

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot prices witnessed positive tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5600 per quintal compared to the previous week price of Rs.5366 per quintal. Average price of Lint at Sirsa during the week was Rs. 4204 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4104. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 40000 per candy (of 355.6 kg each) during the week, which was Rs 39129 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed higher this week at Rs. 986.00 per maund (of 20 kg each) which was Rs 952.00 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to firm with the price band of Rs. 5500-6000 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4200-4500 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 975-1050 per maund (of 20 kg each).

Major Market Highlights: Cotton prices in the domestic markets have increased amid purchase by Cotton Corporation of India at commercial rates from different parts of key cotton growing regions in the country. According to official sources at CCI, prices have firmed up to Rs.41,500 per candy from the prevailing rates of Rs.38,000 per candy and farmers are now getting better rates from traders. Prices in the international market are currently prevailing around Rs.42,000 per candy.

According to the latest estimates by the Cotton Association Of India, India is likely to produce 345 lakh bales cotton in 2016-17 compared to 338 lakh bales during the previous season. Improvement in productivity amid favourable weather condition in the cotton growing regions has supported the growth of the crop. Though the productivity of the country is below world average, government initiatives and scientific research will help to achieve the average productivity level soon.

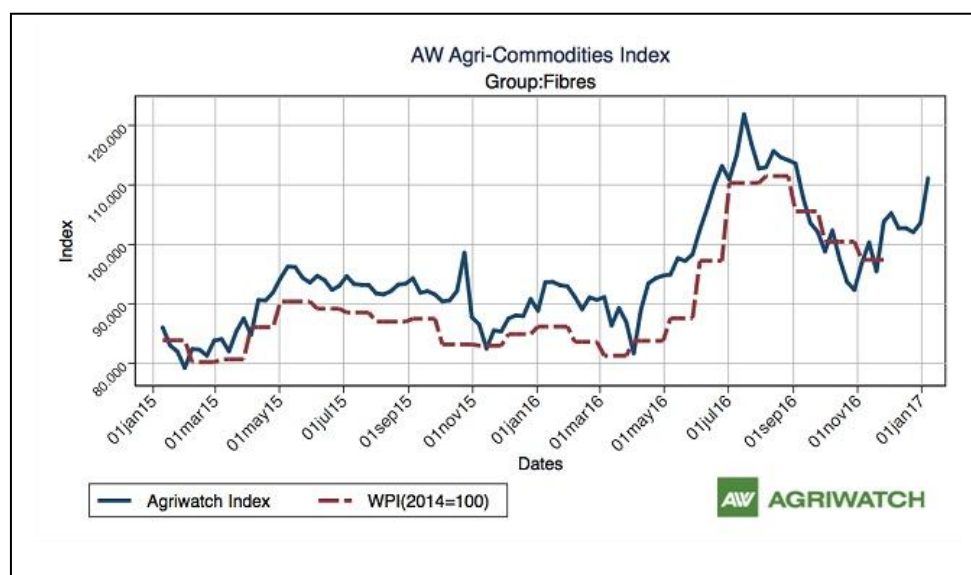
During the recent days, cotton arrivals in the domestic market have been declining amid estimated lower production and hoarding by farmers. Cotton prices have increased amid demonetization drive and uncertainty pertaining to current season crop size. Arrivals declined amid lack of cash in the spot market. India's cotton crop was estimated at 346 lakh bales (of 170 kg each) according to official sources. However, due to pink bollworm pest in the initial sowing period and declining yields from the second picking, the overall cotton crop is expected to drop more than estimated. Arrivals are likely to increase as the liquidity situation eases in the market. At Rajkot market prices of cotton have increased from Rs. 5000-5100/quintal in the first week of November to around Rs.5400/quintal as on December 30, 2016.

AW Cotton Index – 07 Jan. 2017

The Agriwatch Agri Commodities Index gained 0.41% to 115.30 during the week ended Jan 7, 2017 from 114.83 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +7.19% week-on-week.



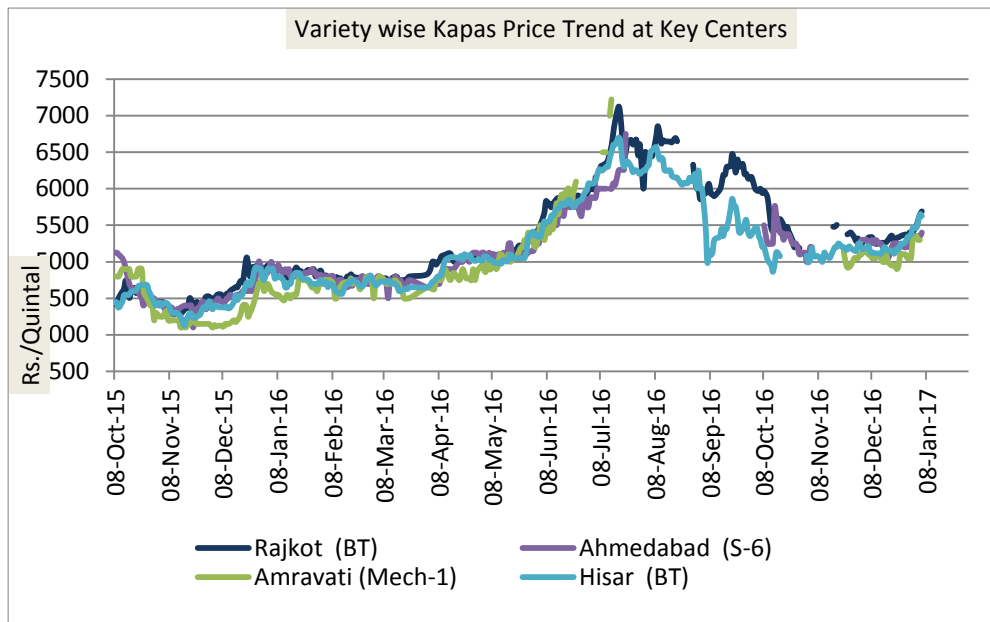
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained firm during the week amid good demand in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5600 per quintal compared to the previous week price of Rs. 5366 per quintal.

