

Domestic Fundamentals:

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

In The News: Around 14.3 lakh hectares of cotton has been sown so far throughout the country, as on 12 June this year, which is around 17.5% lower when compared to the sowing progress of last season during the corresponding period which was 17.34 lakh hectares, according to Ministry of Agriculture.

India exported 0.453 lakh bales of cotton last week (31 May-07 June 2015), which was 0.654 lakh bales previous to last week (25-30 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.254 lakh bales last week, which was 0.231 lakh bales previous to last week.

All India cotton arrivals, as on May 30, 2015 has reached 27.5 million 480 lb. bales (35.3 million 170 kg bales/5.9 mmt), as reported by the Cotton Corporation of India (CCI). The pace of arrivals has slowed by around 5 percent when compared to last year. CCI procurement under MSP stood at 6.8 million 480 lb. bales (8.7 million 170 kg bales/1.5 mmt) during the current season. CCI sales reported as of May 30 have recorded 1 million 480 lb. bales (1.3 million 170 kg bales/221,000 mt).

Cotton Corporation of India (CCI) has started floating the global tender for cotton export to Bangladesh. The tender earlier did not attract the much attention as the prices quoted by CCI was 76-77 cents whereas the working price of the exporters is 68-70 cents since the Rupee has appreciated to 62.15 from 62.70 against the dollar. CCI is now working on the better and revised pricing strategy to drag down the price to 70 cents for the overseas buyers.

CCI has invited bids for the export sale of 4200 F.P. bales of cotton thorough e-auction on 10 June 2015 from the international buyer. Varieties offered for the auction was Bunny Brahma (BB) and Shankar-6 (S-6) for the Ex-port Benapole.

Cotton acreage is expected to fall by around 7% this year, said Cotton association of India (CAI) following the drastic fall in the prices in the current season and expectation of better return from other crops including soybean and Pulses. It should be noted that it is steepest fall in acreage since 2002/03.

The two key cotton growing region of Punjab i.e. Bathinda and Mukhtsar are expected to switch to other crop from cotton due to lower returns and crop loss. Farmers are likely to opt paddy over fiber crop this year despite the expectation of lower rainfall. It should be noted Punjab received only 50% of the normal rainfall during the last monsoon season i.e. June-September 2014.

Farmers in Vidarbha are advised by the divisional level officer agriculture, to delay the sowing of Kharif crop including cotton and soybean, to July first week as the monsoon is likely to get delay. In general, farmers start Kharif sowing in the region by June 15. Delayed sowing in the region could save farmers from re sowing which usually occurs due to late or scanty rains.

Cotton Association of India (CAI) projected the total cotton supply in the country at 45.36 million bales and domestic consumption at 31 million bales and leaving the surplus of 14.36 million bales. According to CAI, by the end of May, domestic mills consumption was recorded at 27.4 million bales which was around 26.66 million bales last year during the same period last year.

International Fundamentals:

World cotton production estimates for the season 2015-16 has been upwardly revised by USDA. Cotton production on global front is likely to stand around 24.238 million tons in the coming season around 0.07% higher when compared to the estimates of previous month which was 24.222 million tons and around 6.34% lower when compared to the production of current month.

In its June estimates, USDA lowered the world cotton exports estimates for the season 2015-16 by around 0.42% to 7.36 million tons as compared to the estimates of previous month which was 7.329 million tons. The export of during the season 2015-16 would be around 1.06% lower when compared to the export of current season and around 15.65% lower when compared the season 2013-14.

USDA has revised the import estimates of China for the season the 2014-15 at 1.742 million tons in June estimates which was estimated 1.676 million tons earlier in May this season. USDA expects the increase in China cotton imports as the country is carrying the strong demand for high grades of cotton which it will source from other countries.

