

Cotton Domestic Fundamental

Current Market Scenario: Cotton spot prices during August remained slightly firm as compared to the previous month. Monthly average price at benchmark market, Rajkot stood at Rs 4715 per quintal in August, which is around 0.5% higher when compared to the prices in July which were Rs 4690 per quintal. Future prices too remained uptrend.

Department of Agriculture, Ministry of Agriculture (MoA) in its fourth advance estimates, has revised the cotton production estimates upwardly for the season 2014-15 at 354.75 lakh bales (of 170 kg each), which was earlier estimated to be around 353.28 lakh bales in third advance estimates. Production target for the season 2014-15 has been set at 350 lakh bales. Cotton production according to final estimates of DAC for the season 2013-14 was 359.02 lakh bales.

Around 112.68 lakh hectares of cotton has been sown so far throughout the country, as on 28 August this year. This is around 8% lower than the corresponding sowing progress of last season which was 122.50 lakh hectares, according to Ministry of Agriculture.

Cotton output in central region of the India, including Gujarat, Madhya Pradesh and Maharashtra is likely to be around 203 lakh bales in 2015-16, marginally lower than the current season's output of 204.50 lakh bales, said CAI. In northern zone, which includes Punjab, Haryana and Rajasthan cotton output is expected to surge slightly to 55.50 in 2015 from 53.50 lakh bales in current season. In southern region, including Telangana, Andhra Pradesh, Karnataka and Tamil Nadu cotton production is expected to fall slightly to 115.50 lakh bales in 2015-16 from 118.75 lakh bales in current season.

Farmers in Bathinda and Mansa districts of Punjab have started uprooting the cotton crop as whitefly attack has damaged the crop in the region, despite the heavy use of pesticide. According to the growers, it is better to uproot the crop than bear the expense which would be more than double of MSP of crop which is Rs 3950 per quintal.

Due to dull demand and high input costs, cotton spinning mills could cut down the production in the coming year. Representatives of the textile bodies including Confederation of Indian Textile Industry, South India Millers' Association, North Indian Millers Association, and Texprocil met in The Capital to decide on appointment of an agency to analyze the depth of current situation and prepare a memorandum to be sent to government.

Domestic Monthly Price Outlook: We expect prices to remain sideways to firm in the coming month. Cotton spot prices would remain in the band of Rs.4650-4780 per quintal at the benchmark market. Kapas prices at NCDEX (April'15 contract) is likely to be in range of Rs. 860-930 per maund(of 20 kg each).

State-wise Cotton Production Advance Estimates 2015-16

Cotton production in the season 2015-16 (Oct'15-Sep'16) is likely to decline slightly following the fall in acreage, however yield would be improved. Acreage under cotton in season 2015-16 is expected to decline by around 7% following the severe price crash, caused in 2014-15 due to leading supplies on global and domestic front and the revision in the China's cotton imports policy.

States	Normal Production (Lakh Bales)	Normal Yield (Kg/Hectares)	Rainfall Situation (as on Aug28 2015)	Expected Yield 2015-16 (Kg/Hectares)	Normal Area (million Hectares)	Previous Year Area (million Hectares)	Estimated* Area 2015-16 (million Hectares)	Expected Production under normal Rainfall (Lakh Bales)	Expected Production under current Rainfall (Lakh Bales)
Punjab	18.9	636.0	-31%	585.1	5.0	4.5	4.40	16.5	15.1
Haryana	23.2	667.2	-28%	633.8	5.9	6.4	5.80	22.8	21.6
Rajasthan	15.2	657.2	29%	709.8	3.9	4.2	4.06	15.7	17.0
Gujarat	112.4	691.8	-9%	691.8	27.6	30.1	27.50	111.9	111.9
Maharashtra	81.8	343.4	-31%	322.8	40.5	41.9	38.50	77.8	73.1
Madhya Pradesh	18.3	495.0	3%	495.0	6.3	5.8	5.51	16.0	16.0
Andhra Pradesh	19.7	569.1	4%	569.1	5.8	6.4	5.20	17.4	17.4
Telangana	55.0	569.1	-25%	540.6	15.2	16.5	16.80	56.2	53.4
Karnataka	17.4	497.4	-26%	472.5	5.8	7.6	5.00	14.6	13.9
Odisha	3.5	535.2	16%	508.4	1.1	1.3	1.27	4.0	3.8
Country as whole	369.2	527.2	-12%	550.0	11.9	12.7	11.7	363.2	379.0

*actual area where sowing has been completed, expected area where sowing is in progress

Considering the current rainfall situation, cotton production is expected to be around 379 lakh bales in the coming season that is 2015-16. According to Cotton Association of India, cotton production during 2014-15 stood 382 lakh bales. Although the production is expected to fall in the coming season as compared to the current season, it is likely to increase by 2.7% compared to the normal production i.e. from 369.2 lakh bales to 379 lakh bales.

Domestic Cotton Balance Sheet 2015-16

Supply	2014-15*	2015-16**
Opening Stocks	58.90	73.65
Production	382.75	379.00
Imports	12.00	12.17
Total Availability	453.65	464.82
Demand		
Mill consumption	274.00	289.34
Small Mill consumption	26.00	27.46
Non-Mill consumption	10.00	10.56
Total consumption	310.00	327.36
Export	70.00	82.21
Total Demand	380.00	409.57
Ending Stock	73.65	55.25

Source:, *CAI Estimates. **Agriwatch Estimates
Export Import 2015-16 Figures sourced from USDA.

