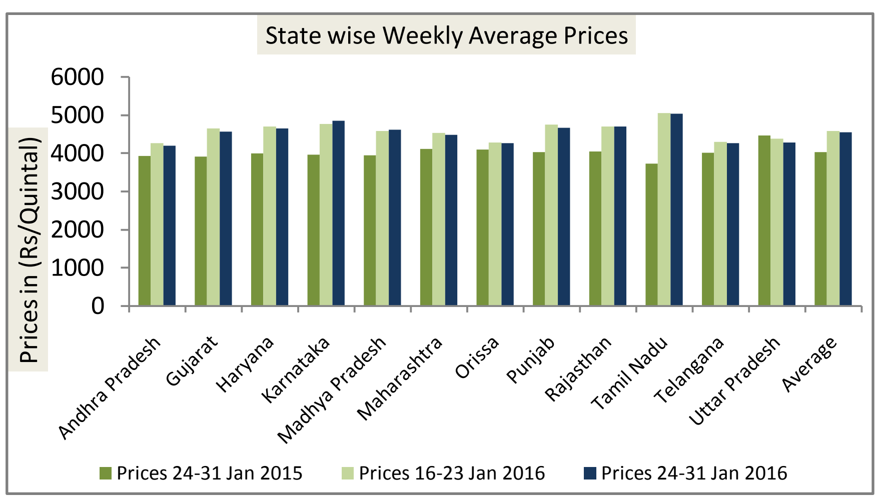


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 68.45 cents/pound, Indian weekly average price stood 63.36 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 33600-33800 per candy.

State wise Weekly Price Scenario

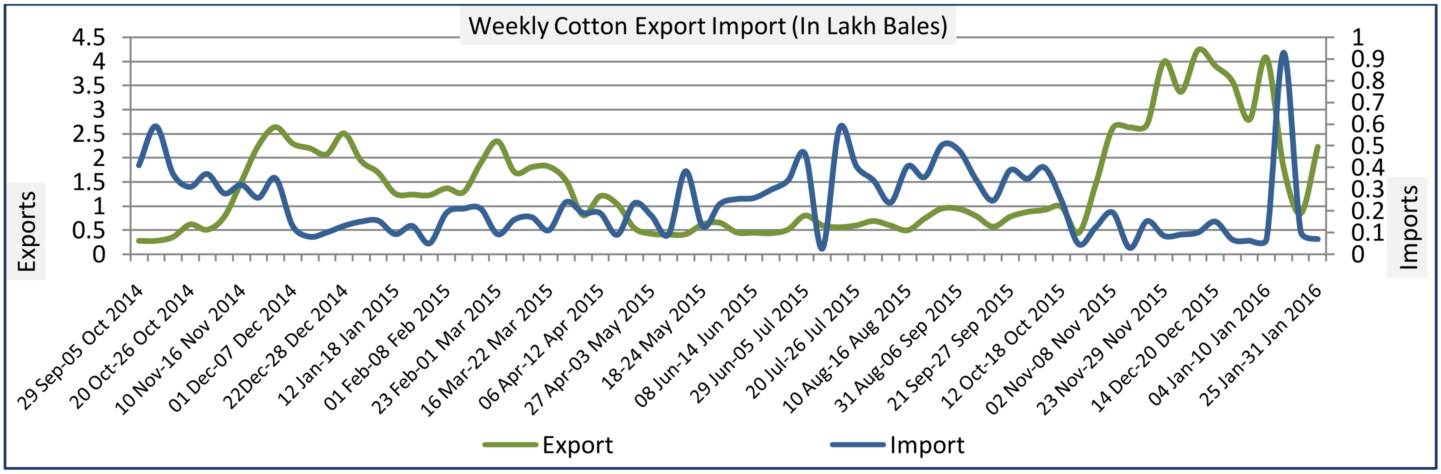
On week on week basis, prices are showing mostly weak trend in most of the States, highest price was recorded in Tamil Nadu followed by Karnataka this week and lowest was in Andhra Pradesh followed by Orissa. On year on year basis, cotton prices are reflecting uptrend in all of the States, except Uttar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