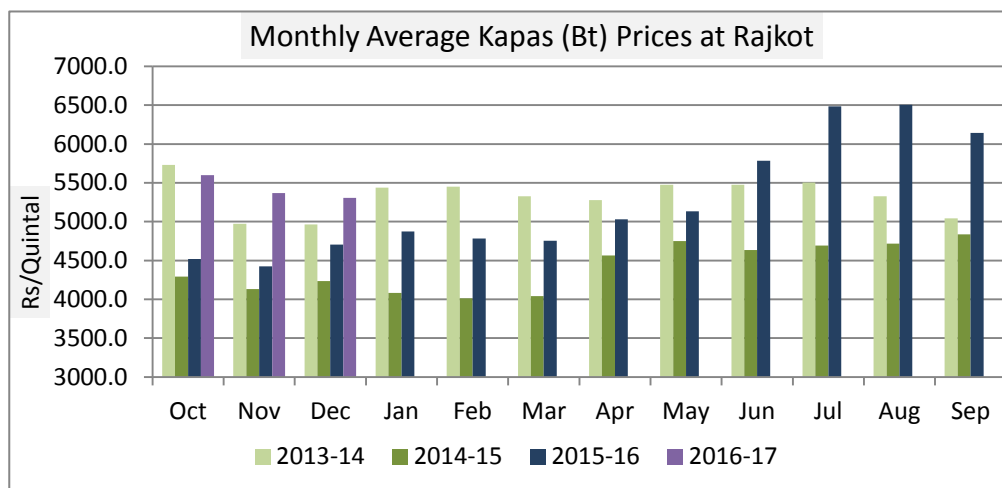
According to latest USDA attaché report, India's 2016/17 cotton production forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon



Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 5500-5600 per quintal for the coming week.

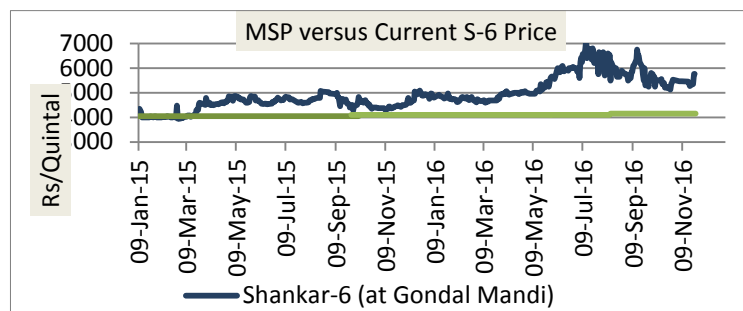
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed weak momentum during the month of December following new crop arrival in the market. The cotton price remained weak 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

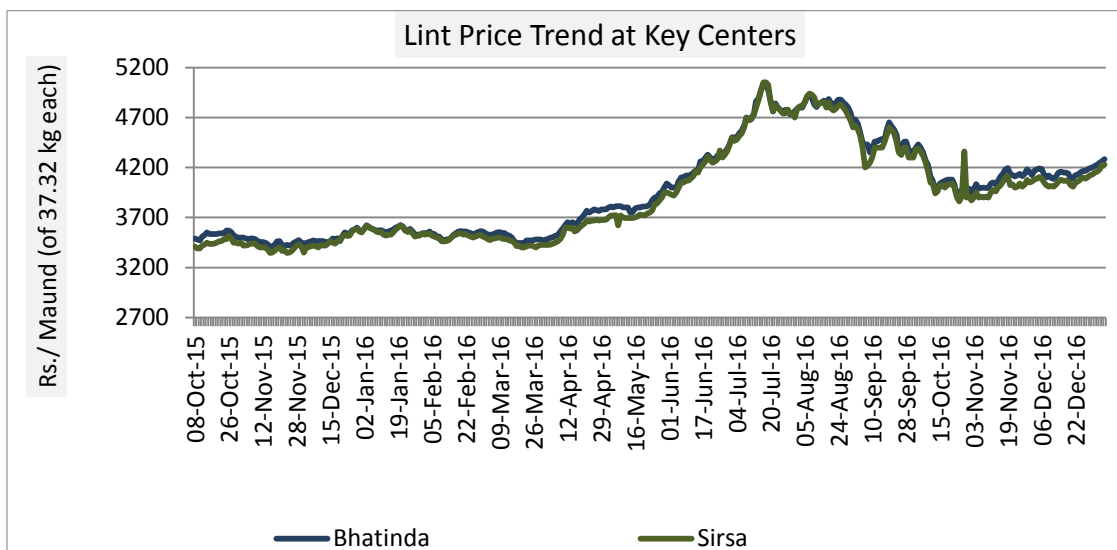
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs. 1615 this week compared to Rs 1185 a week earlier. This indicates prices are declining.