Balance Sheet Highlight (2015-16):

Opening stock during the season 2015-16 is likely to be record high at 73.65 lakh bales due to the weaker export in 2014-15. Cotton acreage is likely to decline by around 7% to 117 lakh hectares due to the dull prices cotton fetched during the season 2014-15.

Cotton production is likely to be weaker at around 379 lakh bales due to the fall in acreage. Imports, as expected by USDA are likely to increase to 12.17 lakh bales. Consumption is expected to increase this season following the increased demand of cotton from RMG industry.

Cotton export, despite the lower production would be on higher side as the major exporter, USA and major consumer, China would be producing lesser, which would provide India, an opportunity to export more.

The lower production and higher export would make ending stock to go lower in 2015-16 as compared to the current year. Ending stocks is likely to be around 55.25 lakh bales in 2015-16 as compared to 73.65 lakh bales in current season.

State wise Cotton Sowing Progress

According to the data released by Ministry of Agriculture, Government of India, around 112.68 lakh hectares of cotton has been sown so far throughout the country, as on 28 August this year, which is 98% of the normal area under cotton in the country, indicating the ending phase of the cotton sowing for the season 2015-16..

However the cotton sowing this year is standing around 8% lower so far when compared to the sowing during the corresponding period last year and around 1.4% lower when compared to the normal area during the same period.

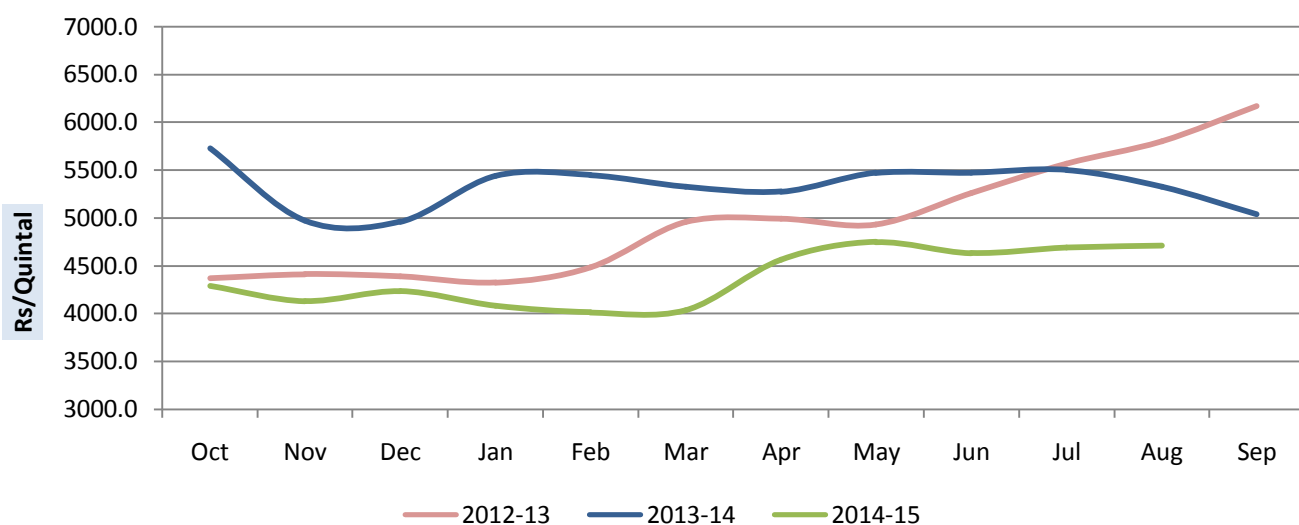
State	Normal Area	Normal Area as on date	Area sown reported (As on 28 August 2015)		
			This Year	Last Year	% Change
Andhra Pradesh	20.03	4.89	4.89	6.29	-22.26
Assam	0.02				
Gujarat	26.15	27.10	27.30	29.81	-8.42
Haryana	5.58	5.68	5.81	6.39	-9.08
Karnataka	5.41	4.86	4.84	7.46	-35.12
Kerala	0.01				
Madhya Pradesh	6.18	6.30	5.47	5.73	-4.54
Maharashtra	39.80	40.13	38.02	40.29	-5.63
Meghalaya	0.07				
Odisha	0.95	1.09	1.25	1.24	0.81
Punjab	5.05	5.15	4.40	4.50	-2.22
Rajasthan	4.19	3.88	4.06	4.16	-2.40
Tamil Nadu	1.28	0.10	0.10	0.07	42.86
Telangana		14.79	16.33	16.24	0.55
Tripura	0.01				
Uttar Pradesh	0.05	0.26	0.21	0.26	-19.23
West Bengal	0.01				
Others	0.41	0.06	0.00	0.05	-100.00
All-India	114.96	114.29	112.68	122.50	-8.02

Source: Department of Agriculture and Co-operation (DAC), Ministry of Agriculture

By the end of sowing cotton progress, we expect cotton acreage to stand lower on year on year basis, by around 7% to 117 lakh hectares due to crop shift in almost all the States from cotton to rice, soybean, pulses, groundnut etc.

