

Current Market Outlook

Domestic Weekly Price Scenario: Mixed tone featured in cotton spot markets during the week.

Average price of Kapas at Rajkot during the week was Rs. 5929 per quintal compared to the previous week price of Rs.5900 per quintal. Average price of Lint at Sirsa during the week was Rs. 4506 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4440. Cotton fiber (Shankar-6) prices noticed weak tone this week. Average price was Rs 42167 per candy (of 355.6 kg each) during the week, which was Rs 41950 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed lower this week at Rs. 1018.00 per maund (of 20 kg each) which was Rs 1021.00 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. 5700-6200 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4300-4600 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.

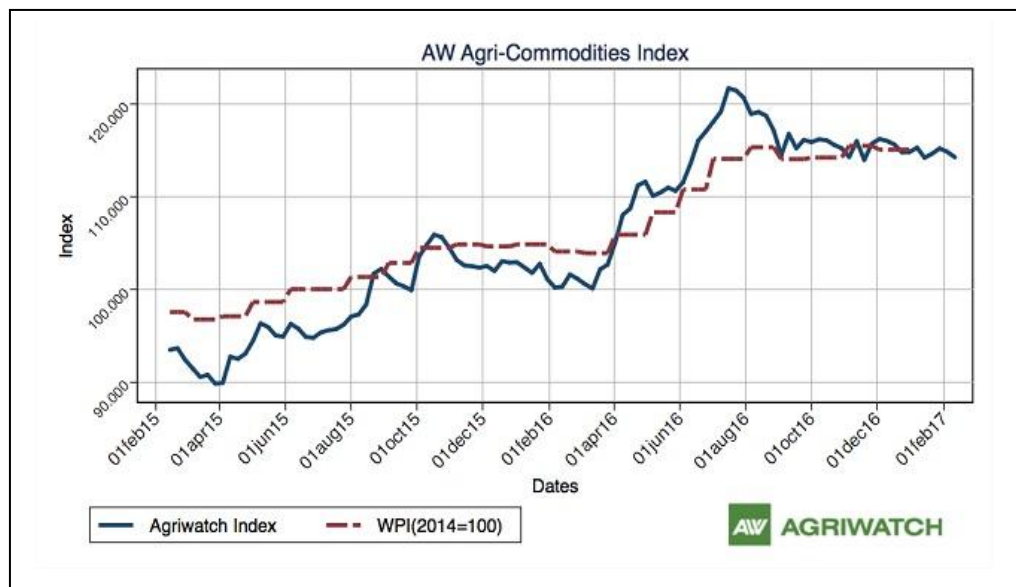
In its mid season estimates, Cotton Association Of India (CAI) has revised its cotton crop estimate downward at 341 lakh bales for the 2016-17 season compared to the earlier estimates of 346 lakh bales estimated in October. CAI projected total cotton supply of 404 lakh bales, with domestic consumption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

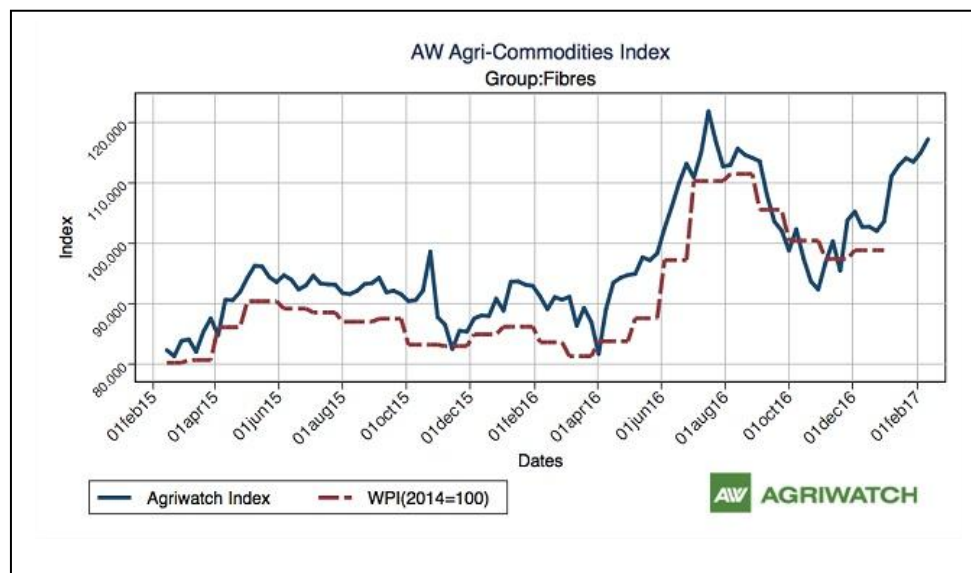
According to the latest release by the Cotton Corporation of India (CCI), total cotton consumption in India is likely to be 313 lakh bales in 2017 compared to 312 lakh bales during the previous season. Acreage under cotton is likely to decline by 12 per cent to 105 lakh hectares compared to previous 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 – 12 Feb. 2017

The Agriwatch Agri Commodities Index fell 0.50% to 114.27 during the week ended Feb 11, 2017 from 114.85 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +1.94% 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