Lint (De-Seeded Cotton) Weekly Price Scenario

Weekly Price Review:

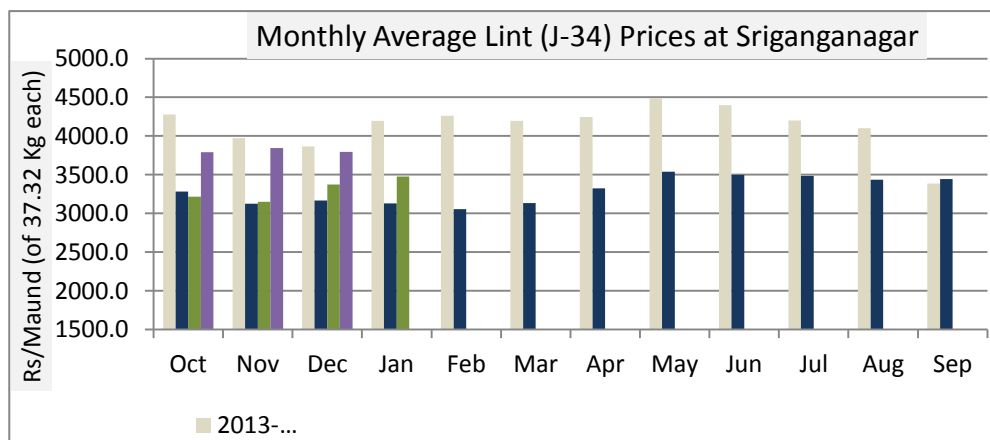
Lint prices remained firm during the week owing to bullish sentiment prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4204 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4104 per maund.



Weekly Price Outlook: Lint prices are expected to remain range bound to firm during the week. We expect Lint at Sirsa to remain in the range of Rs. 4200-4500 per maund.

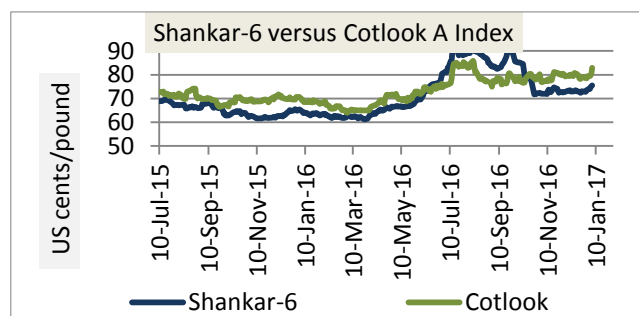
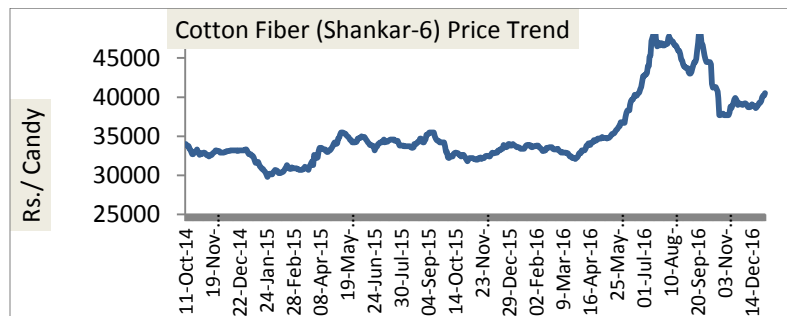
Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in December was Rs.3797/Qtl compared to Rs.3844/Qtl in November.



Cotton Fiber Weekly Price Scenario

Following upward movement in Kapas prices, cotton fiber moved northwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 40000 per candy (of 355.6 kg each) compared to the prices of previous week which was Rs. 39129 per candy.