Cotton Weekly Export and Import

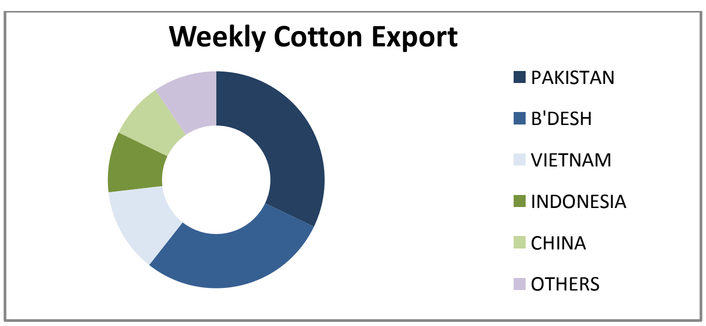
India exported 2.23 lakh bales of cotton last week (25 Jan-31 Jan 2016), which was 0.845 lakh bales previous to last week (18 Jan-24 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.069 lakh bales last week, which was 0.105 lakh bales previous to last week.

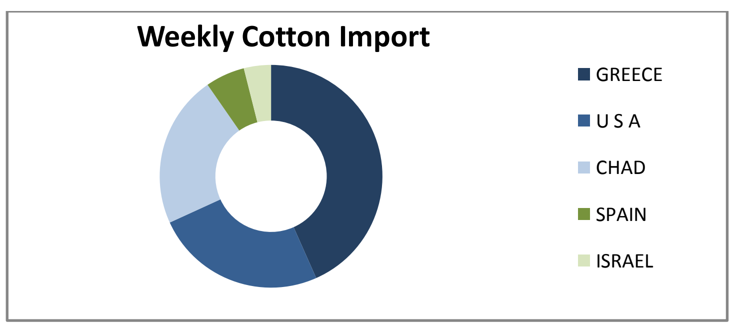
Export/Import	25 Jan-31 Jan 2016	18 Jan-24 Jan 2016
Export (In lakh Bales)	2.232	0.85
Import (In lakh Bales)	0.069	0.10
		Source: IBIS



Major importer of Indian cotton during the week was Pakistan. According to the data released by IBIS, Pakistan imported 0.72 lakh bales of cotton in the past week (i.e. 25 Jan-31 Jan 2016). Other major importers were Bangladesh, Vietnam, Indonesia and China and their imported volumes were 0.64 lakh bales, 0.28 lakh bales, 0.20 lakh bales and 0.19 lakh bales respectively.

India imported cotton from Greece, USA, Chad followed by Spain and Israel. The respective volumes these countries exported to India during the week are 0.03 lakh bales, 0.017 lakh bales, 0.015 lakh bales, 0.004 lakh bales, 0.003 Lakh Bales.





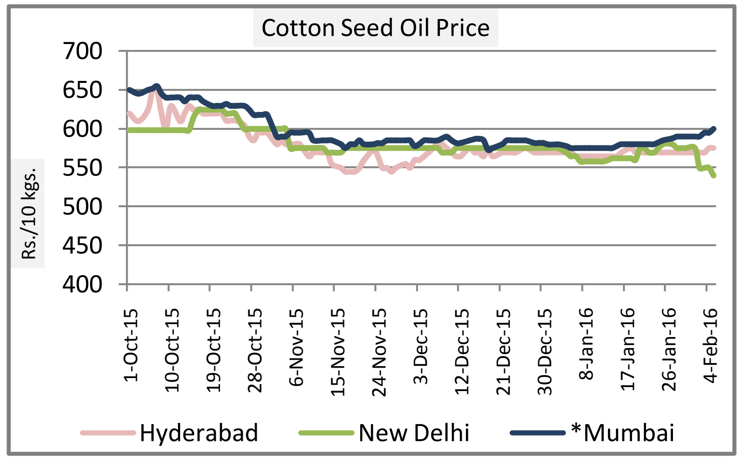
Cotton Seed Oil and Cotton Seed Oil Cake