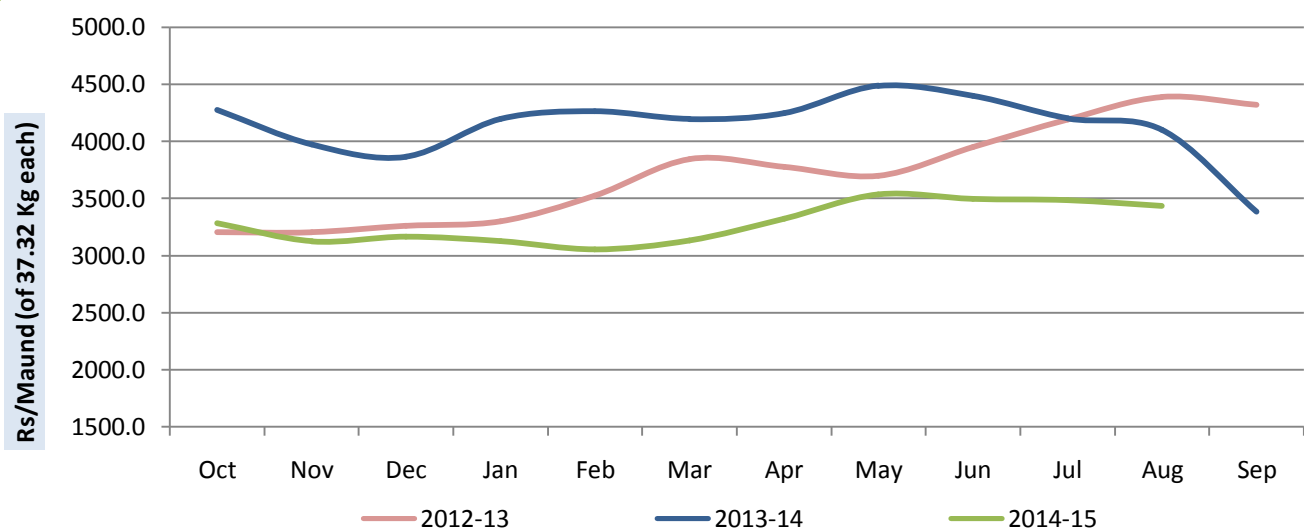
Domestic Cotton Prices and Arrival Trend

Year wise Monthly Average Kapas Price Trend (at Rajkot)



Kapas (seed cotton) prices in country have witnessed slight uptrend during the August month following the lower production estimates released by USDA. However lint price remained dull. Monthly average price of Kapas at Rajkot remained Rs. 4715 per quintal during August, which was Rs 4690 during previous month and Rs 5328 per quintal during the same month last year.

Year wise Monthly Average Lint Price Trend (at Sri-Ganganagar)



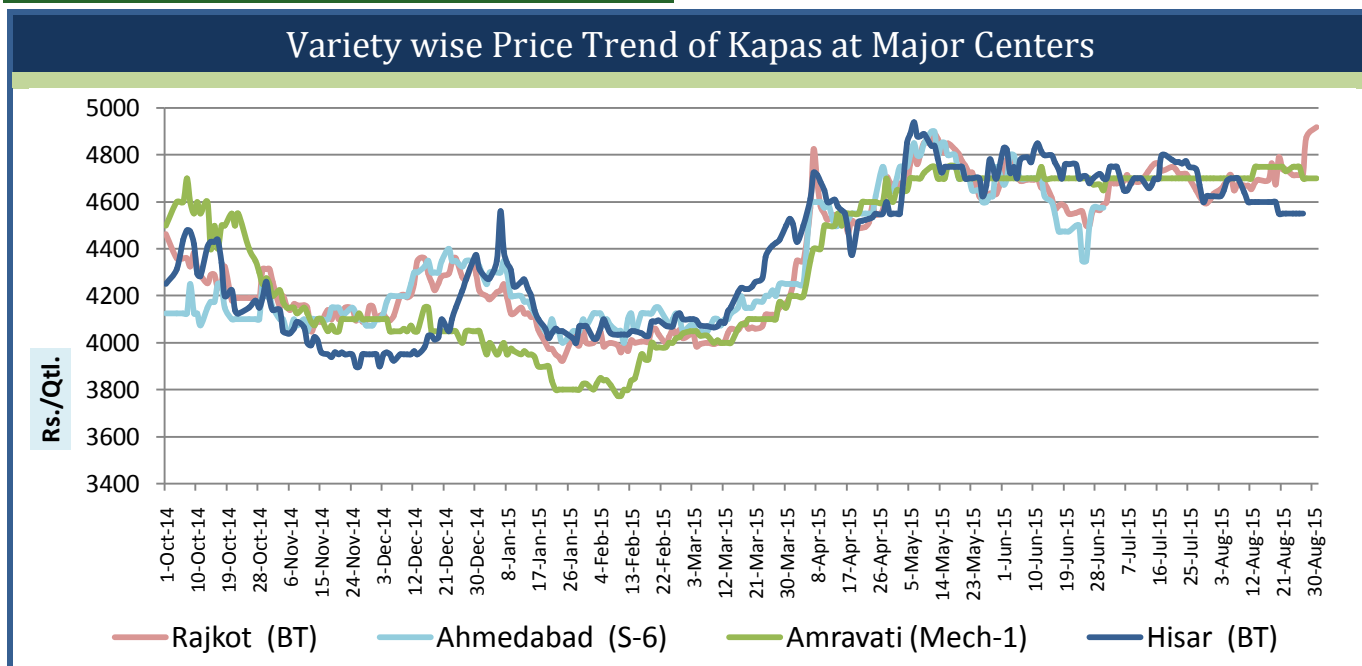
Monthly average price of lint at Sri-Ganganagar remained Rs. 3437 per Maund (of 37.32 Kg) during August, which was Rs. 3486 during previous month and Rs 4100 per quintal during the corresponding month last year.

