

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot prices noticed mixed tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5900 per quintal compared to the previous week price of Rs.6021 per quintal. Average price of Lint at Sirsa during the week was Rs. 4440 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4488. Cotton fiber (Shankar-6) prices noticed weak tone this week. Average price was Rs 41950 per candy (of 355.6 kg each) during the week, which was Rs 42100 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed higher this week at Rs. 1021.00 per maund (of 20 kg each). which was Rs 1018.50 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. 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. 1000-1050 per maund (of 20 kg each).

Major Market Highlights: US multinational companies have been dominating cotton farming in the country during the last few years. Government's Central Institute for Cotton Research (CICR) has secured approval for 3 varieties of indigenous Bt seeds suitable for the northern states. By next fortnight, 4-5 seeds each, suitable for the central and southern states of the country will be put for approval before Indian Council for Agricultural Research (ICAR). The biggest advantage with indigenous Bt seeds is that the farmer need not buy a fresh bag of seeds each sowing season. The seeds can be derived from the previous year's crop itself.

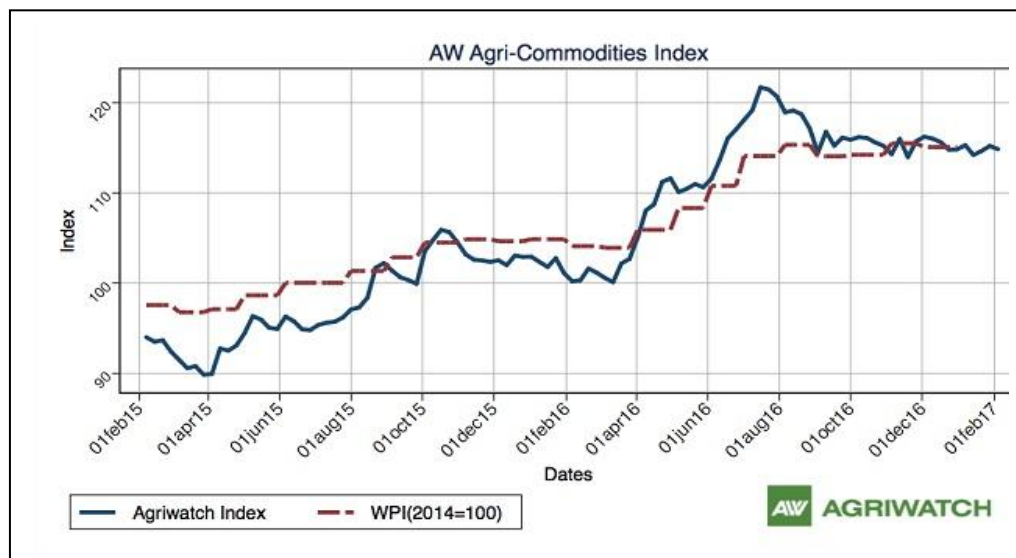
In its mid season estimates, Cotton Association Of India (CAI) has revised its cotton crop estimate downward at 341 lakh bales for the 2016-17 season compared to the earlier estimates of 346 lakh bales estimated in October. CAI projected total cotton supply of 404 lakh bales, with domestic consumption at 290 lakh bales, thereby leaving an available surplus of 114 lakh bales in its crop estimates for December 2016.

According to the Cotton Corporation Of India (CCI), producing contamination free cotton is the biggest duty for the country. Indian cotton is sold at discounted rates in comparison to equivalent foreign cotton. Contamination is mainly at farm level due to small land holdings by farmers, manual picking and different climatic conditions. Indian cotton is mostly contaminated with various foreign materials like jute twine, dust, plastic, fibre during handling at farm level and processing of cotton in ginning and pressing factories according to industry sources.

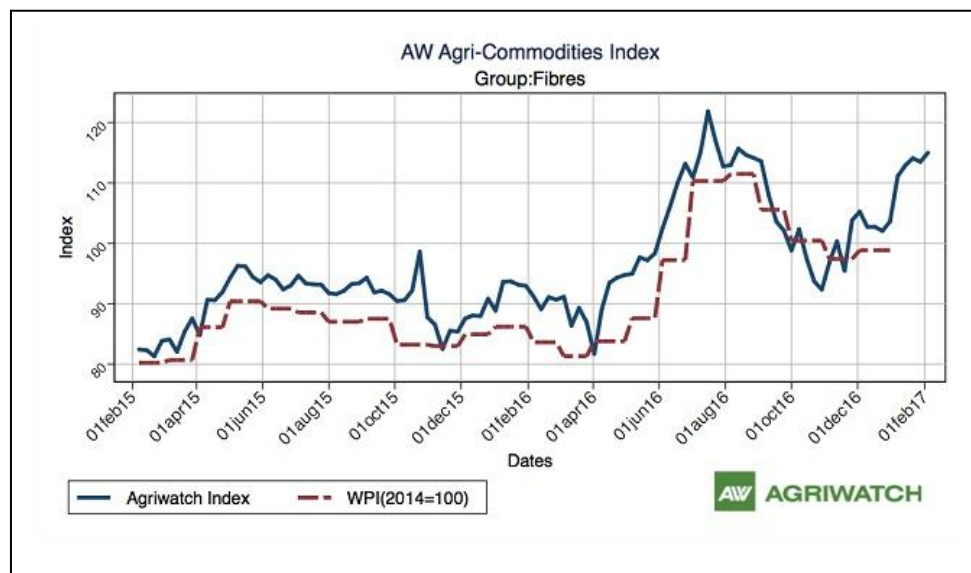
According to the latest release by the Cotton Corporation of India (CCI), total cotton consumption in India is likely to be 313 lakh bales in 2017 compared to 312 lakh bales during the previous season. Acreage under cotton is likely to decline by 12 per cent to 105 lakh hectares compared to previous season amid delayed rains, fear of pest attacks and farmers shifting over to other crops. Production is likely to increase by 4 per cent to 351 lakh bales during the current season.