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 563 per 10 Kg, relatively lower as compared to the weekly average price of Rs 575 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	04-Feb-16	28-Jan-16	
New Delhi	563	575	-2.09
Rajkot	574	575	-0.17
Hyderabad	571	570	0.18
Mumbai*	592	585	1.20

*Vat Included

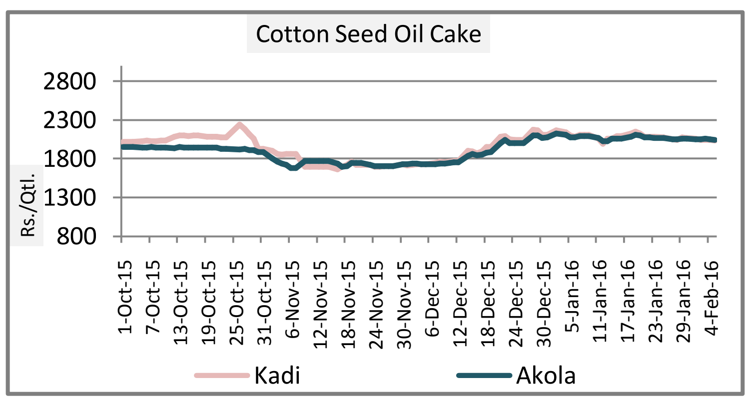


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price remained weak during the week. Weekly average price in Akola remained Rs 2056 per quintal, weaker compared to the weekly average price of previous week of Rs 2064 per quintal.

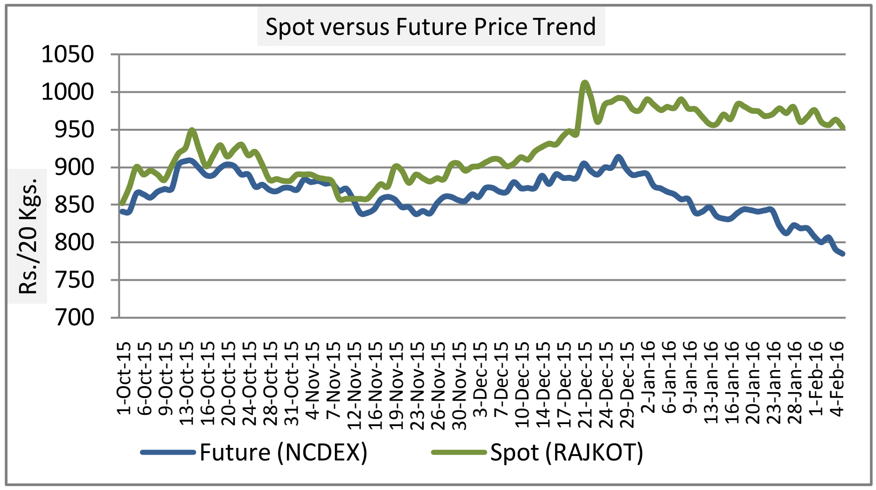
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	04-Feb-16	28-Jan-16	
Kadi	2058	2068	-0.48
Akola	2056	2064	-0.39

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed weaker this week. Kapas at NCDEX (April'16) closed at Rs 784.5 as on 05 Feb 2016, compared to 818.5 a week earlier and Rs 744.5 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.160 which was Rs 145 a week earlier.



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

<u>Weekly Technical Outlook:</u>

- 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 range bound to weak.

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

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	770-800

<u>Expected Support and Resistance</u>

Support 1	Support 2	Resistance 1	Resistance 2
760	750	820	835
Figures in Rs/20 Kg			

International Market Scenario

International cotton prices remained range bound during the week. Cotlook A index weekly average stood at 68.45 cents/pound this week, which was 68.31 cents/pound during last week.