Cotton Prices at Key Spot Market:

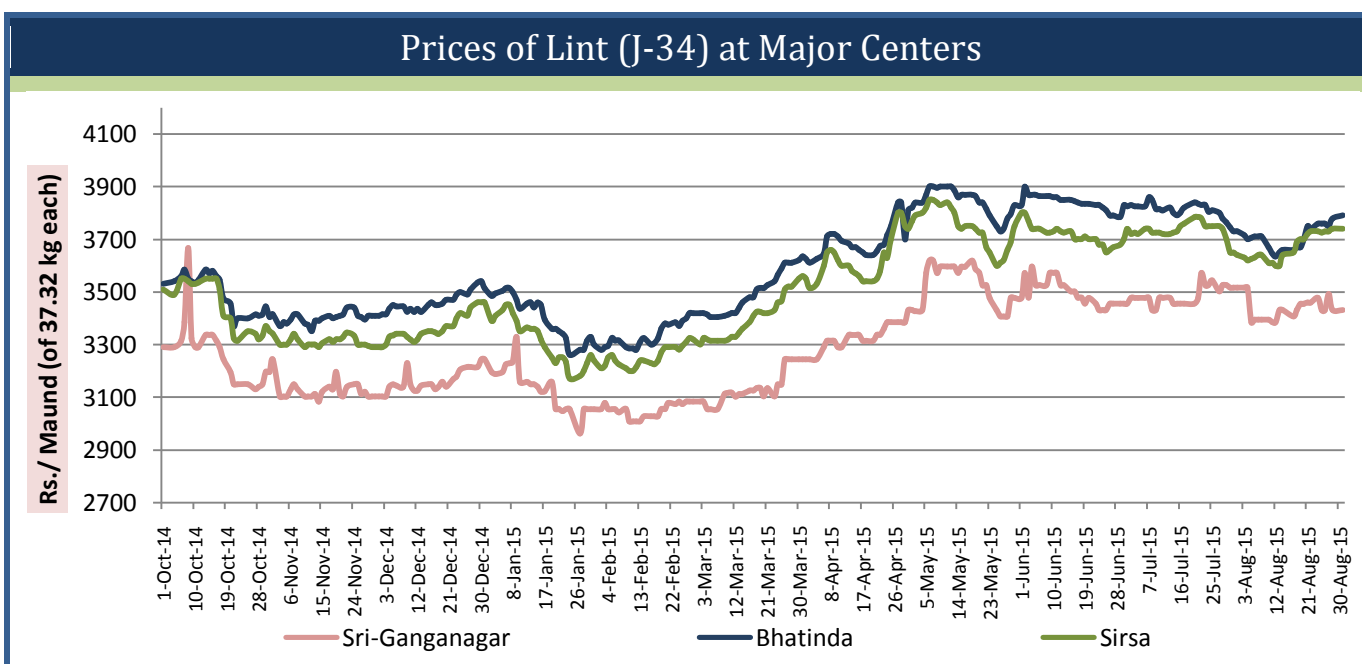
Centre	Variety	Monthly Prices Average		Change
		Aug'15	Jul'15	
	Kapas	Rs./Qtl.		
Amravati	Mech-1	4720	4700	20
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	Rs./Qtl.		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4715	4690	25
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4570	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4495	4605	-110
Adampur	B.T. Cotton	4630	4710	-80
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	4700	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas	Rs./Qtl.		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4660	4735	-75
	Kapas	Rs./Qtl.		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4385	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4395	4715	-320
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4040	10
Krishna	Un-Ginned	4055	4145	-90
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3715	3805	-90
Muktsar	J-34	NA	NA	-

Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3705	3810	-105
Sirsa	J-34	3670	3730	-60
Sri-Ganganagar	J-34	3430	3485	-55

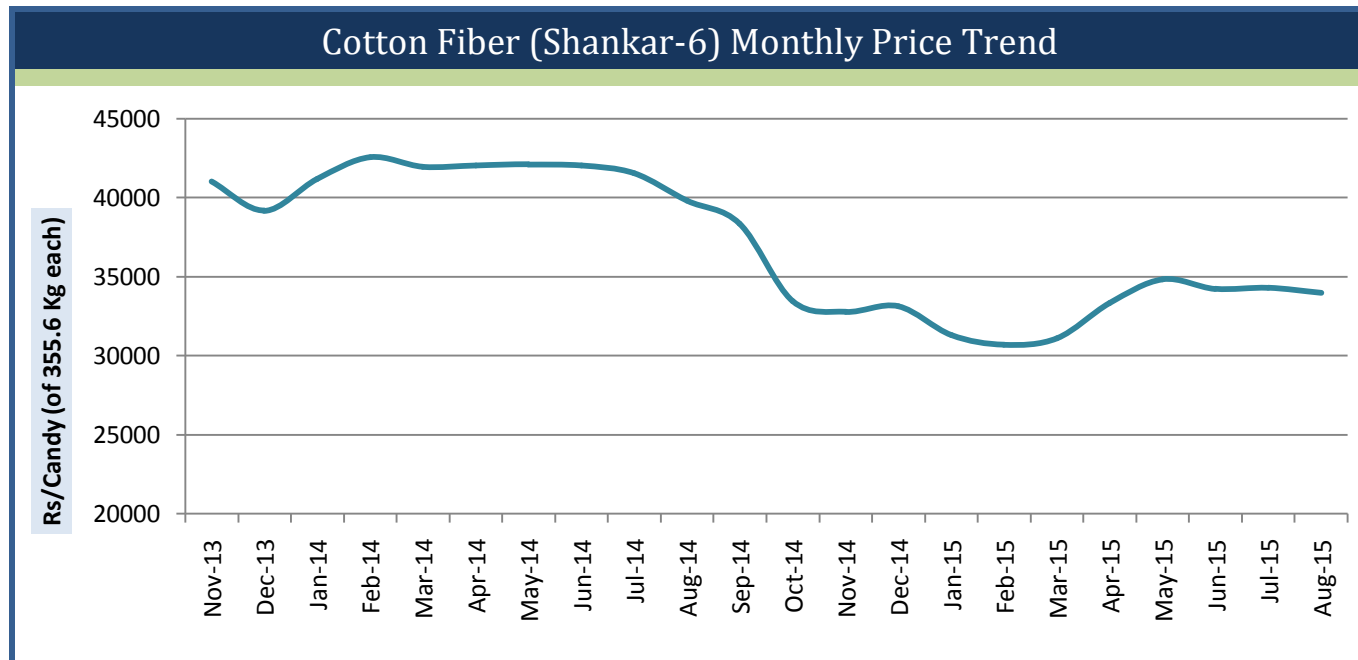
Variety wise Price Trend of Kapas (Seed Cotton):