AW Cotton Index – 05 Feb. 2017

The Agriwatch Agri Commodities Index dipped 0.32% to 114.85 during the week ended Feb 4, 2017 from 115.21 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +1.33% 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

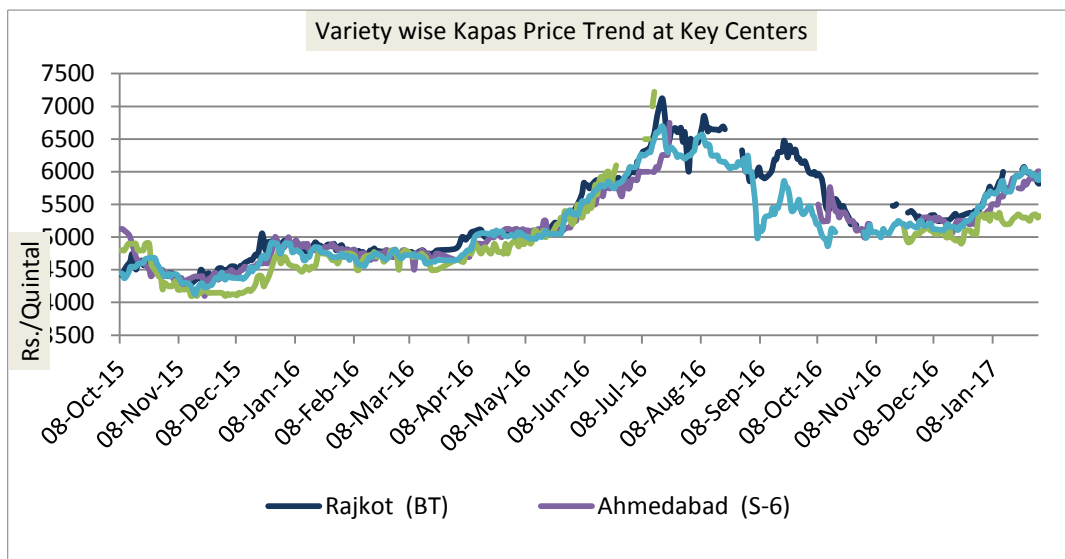
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained weak during the week amid lack of good demand in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5900 per quintal compared to the previous week price of Rs. 6021 per quintal.

According to latest USDA attaché report, India's

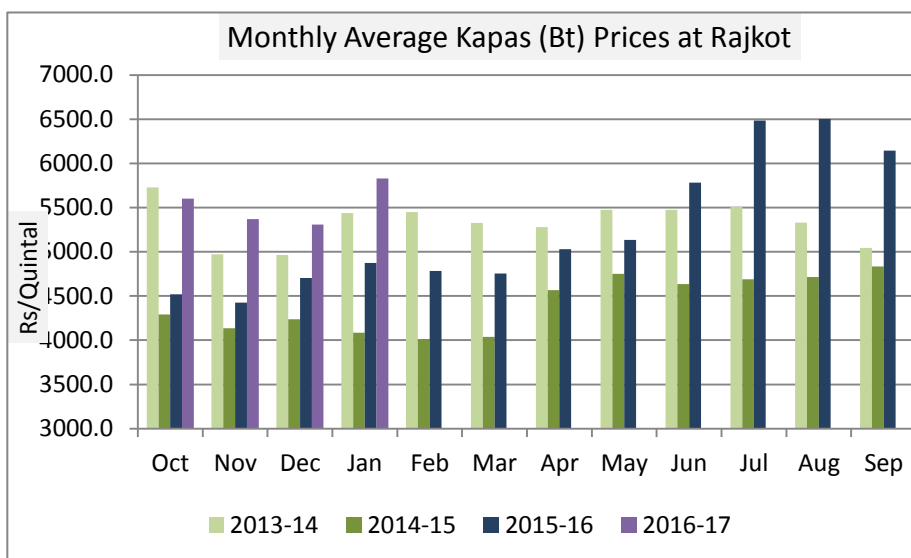
2016/17 cotton production forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

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 5500-6000 per quintal for the coming week.



