

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Thursday.

In The News: Around 310 lakh bales of cotton have been pressed so far in the current season, according to Indian Cotton Federation (ICF). CCI has procured around 8.6 million bales of cotton in the ongoing season and off take of cotton from CCI warehouses is noticing a good trend in last few days as mills have actively started buying cotton from CCI. As far as cotton production is concerned, ICF sees current season production at 38.9 million bales and CAB estimates the same at 39 million bales.

India exported 1.209 lakh bales of cotton last week (06-12 April 2015), which was 0.81 lakh bales previous to last week (30 Mar-05 Apr 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.189 lakh bales last week, which was 0.19 lakh bales previous to last week.

There is no scarcity of cotton in the domestic market, said CCI in the response of demand proposed by the textile industry to immediate release of the stocks procured by CCI. Textile bodies like Texprocil and CITI believes that there has been a supply deficit created due to the record procurement by CCI this season which has lead the fiber price to shoot up and the scarcity of the quality cotton in the market. Whereas CCI believe that due to the bumper production and lesser export availability is still higher, despite the record procurement and there is no supply deficit as such. CCI said it has started selling of the fiber and releases 40,000-50,000 bales a day.

Confederation of Indian Textile Industry (CITI) has requested union textile minister Santosh Gangwar to direct CCI to offload the procured stocks as it is making the cotton prices to shoot up in domestic market which has led the problems for textile bodies and private traders are taking the speculative benefits of the situation. CCI on other hand said that as there are 25% more arrivals to come and it would soon liquidate the stocks once 90% of the arrival reaches the market. CCI also said while selling the produce, it would focus on the small and medium textile mills.

According to the USDA's latest WASDE report India is likely to export 849 thousand tones of cotton this season around 7% lower than the estimates of previous month and around 57.87% lower when compared to the actual exports of previous season.

India exported 0.81 lakh bales of cotton last week (30 Mar-05 Apr 2015), which was 1.53 lakh bales previous to last week (22-29 Mar 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.19 lakh bales last week, which was 0.24 lakh bales previous to last week.

India exported around 7.35 lakh bales of cotton during March'15 around 10.03% higher when compared to the exports during previous month. Imports on other remained higher this month by 4.2% at 0.74 lakh bales which was 0.71 lakh bales in February. Cotton exports so far (i.e. Oct'14-Mar'15) stood around 55.5% lower Y-o-Y at 39.4 lakh bales which was 88.6 lakh bales during the same period last year. Imports during the current season so far stood 5.62 lakh bales which was 2.89 lakh bales last year.

International Fundamentals:

Cotton imports to China have declined by around 40% in the month of March compared to the same month during the previous year. The reason for the same stood strikes at U.S. west coast ports lower limit imposed on imports by Beijing. According to the China Cotton Association (CCA), china imported around 127,900 tones of cotton last month.

Around 8% of cotton planting has been completed in USA as on April 12 this year, which was 2% last week and 4% last year on same date, according to USDA. The five year average sowing progress is 8% as on date, same as the current sowing pace.

World cotton production is estimated slightly lower this month by USDA at 25.95 million tonnes for season 2014-15 which was estimated 25.95 million tones a month ago. Cotton production on global front was 26.221 million tones during season 2013-14, slightly higher than current season.

Outlook

We expect domestic prices to remain range bound to firm in near term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|--------|-------|------|-----|-------|--------|--------|------|--------|
| Apr-15 | -1 | 817.5 | 821 | 812 | 816 | 996 | -827 | 3370 | 29 |
| Spread | Apr-15 | | | | | | | | |
| Spot | 88 | | | | -- | | | | -- |

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5:00 pm on 16 April 2015

MCX Cotton Futures*: (Prices in Rs/170 kgs)