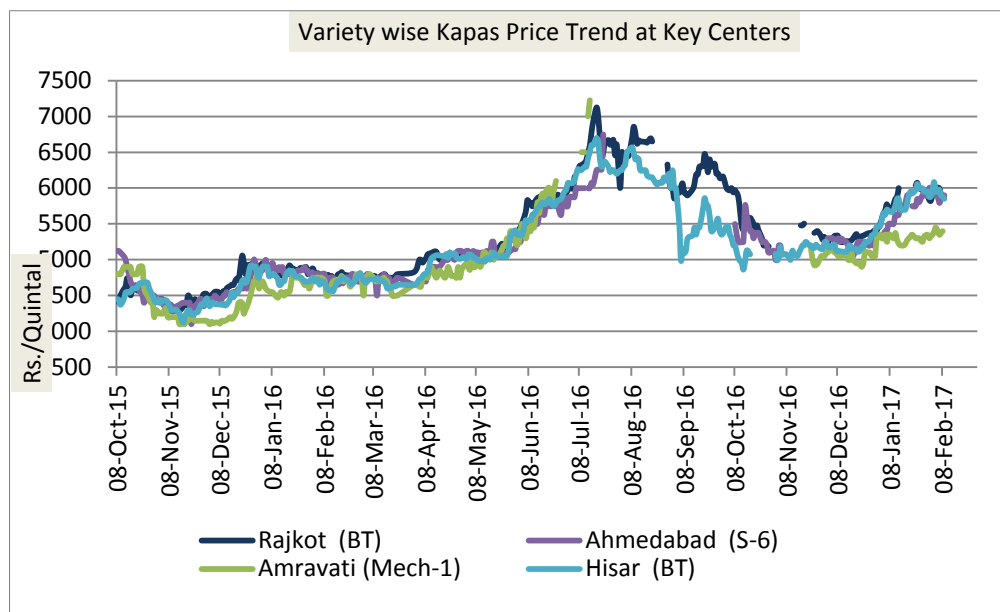
Kapas (Raw Cotton) Weekly Price Scenario

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. 5929 per quintal compared to the previous week price of Rs. 5900 per quintal.

According to latest report of 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

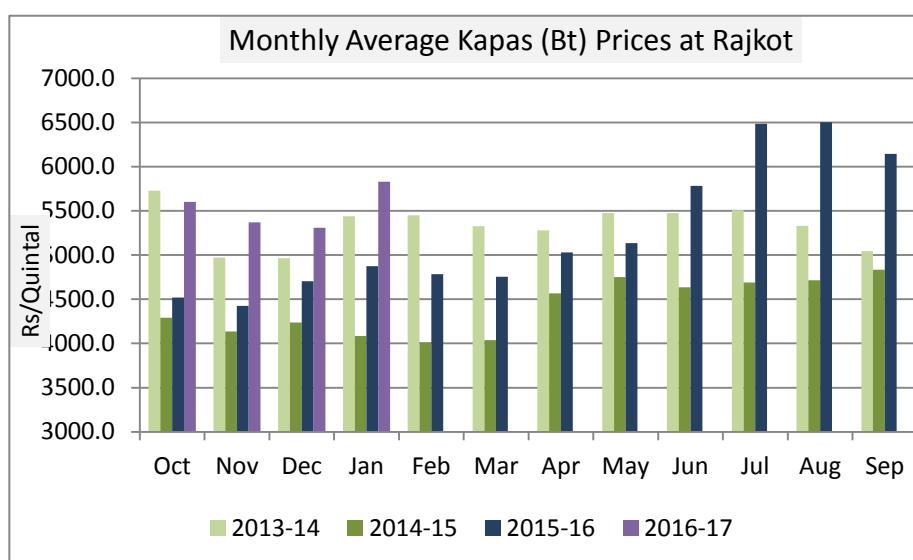
expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5700-6200 per quintal for the coming week.



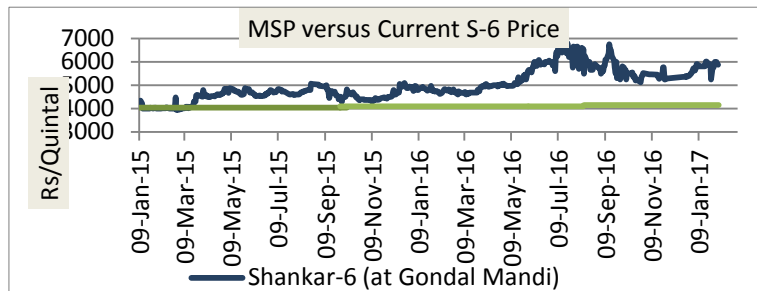
Kapas Monthly Y-o-Y Price Scenario

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.



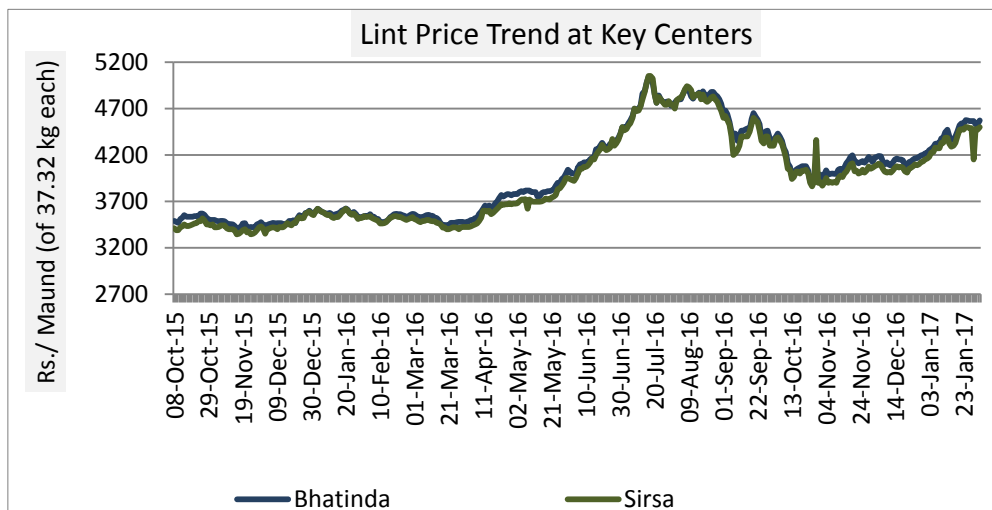
Spot Price versus MSP

The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs.1768.33 this week compared to Rs.1621.67 a week earlier. This indicates are increasing.