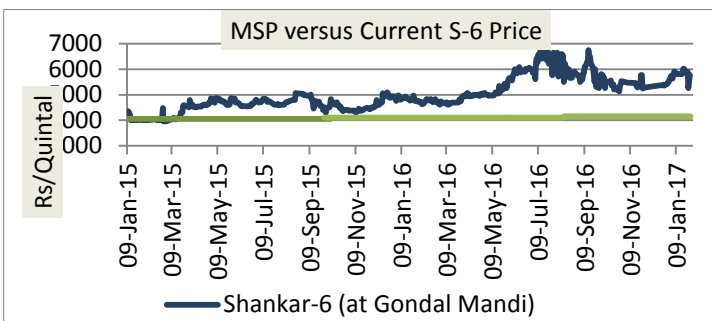
Kapas Monthly Y-o-Y Price Scenario

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

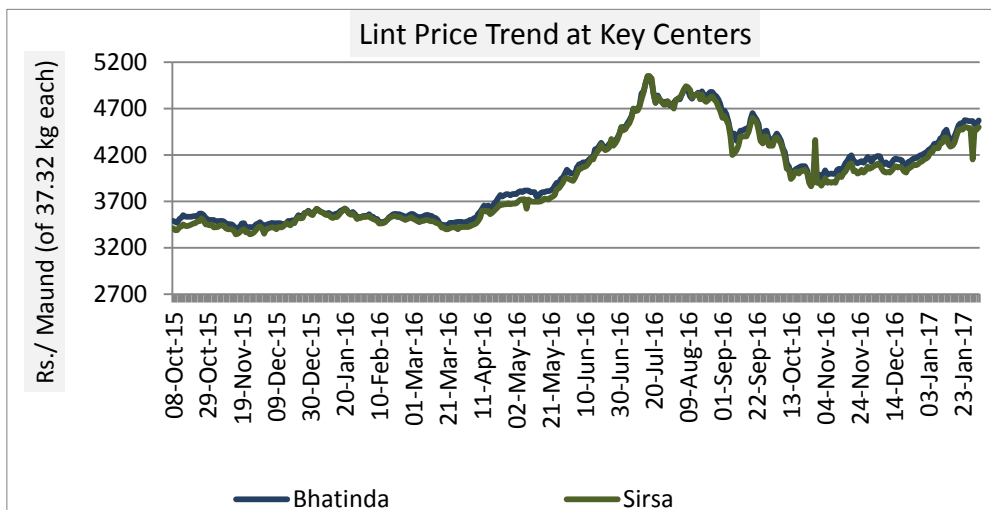
The Kapas prices are ruling above the MSP so far. The gap between the two prices has narrowed this week. The average gap between the prices was Rs.1581.00 this week compared to Rs.1750.83 a week earlier. This indicates declining prices. are declining.



Lint (De-Seeded Cotton) Weekly Price Scenario

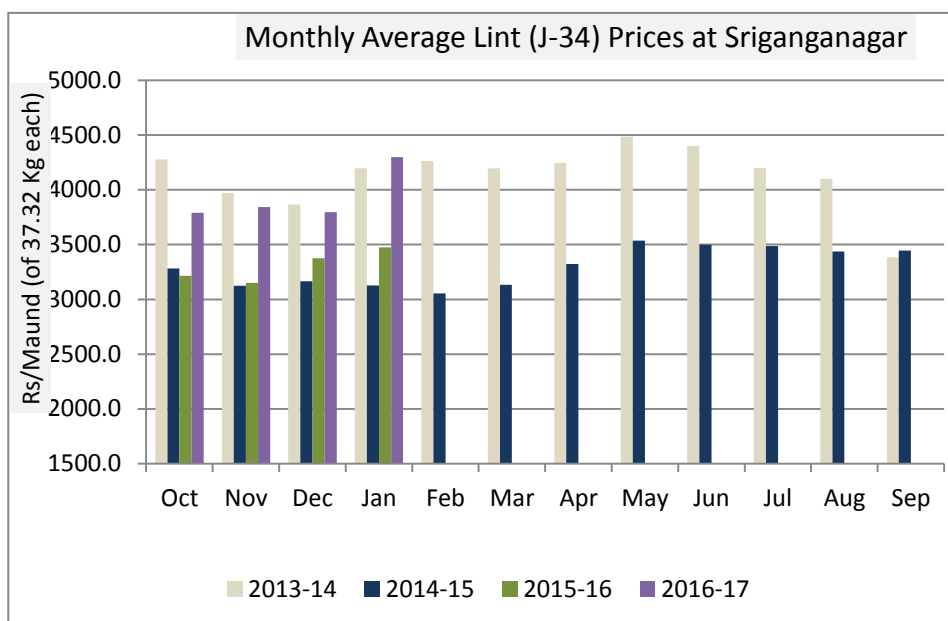
Weekly Price Review: Lint prices remained weak during the week owing to bearish sentiment prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4440 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4488 per maund.