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|--------|--------|--------|--------|-------|--------|--------|------|--------|
| Apr-15 | -110 | 15720 | 15780 | 15560 | 15600 | 1389 | 29 | 6626 | -356 |
| May-15 | -130 | 16000 | 16000 | 15780 | 15830 | 998 | -22 | 4914 | -77 |
| Jun-15 | -110 | 16220 | 16220 | 16000 | 16060 | 315 | 120 | 1636 | 68 |
| Jul-15 | -110 | 16440 | 16440 | 16210 | 16250 | 37 | -98 | 1020 | 7 |
| Aug-15 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Spread | Apr-15 | May-15 | Jun-15 | Jul-15 | -- | | -- | | |
| Spot | -- | | | | | | | | |
| Apr-15 | | -230 | | | | | | | |
| May-15 | | | -230 | | | | | | |
| Jun-15 | | | | -190 | | | | | |
| Jul-15 | | | | | | | | | |
| -- | | | | | | | | | |

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 16 April 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

| Centre | Variety | Prices | | Change |
|------------------------|-----------------|------------------|-----------|--------|
| | | 16-Apr-15 | 15-Apr-15 | |
| | Kapas | (Rs./Qtl) | | |
| Amravati | Mech-1 | 4550 | 4500 | 50 |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | Kapas | | | |
| Mahesana(Kadi) | B.T. Cotton | NA | NA | - |
| Rajkot | B.T. Cotton | 4520 | 4525 | -5 |
| Patan | B.T. Cotton | 4575 | 4555 | 20 |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | NA | 4545 | - |
| Muktsar | B.T. Cotton | 4520 | 4520 | Unch |
| Fazilika | B.T. Cotton | NA | NA | - |
| Bhiwani | B.T. Cotton | 4600 | NR | - |
| Adampur | B.T. Cotton | 4550 | 4565 | -15 |
| Fatehabad | B.T. Cotton | 4500 | 4560 | -60 |
| Dabwali | B.T. Cotton | NA | 4550 | - |
| Jind | B.T. Cotton | NA | NA | - |
| Uchana (Jind) | B.T. Cotton | 4450 | 4536 | -86 |
| Rawatsar (Hanumangarh) | B.T. Cotton | 4550 | 4550 | Unch |
| Hubli | B.T. Cotton | NA | NA | - |
| Hathras | B.T. Cotton(US) | NA | NR | - |
| Hanumangarh | B.T. Cotton | NA | NA | - |
| | Kapas | | | |
| Ahmedabad | Shankar-6 | 4525 | 4550 | -25 |
| Gondal | Shankar-6 | 4530 | 4505 | 25 |
| | Kapas | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | NA | NR | - |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | 4630 | NA | - |
| Guntur | Un-Ginned | NA | NA | - |
| Kurnool | Un-Ginned | 4050 | NA | - |
| Krishna | Un-Ginned | 4050 | NA | - |
| East Godavari | Un-Ginned | 4050 | 4050 | Unch |
| | Lint | | | |
| Abohar | J-34 | 3650 | 3665 | -15 |
| Muktsar | J-34 | 3655 | 3655 | Unch |
| Fazilika | J-34 | NA | NA | - |
| Bhatinda | J-34 | 3660 | 3670 | -10 |
| Sirsa | J-34 | 3560 | 3570 | -10 |
| Sri-Ganganagar | J-34 | 3337 | 3337 | Unch |