Lint (De-Seeded Cotton) Weekly Price Scenario

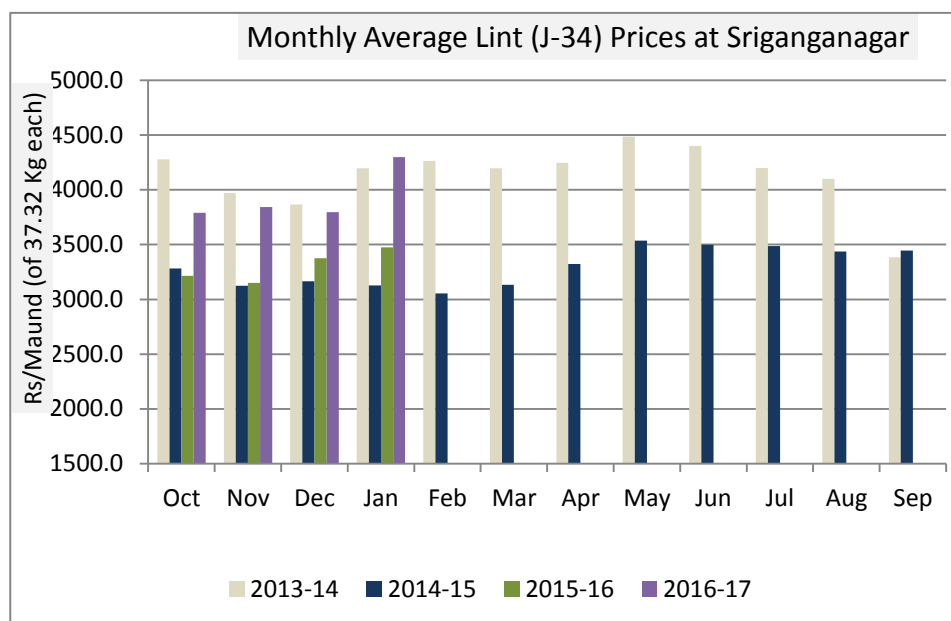
Weekly Price Review: Lint prices remained firm during the week owing to bearish sentiment prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4506 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4440 per maund.



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. 4300-4600 per maund.

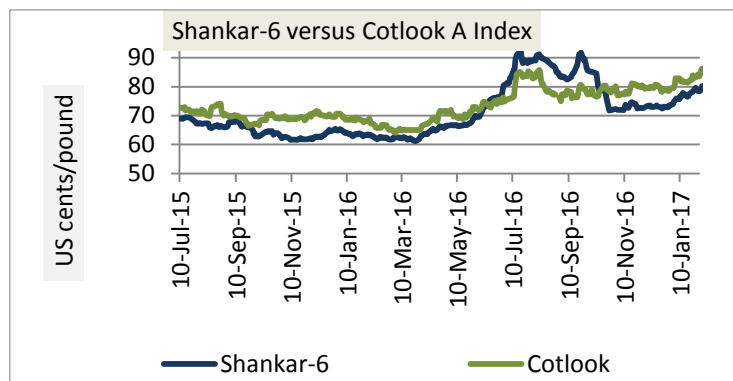
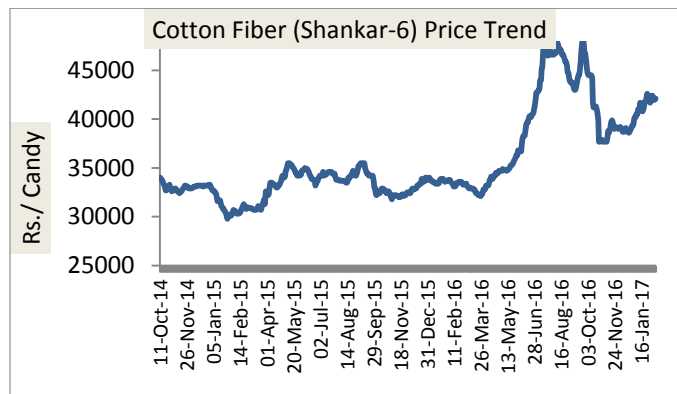
Lint Monthly Y-o-Y Price Scenario

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 upward movement in Kapas prices, cotton fiber moved northwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.42167 per candy (of 355.6 kg each) compared to Rs. 41950 per candy in the previous week.