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



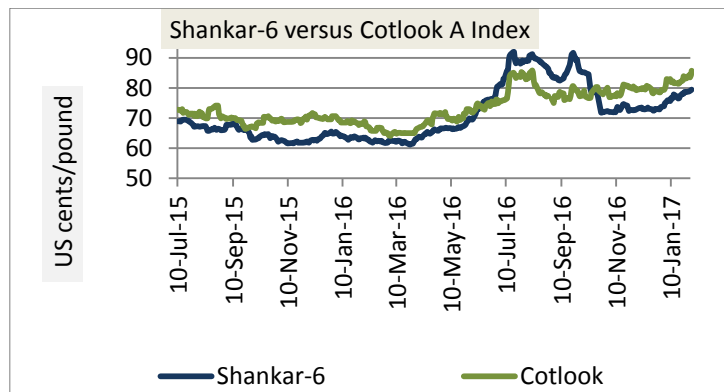
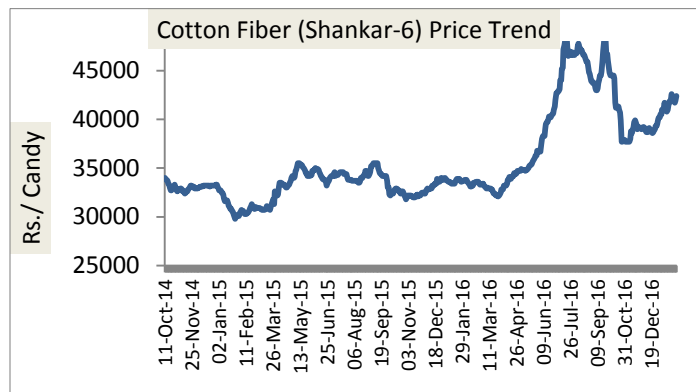
Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in January was Rs.4298/Qtl compared to Rs.3797/Qtl in December.



Cotton Fiber Weekly Price Scenario

Following downward movement in Kapas prices, cotton fiber moved southwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.41950 per candy (of 355.6 kg each) compared to Rs. 42100 per candy in the previous week.

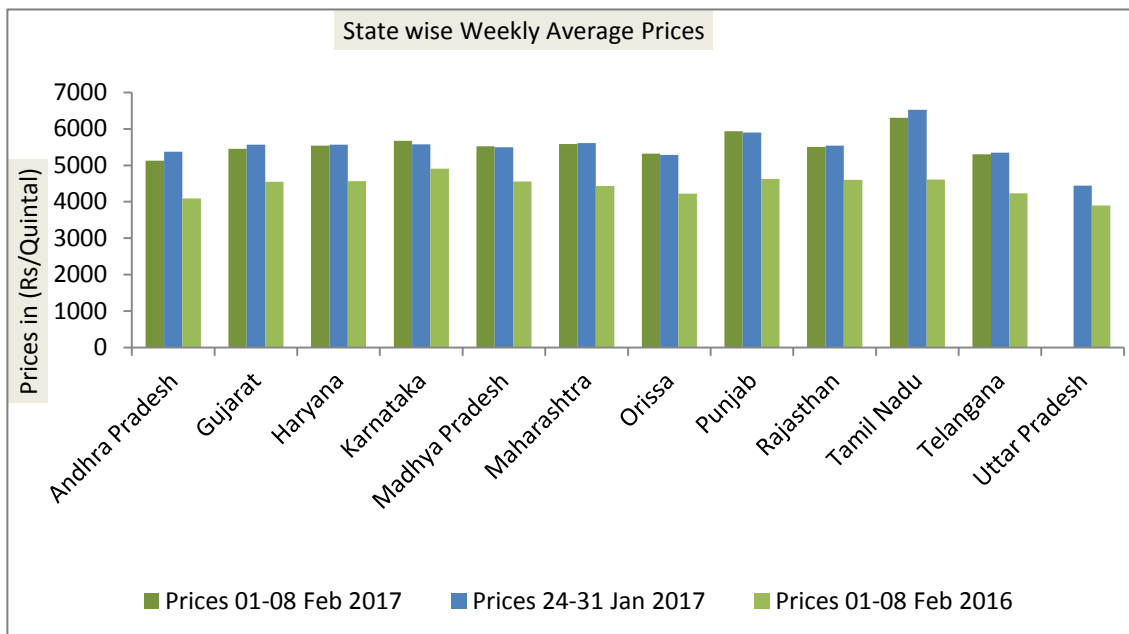


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 84.26 cents/pound, Indian weekly average price stood at 79.130cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 38000-43000 per candy.

State wise Weekly Price Scenario

On week on week basis, prices are, by and large showing firm trend in most of the States, highest price was recorded in Tamil Nadu followed by Punjab this week and lowest was in Telangana 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.



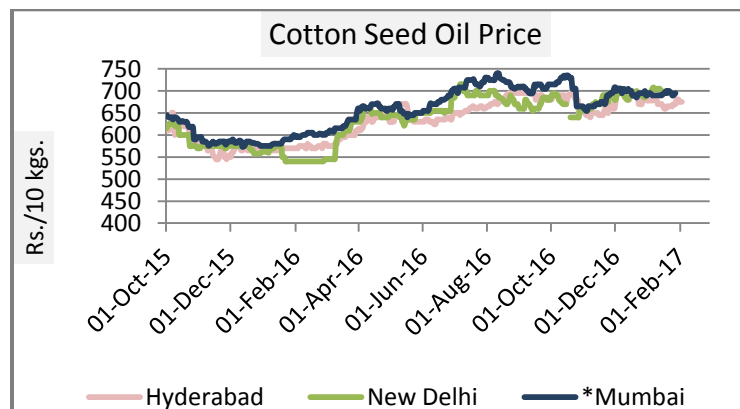
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi remained Rs 696 per 10 Kg, higher compared to the weekly average price of Rs 704 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	02-Feb-17	27-Jan-17	
New Delhi	696	704	-1.16
Rajkot	708	713	-0.63
Hyderabad	677	667	1.55
Mumbai*	694	696	-0.26