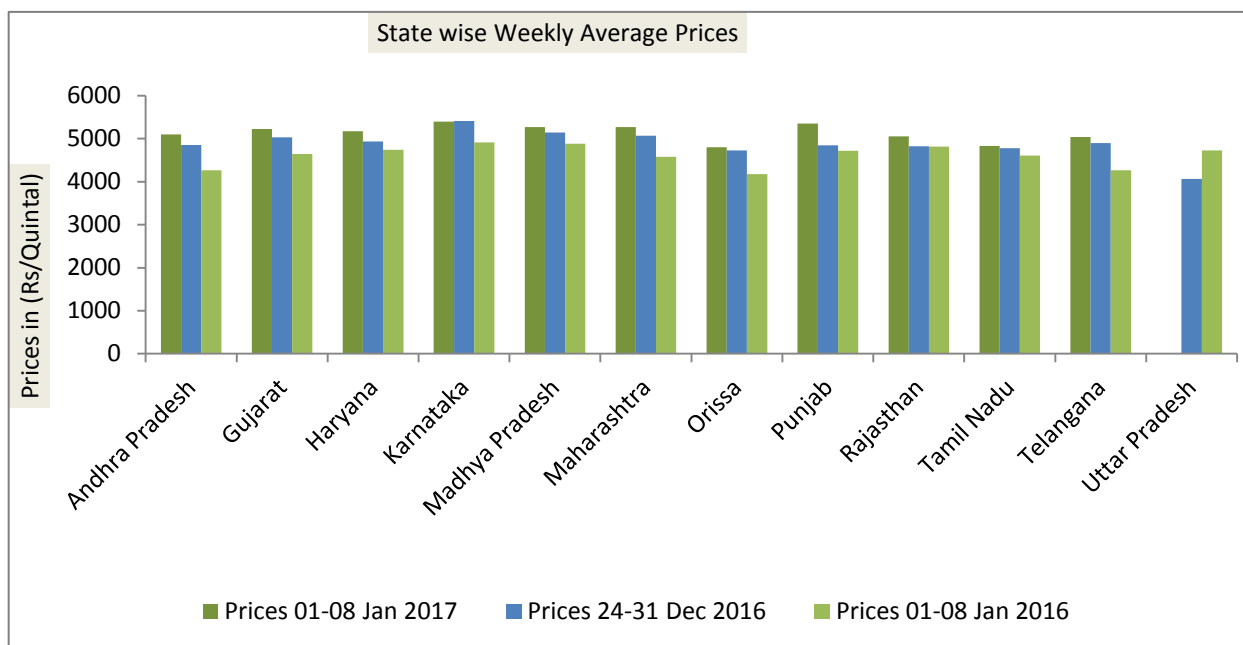


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 80.42 cents/pound, Indian weekly average price stood at 74.66 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 40000-45000 per candy.

State wise Weekly Price Scenario

On week on week basis, prices are by and large showing weak trend in most of the States, highest price was recorded in Karnataka followed by Maharashtra this week and lowest was in Uttar Pradesh



followed by Orissa. 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.

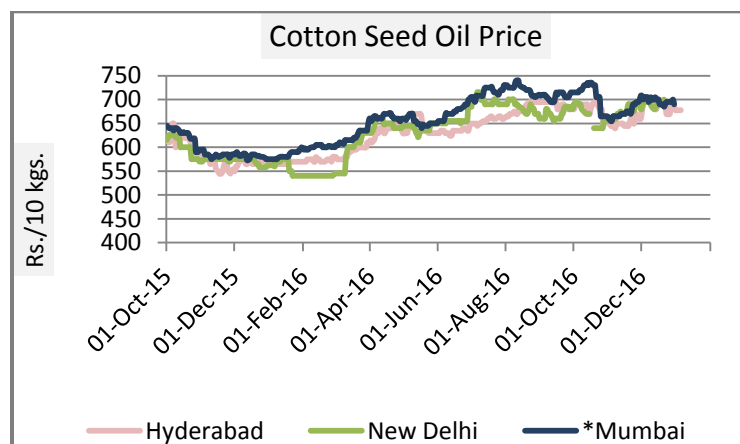
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed firm tone during the week. Weekly average price in New Delhi remained Rs 696 per 10 Kg, lower compared to the weekly average price of Rs 686 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	05-Jan-17	29-Dec-16	
New Delhi	696	686	1.41
Rajkot	688	686	0.24
Hyderabad	679	678	0.25
Mumbai*	695	690	0.72

*Vat Included

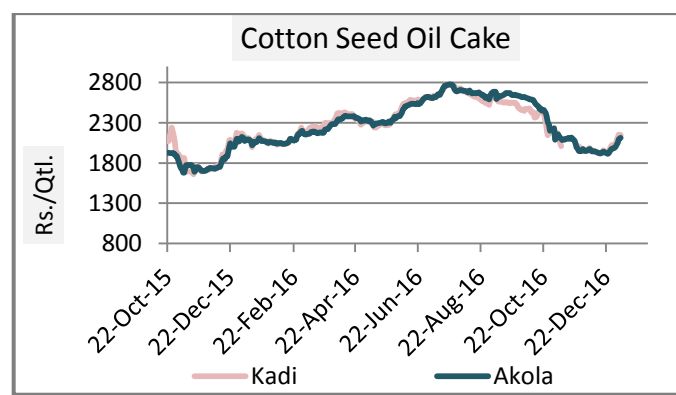


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed positive tone during the week. Weekly average price in Akola remained Rs 2059 per quintal, lower compared to the weekly average price of Rs 1954 per quintal in the previous week.