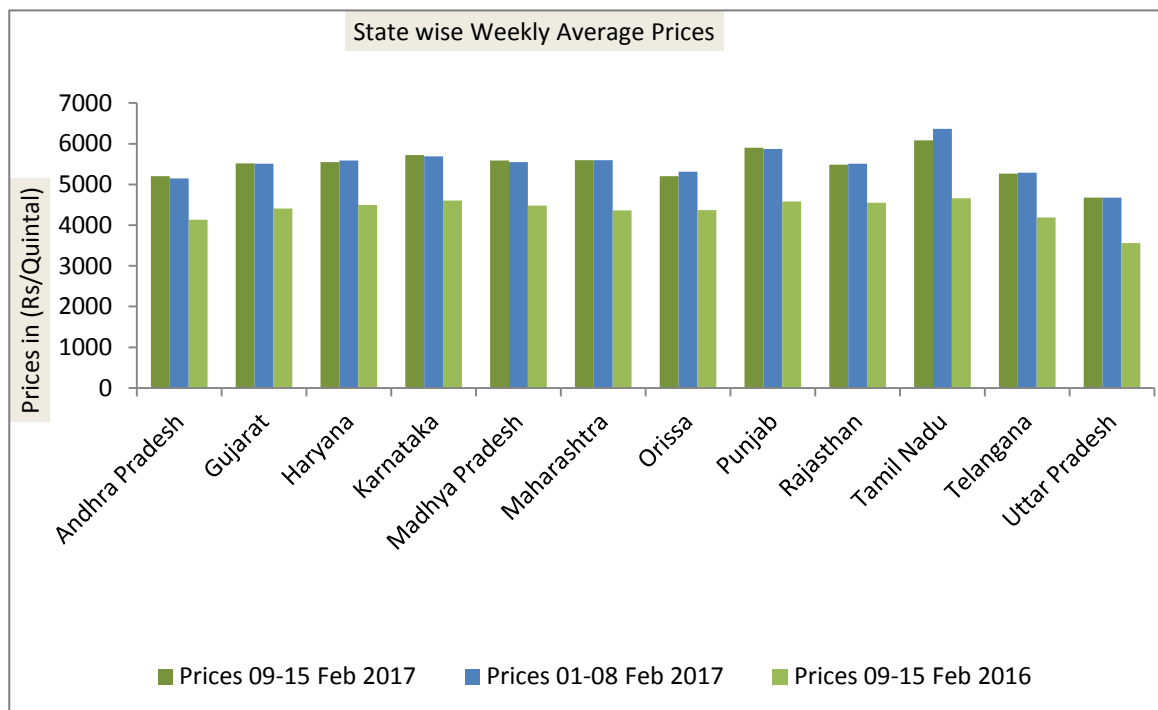


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 85.31 cents/pound, Indian weekly average price stood at 79.94 cents/pound, making Indian fiber competitive in international market.

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 firm trend in most of the States, highest price was recorded in Tamil Nadu followed by Punjab 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.



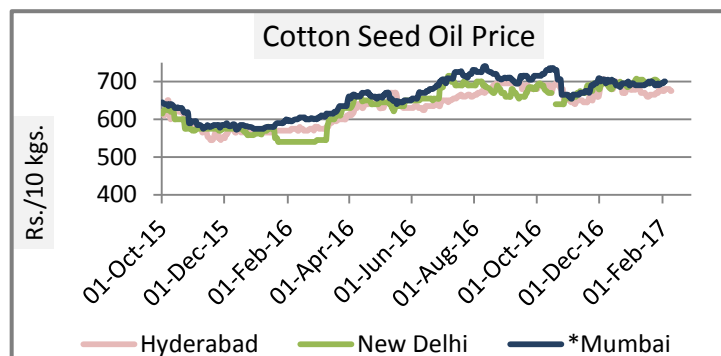
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed mixed tone during the week. Weekly average price in New Delhi remained Rs 703 per 10 Kg, higher compared to the weekly average price of Rs 696 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	09-Feb-17	02-Feb-17	
New Delhi	703	696	0.93
Rajkot	702	708	-0.89
Hyderabad	678	677	0.20
Mumbai*	696	694	0.26

*Vat Included

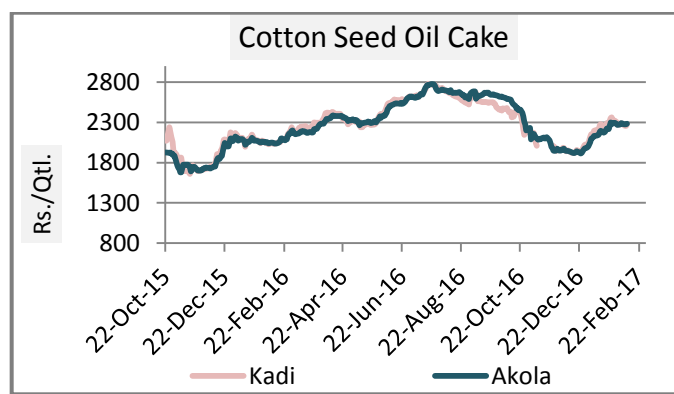


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed mixed tone during the week. Weekly average price in Akola remained Rs 2281 per quintal, higher compared to the weekly average price of Rs 2275 per quintal in the previous week.