*Vat Included

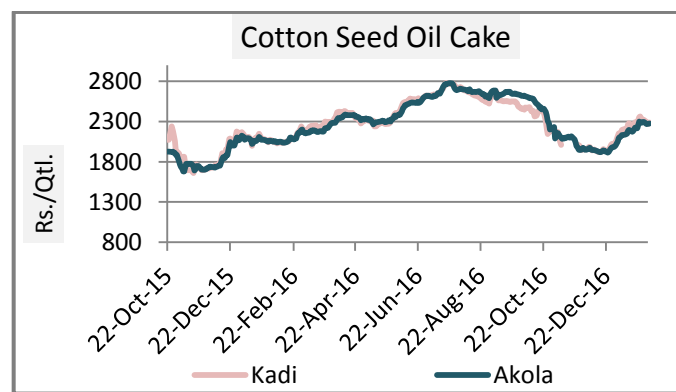


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed positive tone during the week. Weekly average price in Akola remained Rs 2275 per quintal, higher compared to the weekly average price of Rs 2267 per quintal in the previous week.

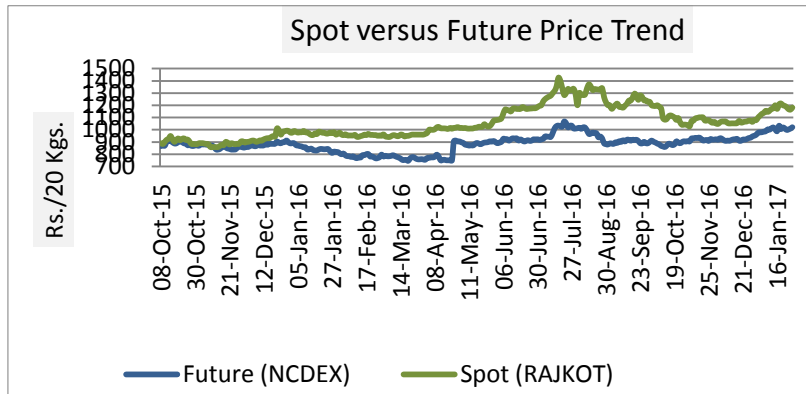
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	02-Feb-17	27-Jan-17	
Kadi	2289	2323	-1.47
Akola	2275	2267	0.36

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs. 1021.00 as on 02 Feb 2017, compared to 1012.50 a week earlier. The gap between the spot and future prices has narrowed. Average gap between the spot and future price during the week was Rs.165.10 which was Rs 185.60 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 neutral zone.
- MACD signal line and center line denotes bullish crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Weak Momentum	1000-1050

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
1000	975	1050	1080

Figures in Rs/20 Kg

International Market Scenario

International cotton prices remained range bound to firm during the week. Cotlook A index weekly average stood at 84.26 cents/pound this week, which was 82.91 cents/pound during last week.

Major Market Highlights: Bangladesh grows about 180,000 bales (1 bale=218 kgs) of cotton in a year, which is 1 per cent of their annual demand. It aims to grow 1 million cotton bales by 2025 according to sources at Bangladesh Cotton Association (BCA). The country is now the biggest importer of cotton in the world and spends more than \$3 billion on cotton imports annually. India meets around 50 per cent of the current cotton demand.

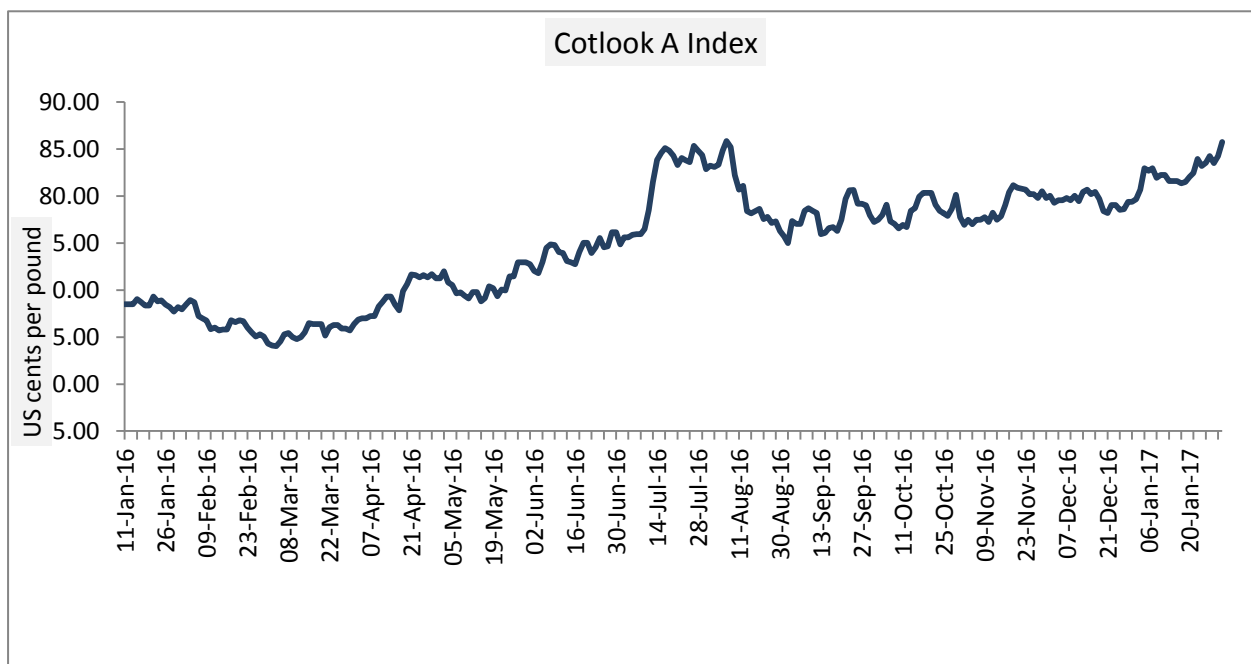
According to the latest Chinese customs data, cotton yarn imports declined by 15.9% to 1.97 million tons in 2016 compared with 2015.