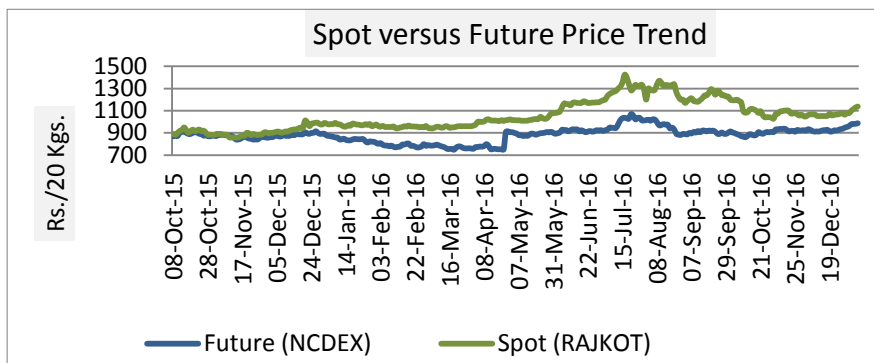
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	05-Jan-17	29-Dec-16	
Kadi	2103	1988	5.76
Akola	2059	1954	5.35

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs 986.00 as on 05 Jan 2017, compared to 952.50 a week earlier. The gap between the spot and future prices has widened. Average gap between the spot and future price during the week was Rs.135.30 which was Rs 133.20 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(April'17 Contract)



Weekly Technical Outlook:

- Kapas prices noticed firm tone during the week.
- RSI is increasing in the overbought zone.
- MACD signal line and center line denotes bearish crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	975-1050

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
950	900	1000	1050
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 80.42 cents/pound this week, which was 78.73 cents/pound during last week.

Major Market Highlights: The International Cotton Advisory Committee lowered cotton price by 1 per cent to 74 cents a pound in 2016-17 from its previous estimates as measured by the Cotlook A Index of physical values. However this is an increase of 3 per cent year on year. Prices have been ruling firm in the first half of 2016 -17 which began in August. In the second half of 2016-17, prices are likely to be lower amid increase in world cotton production by 8 per cent and competition from polyester.

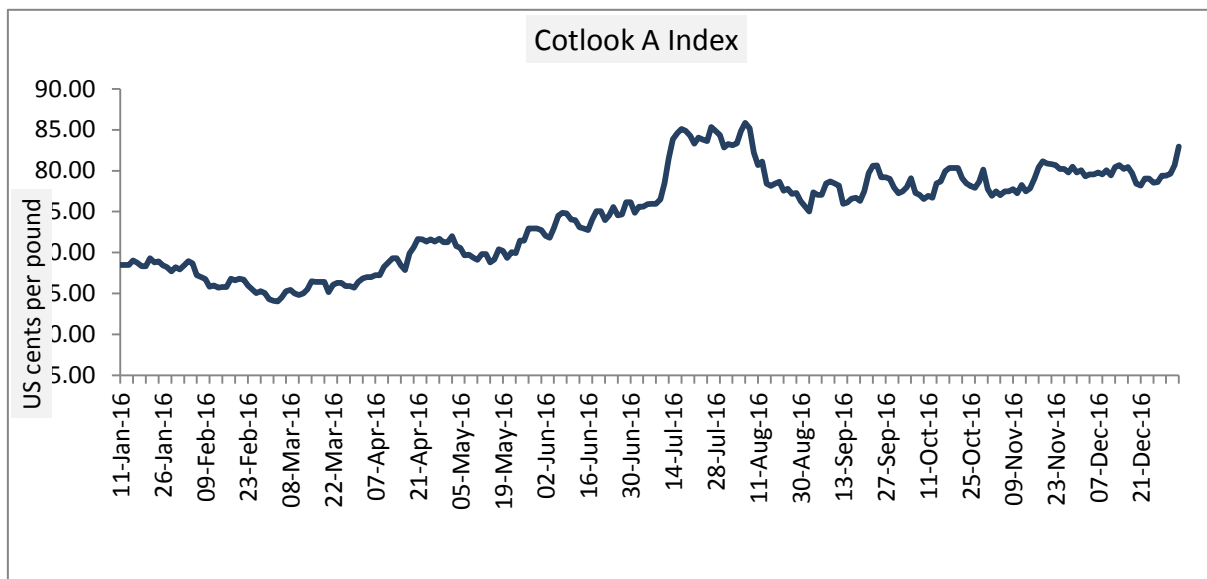
Cotton arrival from the current crop in Pakistan has increased 11.72 per cent but remained below the revised output target for 2016. Pakistan has harvested 10.36 million bales of cotton up to December 31, 2016 according to data released by the Pakistan Cotton Ginners Association compared to 9.27 million bales during the same corresponding period previous year. Cotton arrival during the period (December 15 -31, 2016) is reported at 218,762 bales compared to 244,987 bales during the same corresponding period previous year.

According to USDA latest report, global 2016/17 cotton ending stocks are revised up this month. World 2016-17 cotton production is projected at 104.24 million bales, around 8.07 per cent above last season. World ending stocks are now projected higher at 89.15 million bales. For India, production is forecast at 27.00 million bales, same as previous month's estimates and India's crop is estimated 2.27 per cent above 2015/16.

Cotlook A Index

Cotlook A index remained range bound to weak during the week.

Global cotton consumption is likely to be around 24.39 million tons in season 2016-17, which was estimated to be around 24.21



million tons a month earlier. In the earlier estimates by USDA, consumption was expected to rise and cotton consumption would be standing at around 0.6% higher compared to the previous season.