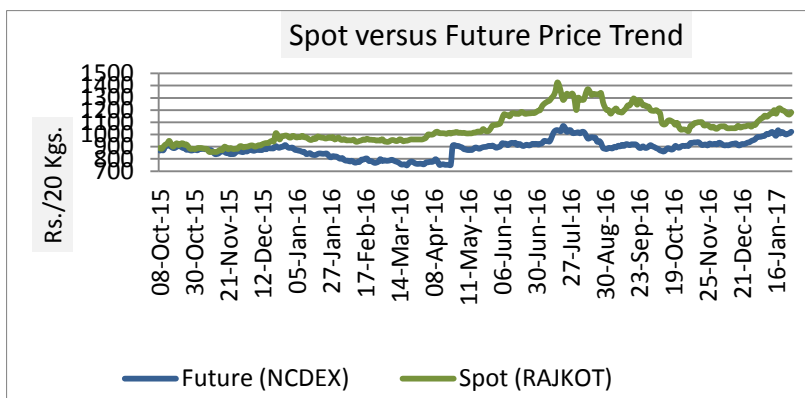
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	09-Feb-17	02-Feb-17	
Kadi	2271	2289	-0.79
Akola	2281	2275	0.27

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs. 1018.00 as on 09 Feb 2017, compared to 1021.00 a week earlier. The gap between the spot and future prices has increased. Average gap between the spot and future price during the week was Rs.168.50 which was Rs 165.10 a week earlier.



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



Weekly Technical Outlook:

- Kapas prices noticed weak 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 Firm 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 85.31 cents/pound this week, which was 84.26 cents/pound during last week.

Major Market Highlights: In its first estimate of the 2017/18 crop, the International Cotton Advisory Committee predicts that world cotton output will rise by 2% to 23.4 million tons. The expansion is the result of an increase in planted area, which is expected to grow by 5% to 30.6 million hectares after two seasons of contraction. After improving by 13% to 781 kg/ha in 2016/17, the world average yield is projected to decline by 2% to 764 kg/ha.

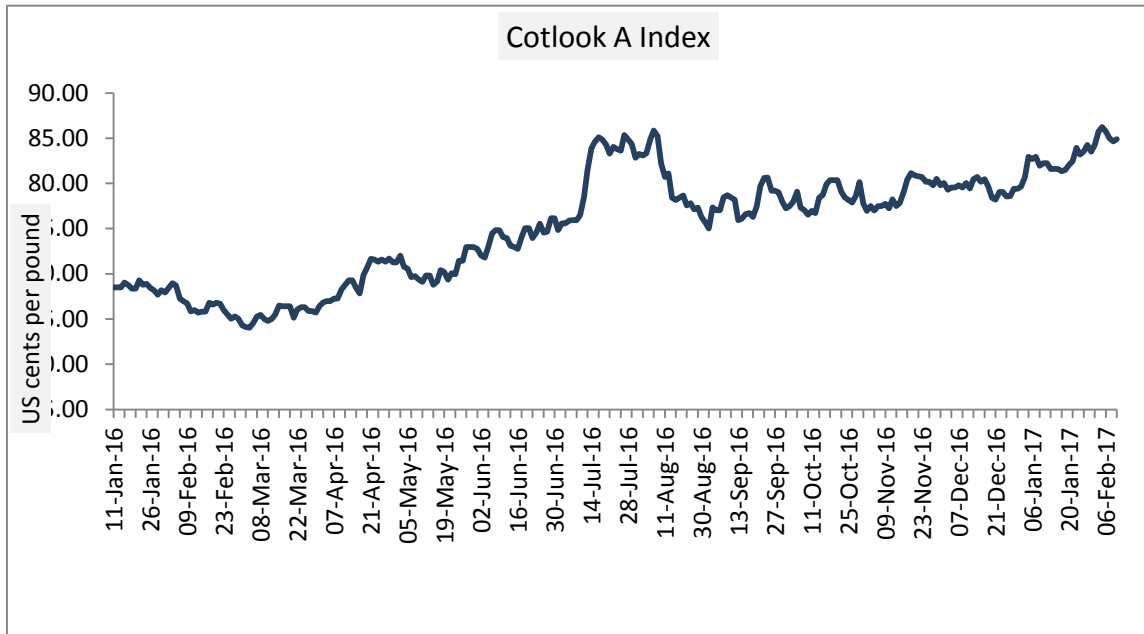
Uzbekistan, one of the major cotton producing countries is planning to process all cotton produced in the country into textiles, by 2020. Currently the country processes around 40 per cent of the cotton and exports textiles to over 50 countries. The country plans to invest around \$2.2 billion to achieve the goal, half of which the country expects to come from foreign investments. There is also a plan to build textile complexes, which will house facilities beginning from spinning till processing of fabrics.

According to USDA latest report, global 2016/17 cotton ending stocks are revised down this month. World 2016-17 cotton production is projected at 105.42 million bales, around 9.28 per cent above last season. World ending stocks are now projected higher at 89.90 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
	09-Feb-17	02-Feb-17	
Prices	85.31	84.26	1.2
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