Major Market Highlights: According to the latest estimates by International cotton Advisory Committee (ICAC), cotton production on the global front during the season 2016-17 would be around 23.08 million tons, around 2.8% higher when compared to the estimates of 22.46 million tons in the current season.

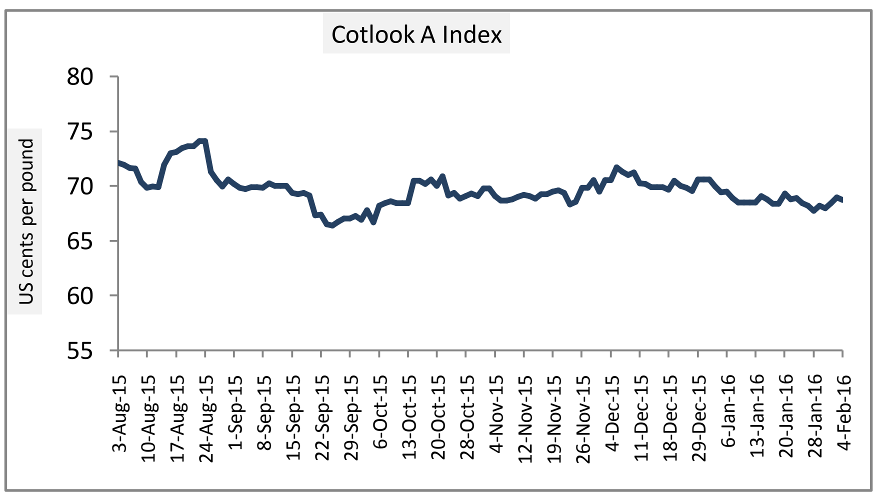
According to the latest ICAC weekly report, cotton exports on the global front are likely to be around 7.42 million tons in season 2015-16, around 0.3% lower when compared to the estimates of 7.44 million tons previous week and around 3.6% lower when compared to the exports of 7.70 million tons during the previous season.

China cotton imports have moved 9 years low, according to 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 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.

Cotlook A Index

Cotlook A index remained range bound during the week following the lackluster demand in cotton market.

According to the latest ICAC weekly report, cotton exports on the global front are likely to be around 7.42 million tons in season 2015-16, around 0.3% lower when compared to the estimates of 7.44 million tons previous week and around 3.6% lower when compared to the exports of 7.70 million tons during the previous season.



Cotlook A Index remained 68.45 cents/pound this week, slightly lower as compared to 68.31 cents/pound a week earlier.

Cotlook A Index	Weekly Average Price as on		% Change
	04-Feb-16	28-Jan-16	
Prices	68.45	68.31	0.2
			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.

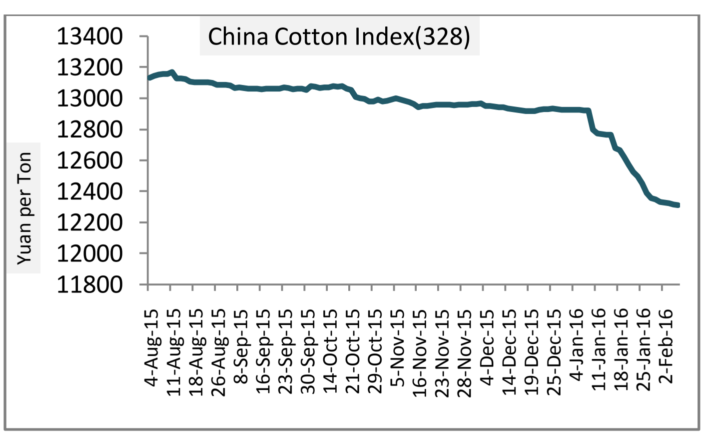
According to the China Cotton Association, the country is likely to import around 1.65 million tons of cotton in 2015-16. China during the current season would be consuming around 7.2 million tons. The ending stocks by the end of season 2015-16 would be around 13.16 million tons compared to 13.56 million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