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|------------------------|-----------------|----------------|-----------|--------|
| | | 16-Apr-15 | 15-Apr-15 | |
| Amravati | Mech-1 | 900 | 1000 | -100 |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaan | Mech-1 | NA | NA | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | NA | NA | - |
| Rajkot | B.T. Cotton | 2050 | 1800 | 250 |
| Patan | B.T. Cotton | 3692 | 2827 | 865 |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | NA | 104 | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Muktsar | B.T. Cotton | NA | NA | - |
| Bhiwani | B.T. Cotton | 300 | NA | - |
| Adampur | B.T. Cotton | 340 | 340 | Unch |
| Fatehabad | B.T. Cotton | 250 | 325 | -75 |
| Dabwali | B.T. Cotton | NA | NA | - |
| Jind | B.T. Cotton | NA | NA | - |
| Uchana (Jind) | B.T. Cotton | 30 | 400 | -370 |
| Rawatsar (Hanumangarh) | B.T. Cotton | 50 | 30 | 20 |
| Hubli | B.T. Cotton | NA | NA | - |
| Hathras | B.T. Cotton(US) | NA | NR | - |
| Hanumangarh | B.T. Cotton | NA | NA | - |
| | | | | |
| Ahmedabad | Shankar-6 | 34000 | 34000 | Unch |
| Gondal | Shankar-6 | 723 | 566 | 157 |
| | | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | NA | NR | - |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | 1012 | NA | - |
| Guntur | Un-Ginned | NA | NA | - |
| Kurnool | Un-Ginned | 0.1 | NA | - |
| Krishna | Un-Ginned | NA | NA | - |
| East Godavari | Un-Ginned | NA | NA | - |
| | | | | |
| Abohar | J-34 | 170 | 170 | Unch |
| Bhatinda | J-34 | NA | 2040 | - |
| Sirsa | J-34 | 340 | 340 | Unch |
| Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|--|------------|------------|------------------|------------------|------------------|--------|
| | | | | 15-Apr-15 | 14-Apr-15 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 33200 | 33200 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 33700 | 33700 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 33400 | 33600 | -200 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 32900 | 32900 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 33300 | 33300 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 35900 | 35900 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 36600 | 36600 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 44000 | 44000 | Unch |

Cotton Seed Oil Prices
Refined Cotton Seed Oil at Key Centers:

| Centre | Unit | Price | | Change |
|-----------|-------------|-----------|-----------|--------|
| | | 16-Apr-15 | 15-Apr-15 | |
| Rajkot | Rs. /10 Kg. | 575 | 578 | -3 |
| New Delhi | Rs. /10 Kg. | 550 | 550 | Unch |
| Hyderabad | Rs. /10 Kg. | 555 | 560 | -5 |
| Mumbai | Rs. /10 Kg. | 590 | 587 | 3 |

Cotton Seed Oil Seed Cake Prices
Cotton Seed Oil Cake Prices at Key Centers:

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|-----------|--------|
| | | 16-Apr-15 | 15-Apr-15 | |
| Mahesana (Kadi) | Rs./Qtl | 1842 | 1851 | -9 |
| Akola | Rs./Qtl | 1741 | 1753 | -12 |

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 16/4/2015

| Index | RMB/Ton | Change |
|------------------------------------|---------|--------|
| CCIndex(328) | 13420 | -7 |
| CCIndex(527) | 12370 | -2 |
| CCIndex(229) | 14110 | -7 |
| RMB - Renminbi, 1RMB = 0.16 \$U.S. | | |

Cotlook Index: As on 15/4/2015

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 71.55 | -0.40 |

USDA Cotton Spot Rates: As on 15/4/2015

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|--------------------|---------------------|---------------------|-------------|
| | cents/lb. | | bales |
| Southeast | 64.59 | 67.84 | NIL |
| North Delta | 63.34 | 66.09 | NIL |
| South Delta | 63.34 | 66.09 | NIL |
| East TX-OK | 60.50 | 62.75 | 290 |
| West Texas | 60.50 | 62.75 | 1521 |
| Desert SW | 62.34 | 68.84 | NIL |
| SJ Valley | 63.34 | 73.24 | NIL |

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 15/4/2015

| Contract | Open | High | Low | Close | Change |
|---------------|-------|-------|-------|-------|--------------|
| 15-May | 64.64 | 65.12 | 64.35 | 64.59 | -0.10 |
| 15-Jul | 65.12 | 65.43 | 64.65 | 65.00 | -0.02 |
| 15-Oct | 65.09 | 65.13 | 64.99 | 65.13 | -0.08 |
| 15-Dec | 65.16 | 65.60 | 64.80 | 65.06 | -0.21 |
| 16-Mar | 64.82 | 64.92 | 64.50 | 64.73 | -0.06 |
| 16-May | 65.00 | 65.10 | 64.85 | 65.08 | 0.11 |

Pakistan Cotton Spot rates: As on 15/4/2015 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5300 | 150 | 5450 |
| Equivalent | 40 Kgs | 5680 | 160 | 5840 |

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 © 2015 Indian Agribusiness Systems Pvt. Ltd.