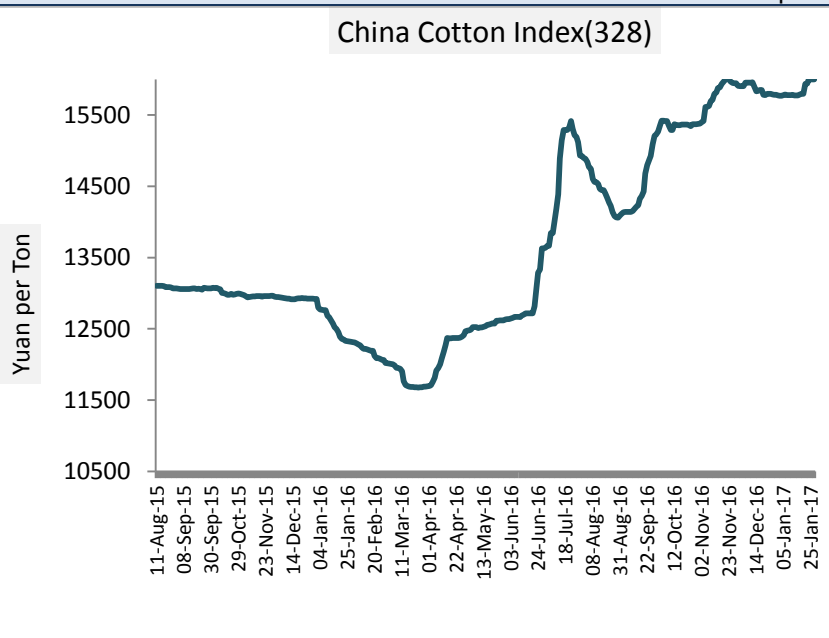
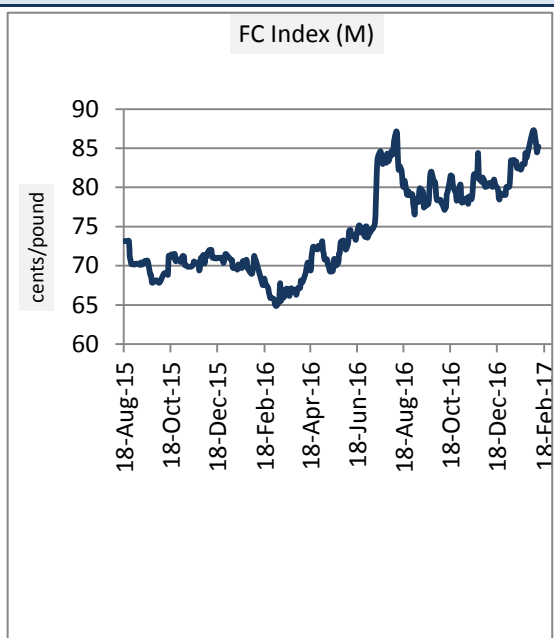
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton 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
	09-Feb-17	02-Feb-17	
FC (S)	88.03	85.52	2.94
FC (M)	85.65	83.00	3.19
FC (L)	83.99	81.26	3.35
Prices in US cents per Pound			

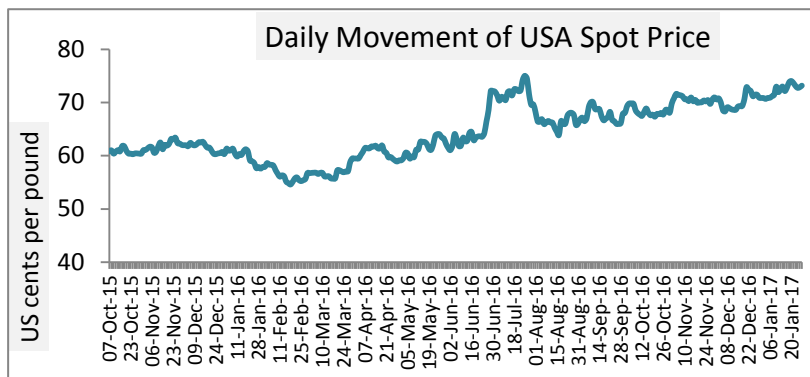
China Index remained firm during the week. CC Index (328) remained 14999 Yuan per ton during the week. Average was 14840 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	09-Feb-17	02-Feb-17	
CCIndex(229)	15975	15786	1.20
CCIndex(328)	14999	14840	1.07
CCIndex(527)	16379	16154	1.40
Prices in Yuan per ton			



USA Spot Prices

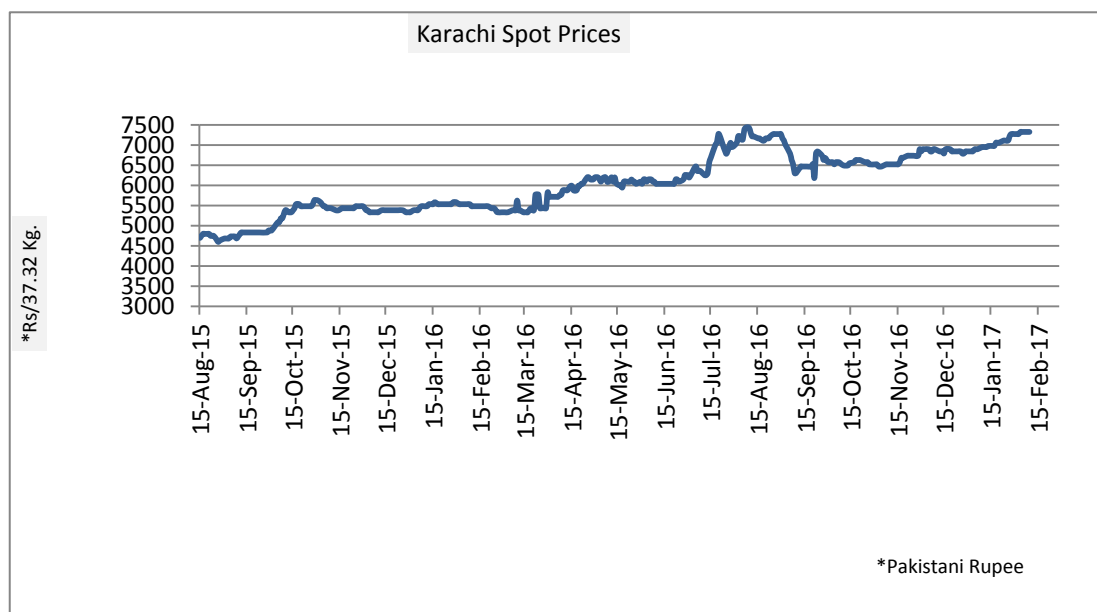
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.65 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	09-Feb-17	02-Feb-17	
Prices	73.15	73.18	-0.04
Prices in US cents per Pound			