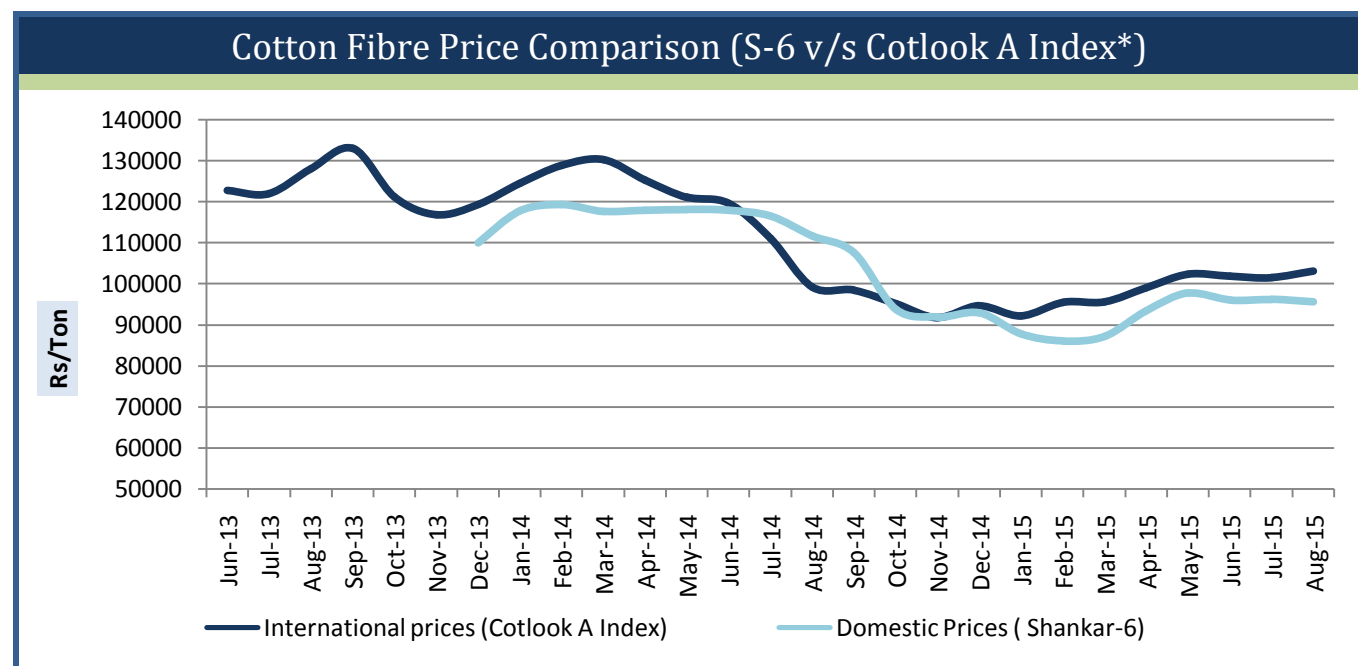
Price Trend of Lint at various centers:



Cotton Fiber Price Trend:



Cotton fiber remained weak this month as compared to the previous month. Monthly average prices of Shankar-6 during August was Rs 33970 per candy, which was Rs 34300 previous month and around Rs 39805 per candy during the same month previous season.



*Cotlook A Index here has been converted into Rs per tones from US cents/pound

Shankar-6 is ruling lower as compared to Cotlook A Index since the beginning of the season 2014-15. Although Cotlook A Index remained weaker this month, but appreciation of dollar against Indian currency has pulled up its value in "Rs per tones" terms. Cotlook A Index was recorded at Rs 103092 per ton in August which was Rs 101469 per ton during previous month.