Outlook

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

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|--------|------|------|-------|-------|--------|--------|------|--------|
| Apr-16 | 2.5 | 910 | 913 | 907.5 | 911 | 1003 | 62 | 2764 | 320 |
| | | | | | | | | | |
| Spread | Apr-15 | | | | | | | | |
| Spot | 29 | | | | -- | | -- | | |

(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 12 June 2015

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|------|-------|-------|-------|-------|--------|--------|------|--------|
| Jun-15 | -100 | 16080 | 16080 | 15950 | 15950 | 990 | 184 | 6098 | -271 |
| Jul-15 | -70 | 16220 | 16250 | 16140 | 16140 | 366 | -21 | 3376 | 38 |
| Oct-15 | -130 | 17020 | 17020 | 16940 | 16940 | 17 | 15 | 366 | 6 |
| Dec-15 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| | | | | | | |
|--------|--------|--------|--------|--------|----|----|
| Spread | Jun-15 | Jul-15 | Oct-15 | Dec-15 | | -- |
| Spot | -- | | | | | |
| Jun-15 | | -190 | | | | |
| Jul-15 | | | -800 | | | |
| Oct-15 | | | | -- | | |
| Dec-15 | | | | | -- | |
| -- | | | | | | |

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

* Updated at 5:00 pm on 12 June 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

| Centre | Variety | Prices | | Change |
|------------------------|-----------------|------------------------------------|-----------|--------|
| | | 13-Jun-15 | 12-Jun-15 | |
| | Kapas | (Rs./Qtl) | | |
| Amravati | Mech-1 | 4700 | 4750 | -50 |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | Kapas | | | |
| Mahesana(Kadi) | B.T. Cotton | NA | NA | - |
| Rajkot | B.T. Cotton | 4680 | 4660 | 20 |
| Patan | B.T. Cotton | NA | NA | - |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | NA | NA | - |
| Muktsar | B.T. Cotton | NA | NA | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Bhiwani | B.T. Cotton | 4780 | 4750 | 30 |
| Adampur | B.T. Cotton | 4800 | 4815 | -15 |
| Fatehabad | B.T. Cotton | NA | NA | - |
| Dabwali | B.T. Cotton | NA | NA | - |
| Jind | B.T. Cotton | NA | NA | - |
| Uchana (Jind) | B.T. Cotton | NA | NA | - |
| Rawatsar (Hanumangarh) | B.T. Cotton | NA | NA | - |
| Hubli | B.T. Cotton | NA | NA | - |
| Hathras | B.T. Cotton(US) | NA | NA | - |
| Hanumangarh | B.T. Cotton | NA | NA | - |
| | Kapas | | | |
| Ahmedabad | Shankar-6 | 4625 | 4700 | -75 |
| Gondal | Shankar-6 | 4615 | 4665 | -50 |
| | Kapas | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | NA | NA | - |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | 4711 | 4739 | -28 |
| Guntur | Un-Ginned | NA | 3950 | - |
| Kurnool | Un-Ginned | NA | 4010 | - |
| Krishna | Un-Ginned | NA | 3944 | - |
| East Godavari | Un-Ginned | NA | NA | - |
| | Lint | Rs./Maund (of 37.32kg each) | | |
| Abohar | J-34 | 3850 | 3855 | -5 |
| Muktsar | J-34 | NA | NA | - |
| Fazilika | J-34 | NA | NA | - |
| Bhatinda | J-34 | 3850 | 3850 | Unch |
| Sirsa | J-34 | 3725 | 3730 | -5 |
| Sri-Ganganagar | J-34 | 3525 | 3525 | Unch |