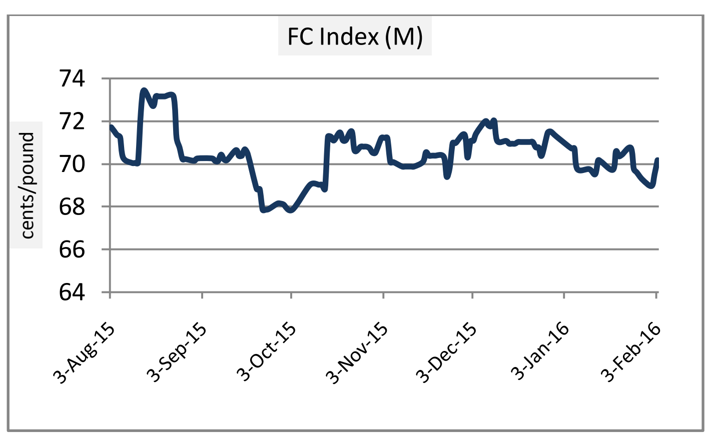
China cotton index remained slightly downtrend during the week. FC Index (M) remained 69.46 cents/pound, as compared to 70.12 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	04-Feb-16	28-Jan-16	
FC (S)	72.86	73.47	-0.83
FC (M)	69.46	70.12	-0.94
FC (L)	67.46	68.02	-0.82
			Prices in US cents per Pound

China Index remained slightly weak during the week. CC Index (328) remained 12330 Yuan per ton during the week. Average was 12424 Yuan per ton during previous week.

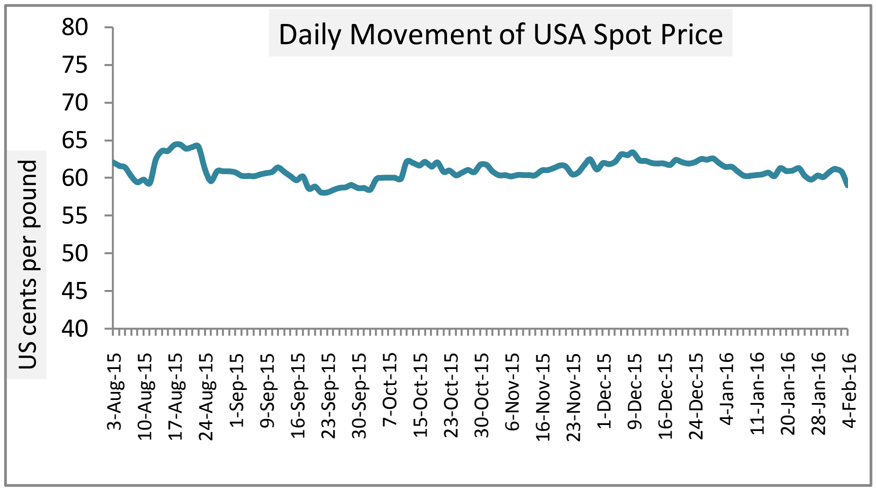
Cotton Index	Weekly Average Price as on		% Change
	04-Feb-16	28-Jan-16	
CCIndex(229)	12927	13028	-0.78
CCIndex(328)	12330	12424	-0.76
CCIndex(527)	11538	11632	-0.81
			Prices in Yuan per ton