Cotlook A Index	Weekly Average Price as on		% Change
	05-Jan-17	29-Dec-16	
Prices	80.42	78.73	2.1
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

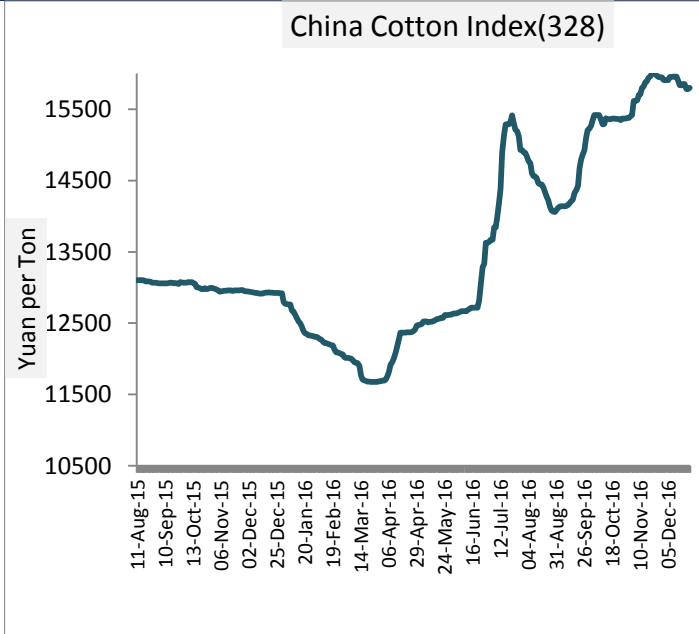
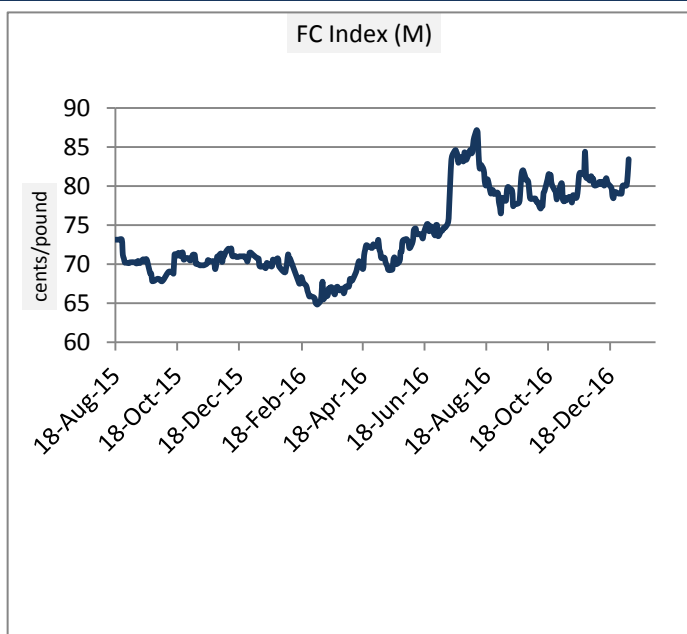
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	05-Jan-17	29-Dec-16	
FC (S)	84.16	82.41	2.12
FC (M)	81.00	79.08	2.42
FC (L)	79.69	77.67	2.60
Prices in US cents per Pound			

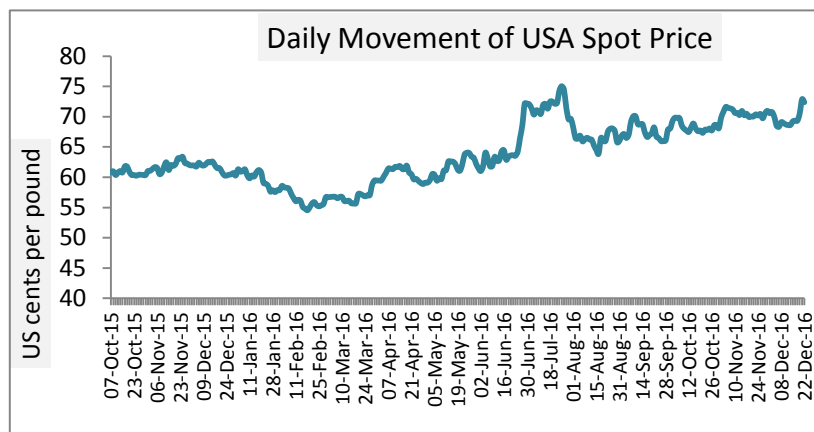
China Index remained weak during the week. CC Index (328) remained 14876 Yuan per ton during the week. Average was 14904 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	05-Jan-17	29-Dec-16	
CCIndex(229)	15792	15813	-0.13
CCIndex(328)	14854	14876	-0.15
CCIndex(527)	16139	16182	-0.26
Prices in Yuan per ton			