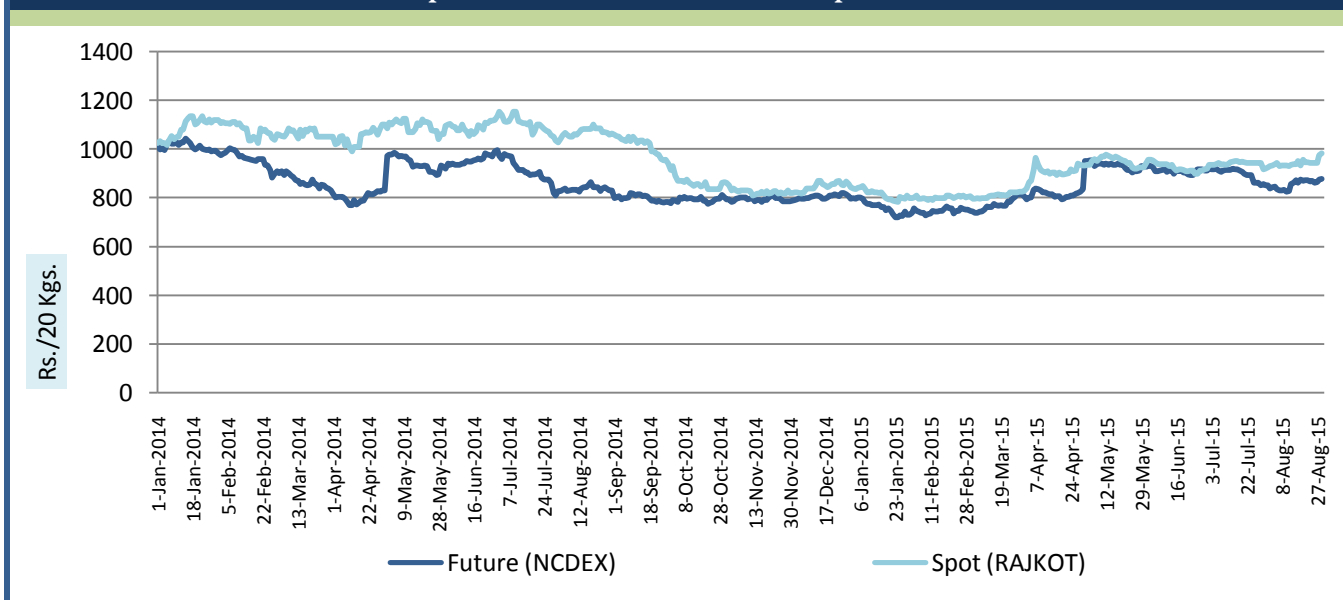
Cotton Fiber Price Scenario (As published by Cotton Association of India):

Trade Name	Staple	Micronaire	Strength / GPT	Monthly Average Price*		Change
				Aug'15	Jul'15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33250	34075	-825
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33750	34575	-825
J-34(202)	26mm	3.5 - 4.9	23	33360	35270	-1910
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31915	32955	-1040
Shankar-6(105)	29mm	3.5 - 4.9	28	33970	34330	-360
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34180	35000	-820
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35180	36000	-820
DCH-32(107)	34mm	3.0 - 3.8	33	42725	43915	-1190

*Rs/candy(of 355.6 kg each)

Spot versus Future Price Comparison:

Future price of Kapas remained firm during August as compared to the previous month. Future price of Kapas at NCDEX closed at Rs. 879.5 per maund (of 20 kg each) on August 31, 2015, standing around 3.2% higher when compared to the closing price of Rs 851.5 previous month and 5.7% higher when compared to the closing price of same day during last year.

Spot and Future Price Comparison


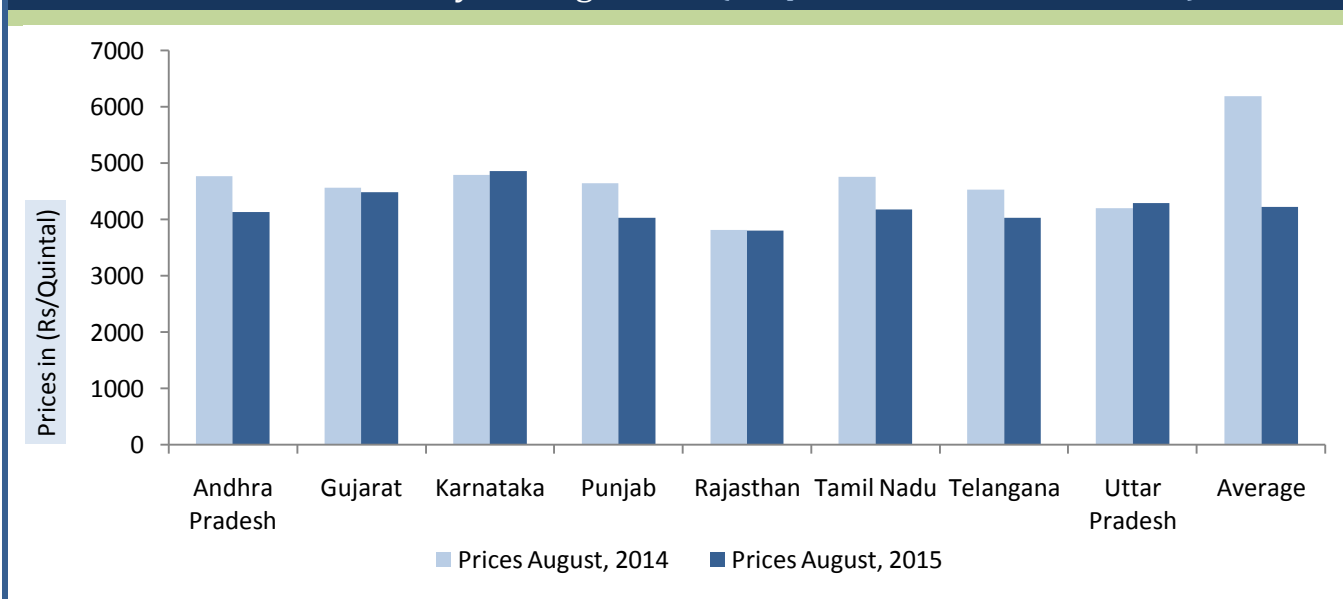
State-wise Monthly Average Prices:

State	Prices August, 2015	Prices July, 2015	Prices August, 2014	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4134.95	4358.46	4761.53	-5.13	-13.16
Gujarat	4486.33	4523.33	4564.54	-0.82	-1.71
Karnataka	4851.74	4380.07	4788.21	10.77	1.33
Punjab	4025	NA	4639.8	—	-13.25
Rajasthan	3800	NA	3812.5	—	-0.33
Tamil Nadu	4170.37	4113.25	4757.65	1.39	-12.34
Telangana	4027.16	4078.82	4525.79	-1.27	-11.02
Uttar Pradesh	4294.09	NA	4202	—	2.19
Average	4223.7	3807.93	6182.55		

**Source: Agmarknet*

The monthly average price of cotton has improved this month, however it is still ruling lower in most of the states, when compared to the previous year's prices during the same period. Prices in Karnataka and Uttar Pradesh are ruling higher on year on year basis too.

Average price of cotton stood at Rs 4224 per quintal during August, which is around 11% higher as compared to the prices in the previous month and around 32% lower when compared to the prices during the corresponding month last year, according to Agmarknet.

State-wise Monthly Average Prices(Compared with Previous Year Prices)


Cotton Arrivals in Key Centers:

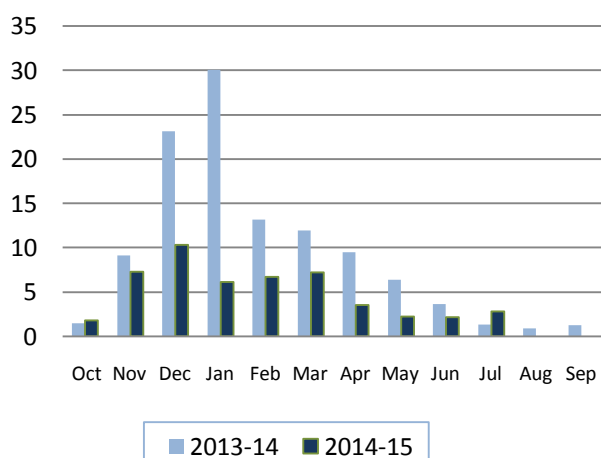
Centre	Variety	MonthlyCumulative Arrivals (Qtl)		Change
		Aug'15	July'15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5648	8552	-2904
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	34	-
Fazilika	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	150	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	1578	5521	-3943
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	867	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	296	4130	-3834
Guntur	Un-Ginned	11	15	-4
Kurnool	Un-Ginned	14	13	1
Krishna	Un-Ginned	4	2	2
East Godavari	Un-Ginned	1	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	NA	NA	-
Sri-Ganganagar	J-34	NA	NA	-

Cotton Export and Import Scenario

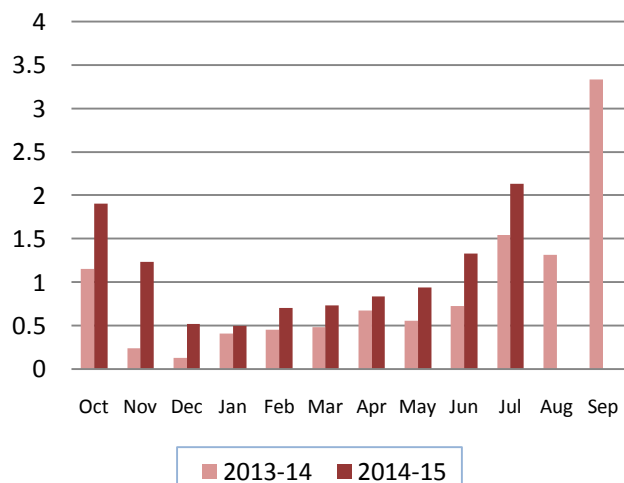
Exports			Imports	
Month	2013-14	2014-15	2013-14	2014-15
Oct	1.43	1.81	1.16	1.91
Nov	9.06	7.3	0.24	1.24
Dec	23.12	10.34	0.133	0.52
Jan	30	6.11	0.41	0.5
Feb	13.15	6.68	0.46	0.71
Mar	11.9	7.25	0.488	0.740
Apr	9.46	3.56	0.68	0.84
May	6.37	2.23	0.56	0.95
Jun	3.62	2.135	0.73	1.337
Jul	1.32	2.813	1.55	2.136
Aug	0.87		1.32	
Sep	1.24		3.34	
Total	111.5	50.2	11.07	10.88
<i>Figures in Lakh Bales, Source: IBIS</i>				

Major Export/Import Destinations (July'15)	
Major Exporters	
Bangladesh	1.490
China	0.371
Vietnam	0.203
Others	0.749
Total	2.813
Major Importers	
Mali	0.820
USA	0.37
Egypt	0.071
Others	0.875
Total	2.136

Month Wise Exports (In lakh Bales)



Month Wise Imports (In Lakh Bales)



Cotton exports so far (i.e. Oct'14-Jul'15) stood around 54.12% lower Y-o-Y at 50.2 lakh bales which was 109.42 lakh bales during the corresponding period last year. Imports during the current season stood 10.88 lakh bales which was 6.41 lakh bales during the corresponding period last year.