USA Spot Prices

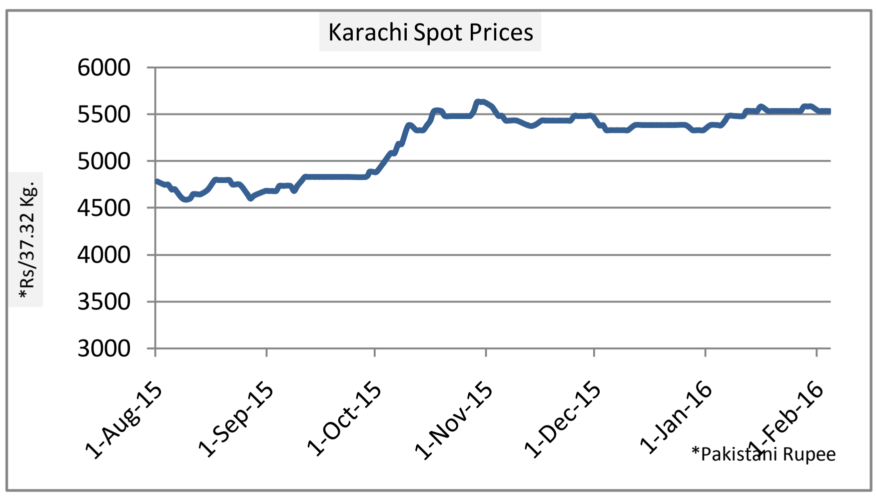
According to USDA latest report, USA cotton production would stand around 2.81 million tons, around 0.6% lower compared to the estimates of previous month i.e. 2.83 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons. Despite the lower porduction estimates, Cotton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



USA Spot Prices	Weekly Average Price as on		% Change
	04-Feb-16	28-Jan-16	
Prices	60.4	60.5	-0.17
			Prices in US cents per Pound

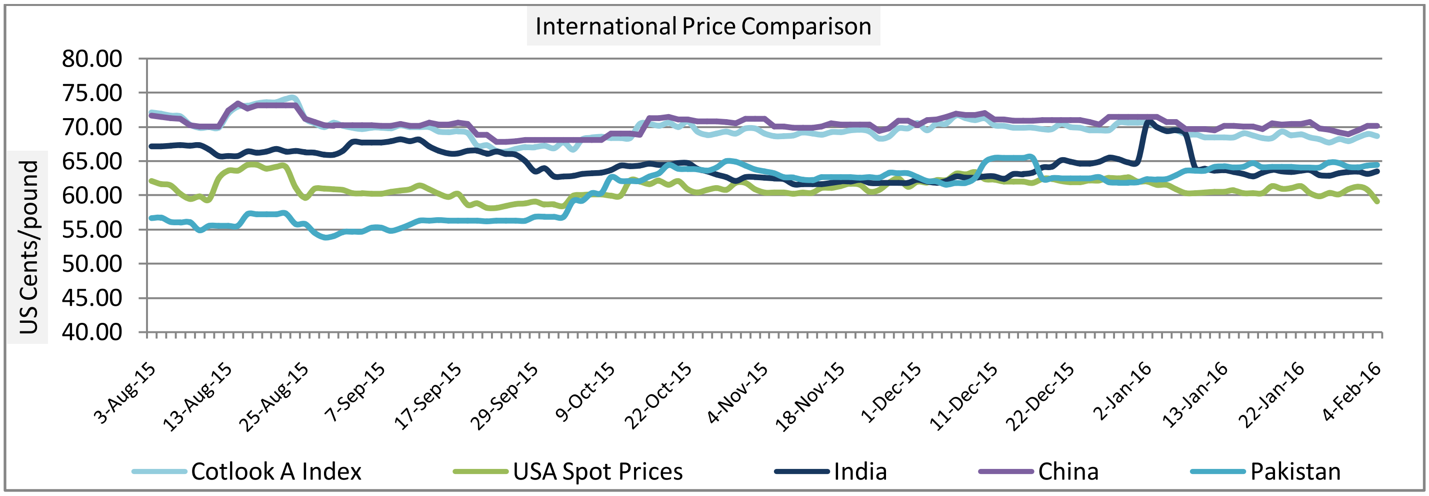
Pakistan Spot Prices

The government should not consider any proposal to relax duty and tax on the import of cotton from India, said the Pakistan Cotton Ginner Association (PGCA) as the same could hurt the domestic market by dumping of cheap raw material. It should be noted that government of Pakistan had imposed 10 per cent duty on imports of cotton yarn, grey and processed fabric specially coming from India which was effective from November 01, 2015.