USA Spot Prices

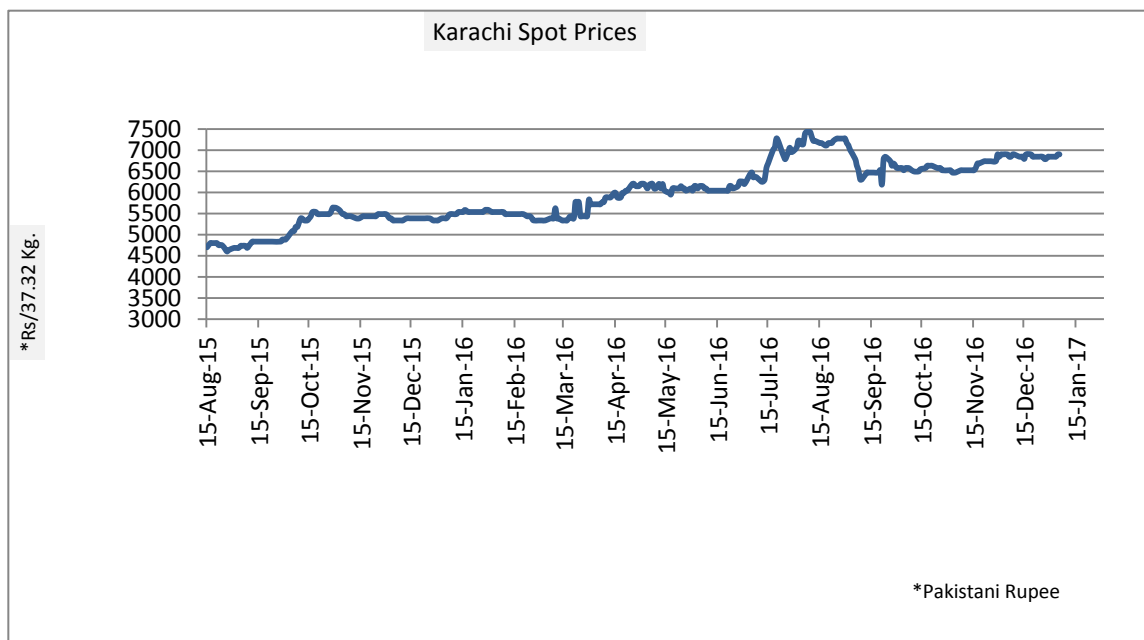
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised down this month. Production in Brazil is estimated to be lower, based on arrivals at gins, but higher in Australia. World ending stocks are now projected at 87.35 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	05-Jan-17	29-Dec-16	
Prices	70.92	69.69	1.76
Prices in US cents per Pound			

Pakistan Spot Prices

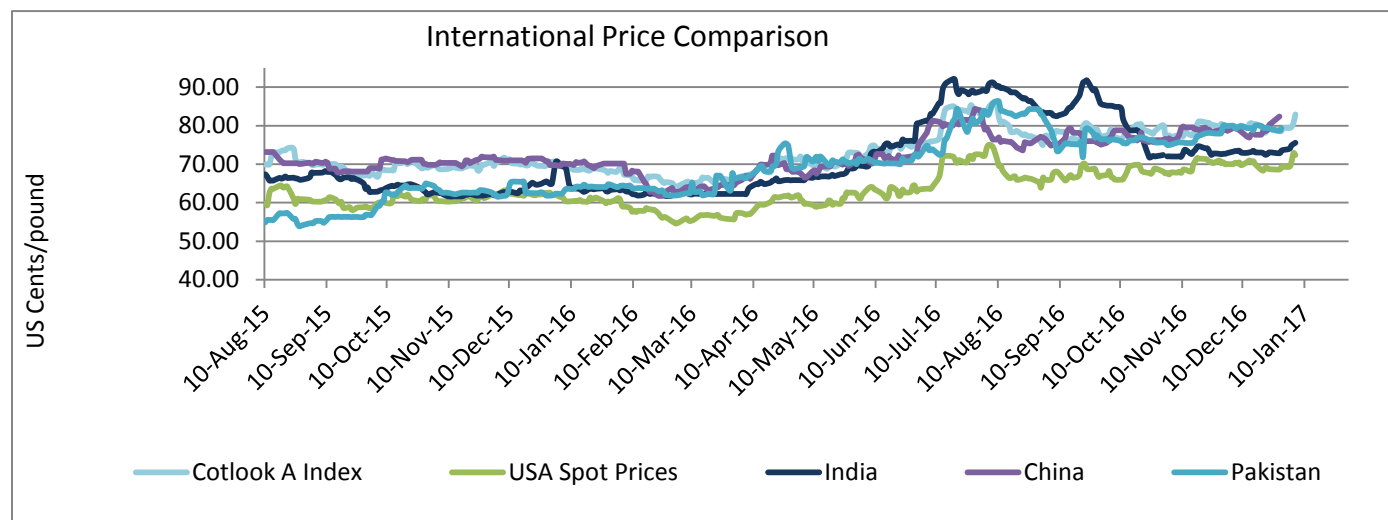
Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released by the Pakistan Cotton Ginners Association.