Cotton Arrivals in Key Centers

| Centre | Variety | Arrivals (Qtl) | | Change |
|------------------------|-----------------|----------------|-----------|--------|
| | | 13-Jun-15 | 12-Jun-15 | |
| Amravati | Mech-1 | NA | NA | - |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | NA | NA | - |
| Rajkot | B.T. Cotton | 605 | 215 | 390 |
| Patan | B.T. Cotton | NA | NA | - |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | NA | NA | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Muktsar | B.T. Cotton | NA | NA | - |
| Bhiwani | B.T. Cotton | NA | NA | - |
| Adampur | B.T. Cotton | NA | NA | - |
| Fatehabad | B.T. Cotton | NA | NA | - |
| Dabwali | B.T. Cotton | NA | NA | - |
| Jind | B.T. Cotton | NA | NA | - |
| Uchana (Jind) | B.T. Cotton | NA | NA | - |
| Rawatsar (Hanumangarh) | B.T. Cotton | NA | NA | - |
| Hubli | B.T. Cotton | NA | NA | - |
| Hathras | B.T. Cotton(US) | NA | NA | - |
| Hanumangarh | B.T. Cotton | NA | NA | - |
| | | | | |
| Ahmedabad | Shankar-6 | 3400 | 6460 | -3060 |
| Gondal | Shankar-6 | 237 | 299 | -62 |
| | | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | NA | NA | - |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | NA | NA | - |
| Guntur | Un-Ginned | NA | NA | - |
| Kurnool | Un-Ginned | NA | NA | - |
| Krishna | Un-Ginned | NA | NA | - |
| East Godavari | Un-Ginned | NA | NA | - |
| | | | | |
| Abohar | J-34 | NA | NA | - |
| Bhatinda | J-34 | NA | NA | - |
| Sirsa | J-34 | 26 | 43 | -17 |
| Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | | Change |
|---------------------------------------|--------|------------|------------------|---------------|-----------|-------------|
| | | | | 12-Jun-15 | 11-Jun-15 | |
| Bengal Deshi (RG)/Assam Comilla (101) | < 22mm | 5.0 - 7.0 | 15 | 35100 | 35300 | -200 |
| Bengal Deshi (SG)(201) | < 22mm | 5.0 - 7.0 | 15 | 35600 | 35800 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 35400 | 35400 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 33600 | 33700 | -100 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 34600 | 34800 | -200 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 36100 | 36100 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 37000 | 37000 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 44500 | 45000 | -500 |

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

| Centre | Unit | Price | | Change |
|-----------|-------------|-----------|-----------|-------------|
| | | 13-Jun-15 | 12-Jun-15 | |
| Rajkot | Rs. /10 Kg. | 620 | 618 | 2 |
| New Delhi | Rs. /10 Kg. | 605 | 605 | Unch |
| Hyderabad | Rs. /10 Kg. | 585 | 585 | Unch |
| Mumbai | Rs. /10 Kg. | 610 | 610 | Unch |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|-----------|----------|
| | | 13-Jun-15 | 12-Jun-15 | |
| Mahesana (Kadi) | Rs./Qtl | Closed | 1920 | - |
| Akola | Rs./Qtl | Closed | 1804 | - |

INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 12/6/2015 | | |
|-------------------------------------|---------|-------------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 13330 | -1 |
| CCIndex(527) | 12202 | -13 |
| CCIndex(229) | 14005 | Unch |
| RMB - Renminbi, 1RMB = 0.16 \$U.S. | | |

China Foreign Cotton (FC) Index : As on 12/6/2015

| Index | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 78.57 | -0.77 |
| FC Index (M) | 72.52 | -0.66 |
| FC Index (L) | 70.54 | -1.00 |

Cotlook Index: As on 12/6/2015

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 71.85 | -0.95 |

USDA Cotton Spot Rates: As on 11/6/2015

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|------------------------|------------------------|----------|
| | cents/lb. | | bales |
| Southeast | 62.78 | 66.03 | NIL |
| North Delta | 62.03 | 64.78 | NIL |
| South Delta | 62.03 | 64.78 | NIL |
| East TX-OK | 60.75 | 63.00 | NIL |
| West Texas | 60.75 | 63.00 | 41 |
| Desert SW | 61.28 | 67.78 | NIL |
| SJ Valley | 62.28 | 72.18 | 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 12/6/2015

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Jul | 63.89 | 64.94 | 63.52 | 64.07 | 0.54 |
| 15-Oct | 65.53 | 66.50 | 65.32 | 65.78 | 0.38 |
| 15-Dec | 64.44 | 65.30 | 64.29 | 64.66 | 0.28 |
| 16-Mar | 64.86 | 65.35 | 64.53 | 64.91 | 0.34 |
| 16-May | 64.97 | 65.49 | 64.97 | 65.27 | 0.35 |
| 16-Jul | 65.39 | 65.88 | 65.34 | 65.66 | 0.41 |

Pakistan Cotton Spot rates: As on 11/6/2015 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5450 | 150 | 5600 |
| Equivalent | 40 Kgs | 5841 | 160 | 6001 |

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.