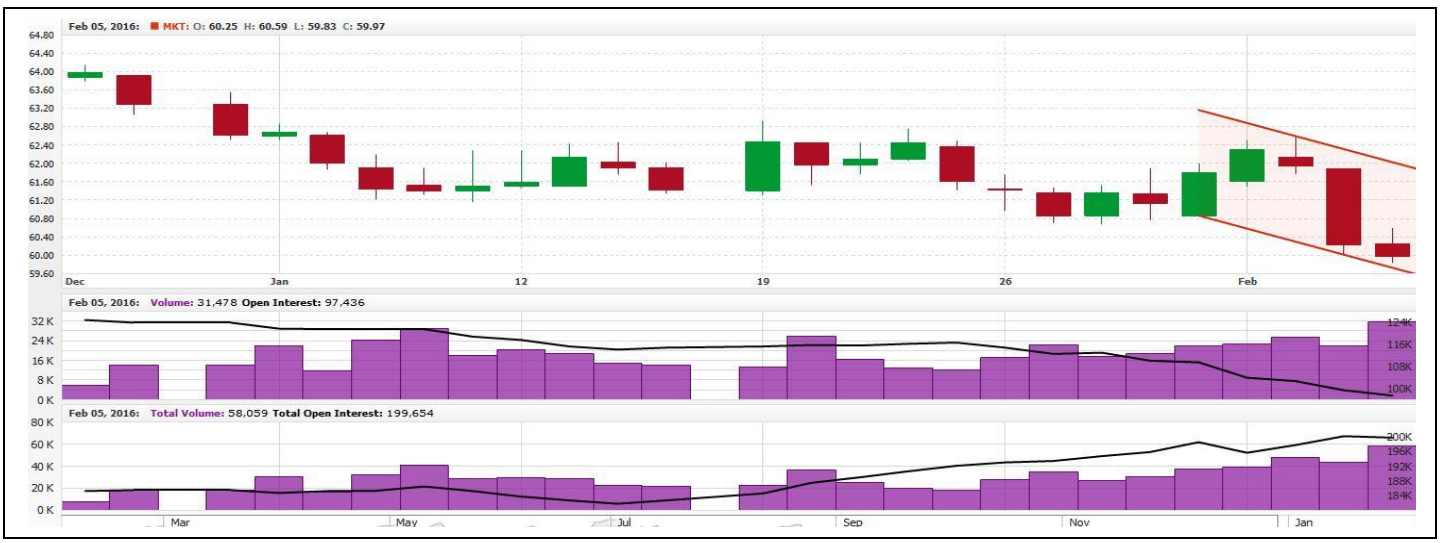


Karachi Spot Prices	Weekly Average Price as on		% Change
	04-Feb-16	28-Jan-16	
Prices	5550	5560	-0.18
			Prices in Rs per 37.32 Kg

International Price Comparison



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



Weekly Technical Outlook:

- Candlesticks denote sideways to weak momentum in the prices.
- 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	58.80-61.60

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
58.40	58.00	62.00	62.60
Figures in US cents/pound			

Cotton Future Prices at ICE

Contracts	04-Feb-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-16	60.23	61.36	62.61	64.26	-1.84	-3.80	-6.27
May-16	60.70	61.91	63.47	--	-1.95	-4.36	--
Jul-16	61.27	62.52	64.21	--	-2.00	-4.58	--
Oct-16	60.91	61.74	63.93	--	-1.34	-4.72	--
Dec-16	61.26	61.88	64.30	--	-1.00	-4.73	--
Mar-17	62.17	62.58	64.9	--	-0.66	-4.21	--