Seed cotton arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	05-Jan-17	29-Dec-16	
Prices	6864	6825	0.57
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (Mar'17 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote firm tone in the prices.
- Volume and Open Interest are increasing.
- We expect cotton prices to remain range bound to firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	73.00-78.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
70.00	68.50	75.00	78.00

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	05-Jan	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Mar-17	73.78	70.50	71.01	NA	64.60	3.90	NA
May-17	73.93	70.90	71.44	NA	4.30	3.49	NA
Jul-17	74.06	71.26	71.48	NA	3.95	3.61	NA
Oct-17	71.54	69.78	70.79	NA	2.47	1.06	NA
Dec-17	71.47	69.51	69.60	NA	2.81	2.69	NA
Mar-18	71.46	69.44	NA	NA	2.91	NA	NA

Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	31st Dec.16 To 06th Jan.17	24th Dec to 30th Dec.16	
Gujarat	Ahmedabad	Shankar-6	5525	5350	175
	Gondal	Shankar-6	5504	NA	-
	Rajkot	B.T. Cotton	5600	5366	234
	Patan	B.T. Cotton	5553	5318	235
	Kadi	B.T. Cotton	5533	5392	142
	Deesa	B.T. Cotton	5083	5075	8
	Dhrol	B.T. Cotton	5480	5339	141
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5583	5304	279
	Bhiwani	Desi	4480	4183	297
	Adampur	B.T. Cotton	5578	5308	270
	Fatehabad	B.T. Cotton	5580	5326	254
	Jind	B.T. Cotton	5654	5409	246
	Uchana	B.T. Cotton	5564	5346	218
	Dabwali	B.T. Cotton	5536	5276	260
Rajasthan	Hanumangarh	B.T. Cotton	5611	5367	244
	Rawatsar	B.T. Cotton	5584	5300	284
Madhya Pradesh	Khandwa	Mech-1	5530	5213	318
	Khargaon	Mech-1	5549	5315	234
Maharashtra	Amravati	Mech-1	5275	5063	213
	Jamner	Medium Staple	4985	4863	122

Uttar Pradesh	Hathras	B.T. Cotton	4450	3950	500
	Hathras	Desi	4500	4075	425
Telangana	Adilabad	Un-Ginned	5268	5037	232
Andhra Pradesh	Guntur	Un-Ginned	4220	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4675	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5602	5337	265
	Hubli	D.C.H.	5617	5509	107
	Hubli	B.T. Cotton	5705	6496	-791
	Raichur	H-44 Cotton	5493	5252	241
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	31st Dec.16 To 06th Jan.17	24th Dec to 30th Dec.16	
Punjab	Bhatinda	J-34	4260	4176	84
	Abohar	J-34	4266	4177	89
	Mansa	J-34	4258	4172	86
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4204	4104	100
Rajasthan	Sri-Ganganagar	J-34	4019	3760	259

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	31st Dec.16 To 06th Jan.17	24th Dec to 30th Dec.16	
Gujarat	Ahmedabad	Shankar-6	263500	302600	-39100
	Gondal	Shankar-6	11194	NA	-
	Rajkot	B.T. Cotton	26675	18650	8025
	Patan	B.T. Cotton	72628	110662	-38034
	Kadi	B.T. Cotton	150000	230000	-80000
	Deesa	B.T. Cotton	3565	4100	-535
	Dhrol	B.T. Cotton	3085	2361	724
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	19000	17000	2000
	Bhiwani	Desi	900	550	350
	Adampur	B.T. Cotton	5100	7140	-2040
	Fatehabad	B.T. Cotton	4700	6900	-2200
	Jind	B.T. Cotton	1194	1285	-91

	Uchana	B.T. Cotton	12710	13030	-320
	Dabwali	B.T. Cotton	7850	12400	-4550
Rajasthan	Hanumangarh	B.T. Cotton	6500	11100	-4600
	Rawatsar	B.T. Cotton	7000	6700	300
Madhya Pradesh	Khandwa	Mech-1	17500	10000	7500
	Khargaon	Mech-1	23940	19790	4150
Maharashtra	Amravati	Mech-1	134000	131000	3000
	Jamner	Medium Staple	1634	1005	629
Uttar Pradesh	Hathras	B.T. Cotton	275	50	225
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	73376	47137	26239
Andhra Pradesh	Guntur	Un-Ginned	2617	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	7092	4217	2875
	Hubli	D.C.H.	662	306	356
	Hubli	B.T. Cotton	38	542	-504
	Raichur	H-44 Cotton	6359	4349	2010
Commodity	Lint		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	31st Dec.16 To 06th Jan.17	24th Dec to 30th Dec.16	Change
Punjab	Bhatinda	J-34	40800	46750	-5950
	Abohar	J-34	5610	8840	-3230
	Mansa	J-34	3910	6035	-2125
Haryana	Sirsa	J-34	5100	7939	-2839
Rajasthan	Sri-Ganganagar	J-34	2200	1000	1200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				30th Dec.16 To 05th Jan.17	17th Dec to 29th Dec.16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29500	28043	1457
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30367	28843	1524
J-34(202)	26mm	3.5 - 4.9	23	39583	38571	1012
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39317	38429	888
Shankar-6(105)	29mm	3.5 - 4.9	28	40000	39129	871
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40717	39786	931
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41517	40500	1017
DCH-32(107)	34mm	3.0 - 3.8	33	53917	53857	60

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