Pakistan Spot Prices

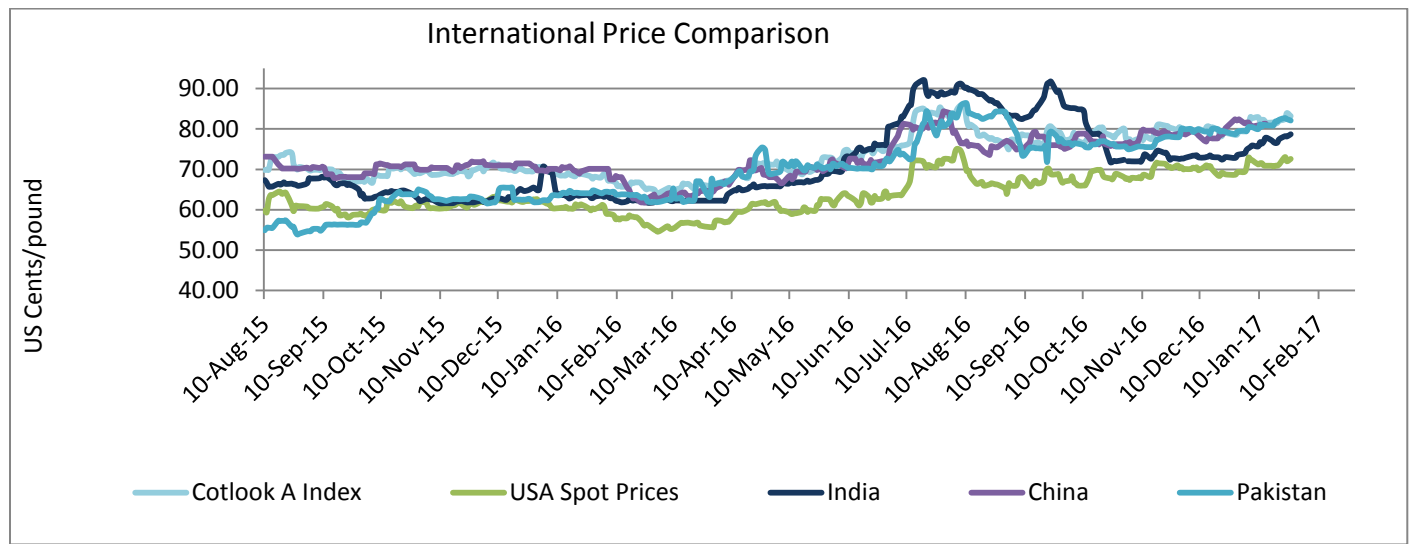
Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released by the Pakistan Cotton Ginners Association. Seed cotton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



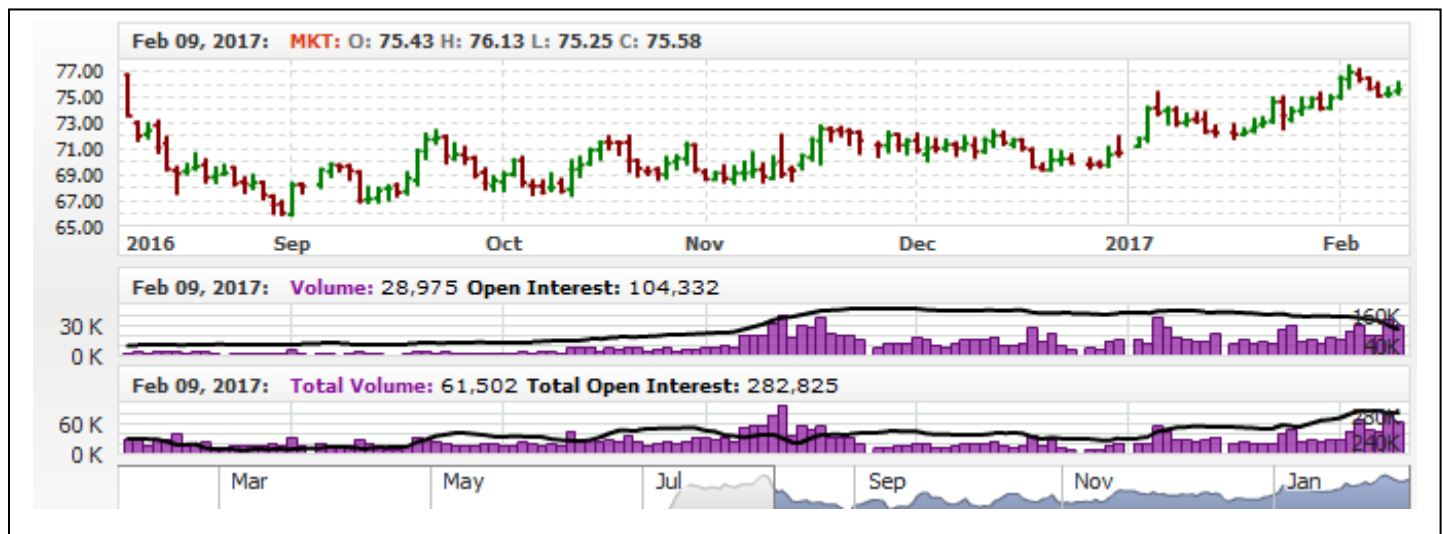
period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	09-Feb-17	02-Feb-17	
Prices	7325	7263	0.85
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 weak tone in the prices.
- Volume and Open Interest are declining.
- 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	72.00-78.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
73.50	72.00	78.50	80.00