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 firm during the week.

Global cotton consumption is likely to be around 24.33 million tons in season 2016-17, which was estimated to



be around 24.39 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
	02-Feb-17	26-Jan-17	
Prices	84.26	82.91	1.6
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

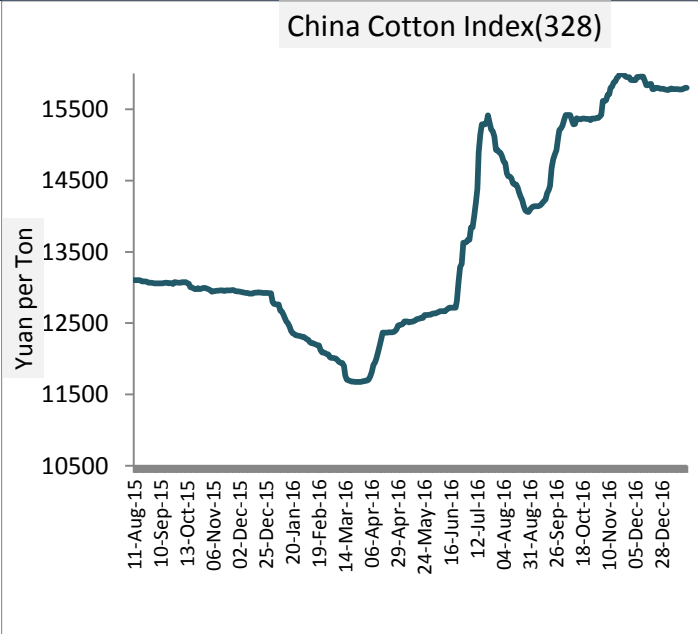
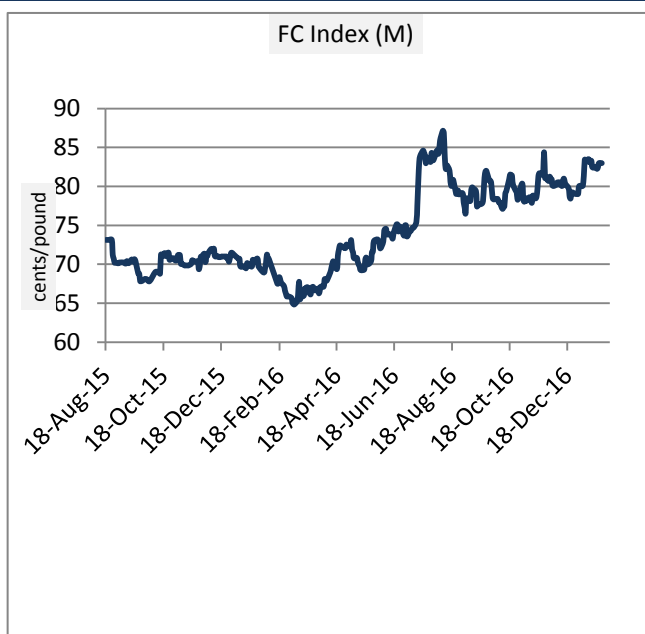
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton 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
	26-Jan-17	19-Jan-17	
FC (S)	85.52	85.12	0.47
FC (M)	83.00	82.58	0.51
FC (L)	81.26	80.86	0.49
Prices in US cents per Pound			

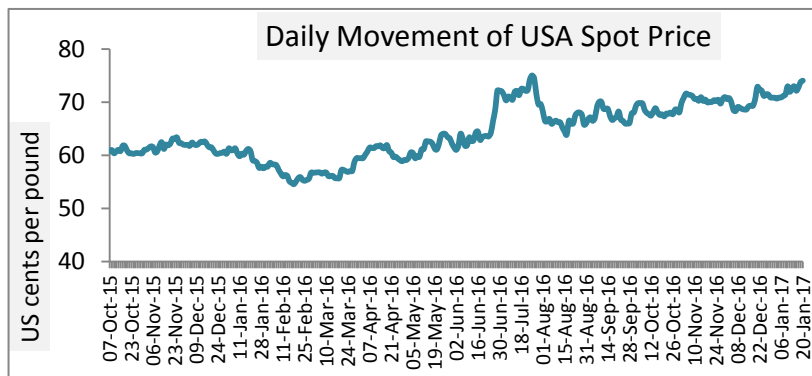
China Index remained weak during the week. CC Index (328) remained 14846 Yuan per ton during the week. Average was 14849 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	26-Jan-17	19-Jan-17	
CCIndex(229)	15786	15783	0.02
CCIndex(328)	14840	14846	-0.04
CCIndex(527)	16154	16130	0.15
Prices in Yuan per ton			