Domestic Cotton Prices and Arrivals at Key Centers

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	29th Jan to 5th Feb 2016	23rd to 29th Jan 2016	
Gujarat	Ahmedabad	Shankar-6	4740	4795	-55
	Gondal	Shankar-6	4800	4805	-5
	Rajkot	B.T. Cotton	4815	4860	-45
	Patan	B.T. Cotton	4785	4780	5
	Kadi	B.T. Cotton	4840	4895	-55
	Deesa	B.T. Cotton	4590	4575	15
	Dhrol	B.T. Cotton	4810	4805	5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4845	4875	-30
	Bhiwani	Desi	4655	4700	-45
	Adampur	B.T. Cotton	4705	4735	-30
	Fatehabad	B.T. Cotton	4655	4645	10
	Jind	B.T. Cotton	4820	4855	-35
	Uchana	B.T. Cotton	4775	4760	15
	Dabwali	B.T. Cotton	4600	4555	45
Rajasthan	Hanumangarh	B.T. Cotton	4710	4730	-20
	Rawatsar	B.T. Cotton	4550	4585	-35
Madhya Pradesh	Khandwa	Mech-1	NA	4700	-
	Khargaon	Mech-1	NA	4700	-
Maharashtra	Amravati	Mech-1	4700	4705	-5
	Jamner	M.Staple	4605	4650	-45
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4380	4450	-70
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	4100	Unch
	East Godavari	Un-Ginned	4100	4100	Unch

State	Centre	Variety	29th Jan to 5th Feb 2016	23rd to 29th Jan 2016	Change
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	4810	4850	-40
	Hubli	B.T. Cotton	4805	NA	-
	Raichur	H-44 Cotton	4750	4735	15
Commodity	**Lint**		**Prices (Rs./Maund of 37.32kg each)**		**Change**
State	**Centre**	**Variety**	**29th Jan to 5th Feb 2016**	**23rd to 29th Jan 2016**	
Punjab	Bhatinda	J-34	3540	3555	-15
	Abohar	J-34	3545	3585	-40
	Mansa	J-34	3520	3545	-25
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3530	3540	-10
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
				04th Feb 2016	28th Jan 2016	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30265	31100	-835
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30765	31600	-835
J-34(202)	26mm	3.5 - 4.9	23	32515	32780	-265
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33000	33040	-40
Shankar-6(105)	29mm	3.5 – 4.9	28	33750	33740	10
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	34700	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36450	35840	610
DCH-32(107)	34mm	3.0 - 3.8	33	49200	49200	Unch

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 Total Arrivals (In Quintals)		Change
State	Centre	Variety	29th Jan to 5th Feb 2016	23rd to 29th Jan 2016	
Gujarat	Ahmedabad	Shankar-6	368900	353600	15300
	Gondal	Shankar-6	24838	23327	1511
	Rajkot	B.T. Cotton	22200	23700	-1500
	Patan	B.T. Cotton	35078	36378	-1300
	Kadi	B.T. Cotton	400000	310000	90000
	Deesa	B.T. Cotton	1225	2700	-1475
	Dhrol	B.T. Cotton	5024	3384	1640
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	11000	7500	3500
	Bhiwani	Desi	400	600	-200
	Adampur	B.T. Cotton	1148	680	468
	Fatehabad	B.T. Cotton	4000	3150	850
	Jind	B.T. Cotton	2091	809	1282
	Uchana	B.T. Cotton	3470	2750	720
	Dabwali	B.T. Cotton	1255	575	680
Rajasthan	Hanumangarh	B.T. Cotton	7900	7500	400
	Rawatsar	B.T. Cotton	1060	1000	60
Madhya Pradesh	Khandwa	Mech-1	NA	2500	-
	Khargaon	Mech-1	NA	NR	-
Maharashtra	Amravati	Mech-1	16000	22000	-6000
	Jamner	Medium Staple	128	44	84
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	47062	50254	-3192
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.	98	126	-28
	Hubli	B.T. Cotton	168	NA	-
	Raichur	H-44 Cotton	5991	3127	2864
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	29th Jan to 5th Feb 2016	23rd to 29th Jan 2016	
Punjab	Bhatinda	J-34	26350	20400	5950
	Abohar	J-34	6205	5100	1105

	Mansa	J-34	2805	1700	**1105**
Haryana	Sirsa	J-34	9010	4590	**4420**
Rajasthan	Sri-Ganganagar	J-34	NA	NA	**-**