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	09-Feb	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Mar-17	75.58	76.91	72.99	60.96	-1.73	3.55	23.98
May-17	76.65	77.57	73.44	NA	-1.20	4.37	NA
Jul-17	77.41	78.18	73.88	NA	-0.99	4.78	NA
Oct-17	74.21	73.42	70.83	NA	1.01	4.77	NA
Dec-17	74.16	73.59	70.84	NA	0.78	4.69	NA
Mar-18	74.7	74.11	70.96	NA	0.80	5.27	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	04th Feb.17 to 10th Feb.17	28th Jan.17 to 03rd Feb.17	
Gujarat	Ahmedabad	Shankar-6	5942	5890	52
	Gondal	Shankar-6	5928	5747	181
	Rajkot	B.T. Cotton	5929	5900	29
	Patan	B.T. Cotton	5825	5854	-29
	Kadi	B.T. Cotton	5900	5915	-15
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5839	5864	-25
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6105	6087	18
	Bhiwani	Desi	5517	5400	117
	Adampur	B.T. Cotton	5947	5953	-7
	Fatehabad	B.T. Cotton	5932	5947	-15
	Jind	B.T. Cotton	6145	6108	37
	Uchana	B.T. Cotton	5937	5928	9
	Dabwali	B.T. Cotton	5848	5884	-36
Rajasthan	Hanumangarh	B.T. Cotton	5965	6032	-67
	Rawatsar	B.T. Cotton	5915	5839	76
Madhya Pradesh	Khandwa	Mech-1	5738	5729	9
	Khargaon	Mech-1	5823	5712	111
Maharashtra	Amravati	Mech-1	5388	5317	71
	Jamner	Medium Staple	5372	5233	139
Uttar Pradesh	Hathras	B.T. Cotton	4600	4404	196

	Hathras	Desi	NR	4650	-
Telangana	Adilabad	Un-Ginned	5532	5565	-33
Andhra Pradesh	Guntur	Un-Ginned	4600	4200	400
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	5600	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6049	6051	-2
	Hubli	D.C.H.	6174	6193	-19
	Hubli	B.T. Cotton	NA	6509	-
	Raichur	H-44 Cotton	5912	5946	-34
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	04th Feb.17 to 10th Feb.17	28th Jan.17 to 03rd Feb.17	
Punjab	Bhatinda	J-34	4571	4563	8
	Abohar	J-34	4573	4561	12
	Mansa	J-34	4569	4558	11
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4506	4440	66
Rajasthan	Sri-Ganganagar	J-34	4646	4238	408

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	04th Feb.17 to 10th Feb.17	28th Jan.17 to 03rd Feb.17	
Gujarat	Ahmedabad	Shankar-6	399500	255000	144500
	Gondal	Shankar-6	13007	18587	-5580
	Rajkot	B.T. Cotton	30375	28000	2375
	Patan	B.T. Cotton	38769	44922	-6153
	Kadi	B.T. Cotton	255000	240000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3545	3164	381
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	19500	16500	3000
	Bhiwani	Desi	1600	1300	300
	Adampur	B.T. Cotton	5185	4420	765
	Fatehabad	B.T. Cotton	3750	2950	800
	Jind	B.T. Cotton	1656	1460	196

	Uchana	B.T. Cotton	13340	10100	3240
	Dabwali	B.T. Cotton	4400	7800	-3400
Rajasthan	Hanumangarh	B.T. Cotton	8500	11300	-2800
	Rawatsar	B.T. Cotton	4500	3200	1300
Madhya Pradesh	Khandwa	Mech-1	14000	18000	-4000
	Khargaon	Mech-1	46040	35980	10060
Maharashtra	Amravati	Mech-1	94000	120000	-26000
	Jamner	Medium Staple	1950	1279	671
Uttar Pradesh	Hathras	B.T. Cotton	250	900	-650
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	66900	72189	-5289
Andhra Pradesh	Guntur	Un-Ginned	130	145	-15
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	17022	14006	3016
	Hubli	D.C.H.	354	570	-216
	Hubli	B.T. Cotton	NA	4	-
	Raichur	H-44 Cotton	10059	14586	-4527
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	04th Feb.17 to 10th Feb.17	28th Jan.17 to 03rd Feb.17	
Punjab	Bhatinda	J-34	25500	30600	-5100
	Abohar	J-34	5610	6290	-680
	Mansa	J-34	4165	6120	-1955
Haryana	Sirsa	J-34	6970	6630	340
Rajasthan	Sri-Ganganagar	J-34	7843	2400	5443

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				03rd Jan.17 to 09th Feb.17	27th Jan.17 to 02nd Feb.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32533	32467	67
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33533	33467	67
J-34(202)	26mm	3.5 - 4.9	23	42483	42267	217
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41567	41350	217
Shankar-6(105)	29mm	3.5 - 4.9	28	42167	41950	217
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43267	43050	217
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43667	43350	317
DCH-32(107)	34mm	3.0 - 3.8	33	55600	55700	-100

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