USA Spot Prices

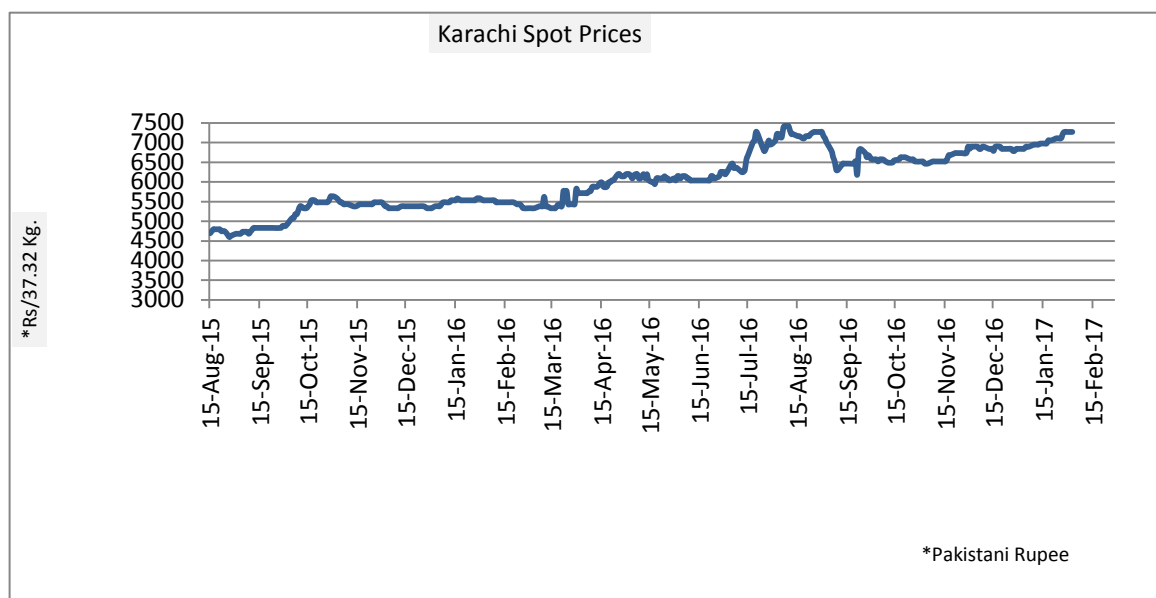
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised up this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.65 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	02-Feb-17	26-Jan-17	
Prices	73.18	70.91	3.20
Prices in US cents per Pound			

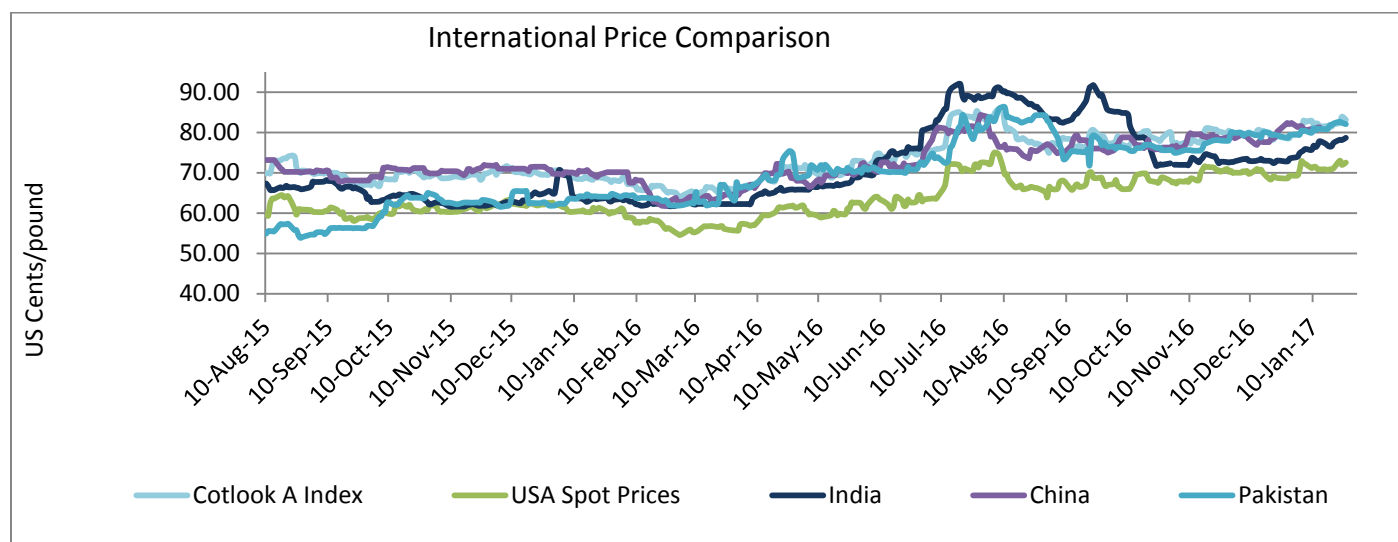
Pakistan Spot Prices

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
	02-Feb-17	26-Jan-17	
Prices	7263	7098	2.33
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	75.00-81.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
75.00	72.00	78.50	80.00

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	02-Feb	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Mar-17	76.91	74.19	70.65	63.32	64.60	8.86	21.46
May-17	77.57	74.70	71.02	NA	3.87	9.22	NA
Jul-17	78.18	75.25	71.38	NA	3.92	9.53	NA
Oct-17	73.42	72.22	69.72	NA	1.59	5.31	NA
Dec-17	73.59	71.46	69.54	NA	2.95	5.82	NA
Mar-18	74.11	71.44	69.47	NA	3.74	6.68	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	28th Jan.17 to 03rd Feb.17	21st To 27th Jan.17	
Gujarat	Ahmedabad	Shankar-6	5890	5940	-50
	Gondal	Shankar-6	5747	5930	-183
	Rajkot	B.T. Cotton	5900	6021	-121
	Patan	B.T. Cotton	5854	5875	-21
	Kadi	B.T. Cotton	5915	5840	75
	Deesa	B.T. Cotton	NA	5305	-
	Dhrol	B.T. Cotton	5864	5985	-121
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6087	6104	-17
	Bhiwani	Desi	5400	5140	260
	Adampur	B.T. Cotton	5953	5992	-39
	Fatehabad	B.T. Cotton	5947	5970	-23
	Jind	B.T. Cotton	6108	6063	45
	Uchana	B.T. Cotton	5928	5972	-44
	Dabwali	B.T. Cotton	5884	5854	30
Rajasthan	Hanumangarh	B.T. Cotton	6032	5956	76
	Rawatsar	B.T. Cotton	5839	5890	-51
Madhya Pradesh	Khandwa	Mech-1	5729	5690	39
	Khargaon	Mech-1	5712	5811	-100
Maharashtra	Amravati	Mech-1	5317	5315	2
	Jamner	Medium Staple	5233	5183	50
Uttar Pradesh	Hathras	B.T. Cotton	4404	4440	-36
	Hathras	Desi	4650	4675	-25

Telangana	Adilabad	Un-Ginned	5565	5450	115
Andhra Pradesh	Guntur	Un-Ginned	4200	4200	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	5600	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6051	6233	-182
	Hubli	D.C.H.	6193	6057	136
	Hubli	B.T. Cotton	6509	6800	-291
	Raichur	H-44 Cotton	5946	5867	79
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	28th Jan.17 to 03rd Feb.17	21st To 27th Jan.17	
Punjab	Bhatinda	J-34	4563	4556	7
	Abohar	J-34	4561	4551	10
	Mansa	J-34	4558	4540	18
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4440	4488	-48
Rajasthan	Sri-Ganganagar	J-34	4238	4592	-354

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	28th Jan.17 to 03rd Feb.17	21st To 27th Jan.17	
Gujarat	Ahmedabad	Shankar-6	255000	263500	-8500
	Gondal	Shankar-6	18587	22829	-4242
	Rajkot	B.T. Cotton	28000	27000	1000
	Patan	B.T. Cotton	44922	59058	-14136
	Kadi	B.T. Cotton	240000	220000	20000
	Deesa	B.T. Cotton	NA	98	-
	Dhrol	B.T. Cotton	3164	2441	723
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	16500	13500	3000
	Bhiwani	Desi	1300	700	600
	Adampur	B.T. Cotton	4420	4590	-170
	Fatehabad	B.T. Cotton	2950	3250	-300
	Jind	B.T. Cotton	1460	1445	15
	Uchana	B.T. Cotton	10100	2600	7500
	Dabwali	B.T. Cotton	7800	5300	2500

Rajasthan	Hanumangarh	B.T. Cotton	11300	7500	3800
	Rawatsar	B.T. Cotton	3200	6400	-3200
Madhya Pradesh	Khandwa	Mech-1	18000	9000	9000
	Khargaon	Mech-1	35980	14841	21139
Maharashtra	Amravati	Mech-1	120000	119000	1000
	Jamner	Medium Staple	1279	948	331
Uttar Pradesh	Hathras	B.T. Cotton	900	305	595
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	72189	8315	63874
Andhra Pradesh	Guntur	Un-Ginned	145	1851	-1706
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	14006	12636	1370
	Hubli	D.C.H.	570	220	350
	Hubli	B.T. Cotton	4	22	-18
	Raichur	H-44 Cotton	14586	7371	7215
Commodity	Lint		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	28th Jan.17 to 03rd Feb.17	21st To 27th Jan.17	Change
Punjab	Bhatinda	J-34	30600	23800	6800
	Abohar	J-34	6290	4590	1700
	Mansa	J-34	6120	4335	1785
Haryana	Sirsa	J-34	6630	3230	3400
Rajasthan	Sri-Ganganagar	J-34	2400	4163	-1763

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				27th Jan.17 to 02nd Feb.17	20th To 26th Jan.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32467	31740	727
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33467	32740	727
J-34(202)	26mm	3.5 - 4.9	23	42267	42260	7
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41350	41540	-190
Shankar-6(105)	29mm	3.5 – 4.9	28	41950	42100	-150
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43050	42880	170
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43350	43180	170
DCH-32(107)	34mm	3.0 - 3.8	33	55700	55800	-100

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2016 Indian Agribusiness Systems Pvt Ltd.