Cotton Consumption and Cotton Yarn Dynamics

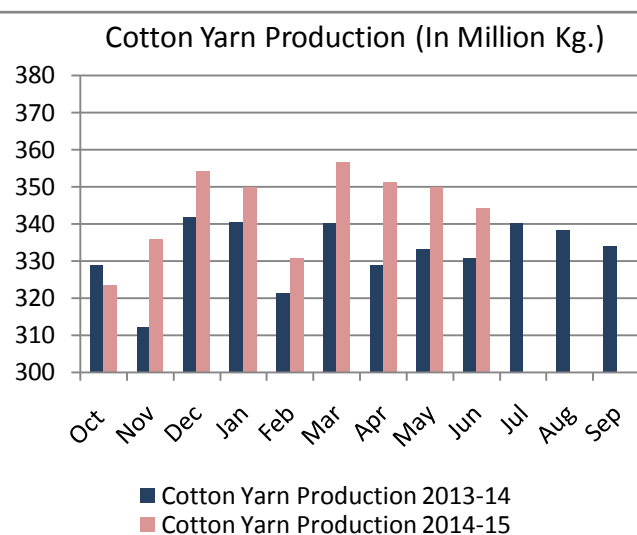
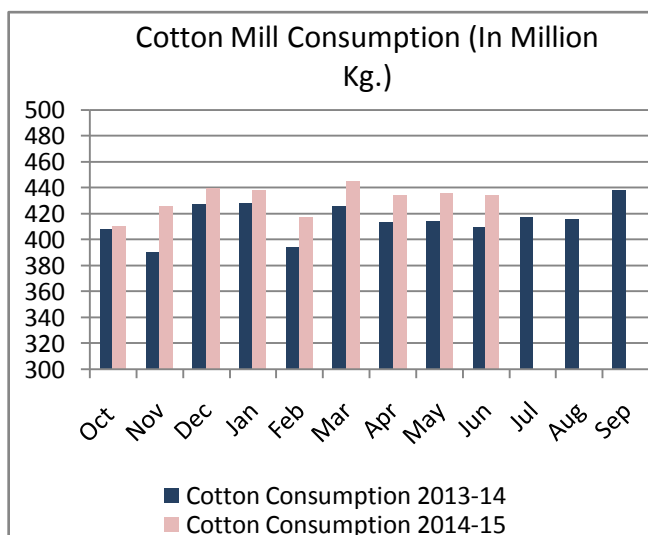
Cotton Consumption and Cotton Yarn Production:

In the initial nine months of season, cotton consumption in the country recorded at 3,883 million kgs which is 4.58% higher than the consumption during corresponding period last year. Similarly cotton yarn production too remained higher this year. Cumulative cotton yarn production during the initial nine months of the season stood at 3,095 million kgs around 3.98% higher when compared to corresponding period last year.

Month	Cotton Consumption 2013-14	Cotton Consumption 2014-15	Cotton Yarn Production 2013-14	Cotton Yarn Production 2014-15
Oct	408.49	410.85	328.79	323.53
Nov	390.25	425.77	312.13	335.66
Dec	427.72	440.2	341.67	353.96
Jan	428.16	438.12	340.38	349.82
Feb	394.8	418.07	321.31	330.57
Mar	426.15	445.18	340.2	356.64
Apr	413.36	434.7	328.68	351.3
May	414.51	436.05	332.92	349.67
Jun	409.82	434.29	330.69	344.14
Jul	417.22		340	
Aug	415.86		338.09	
Sep	438.7		334.03	

Figures in Million Kg.

Cotton Consumption versus Cotton Yarn Production

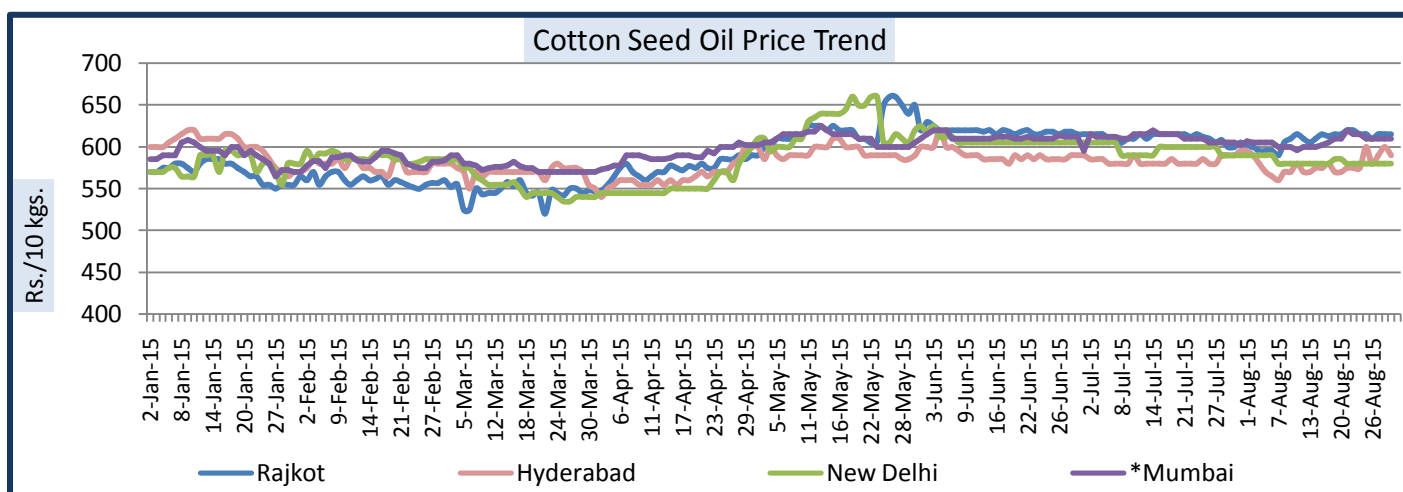


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil at Key Centers:

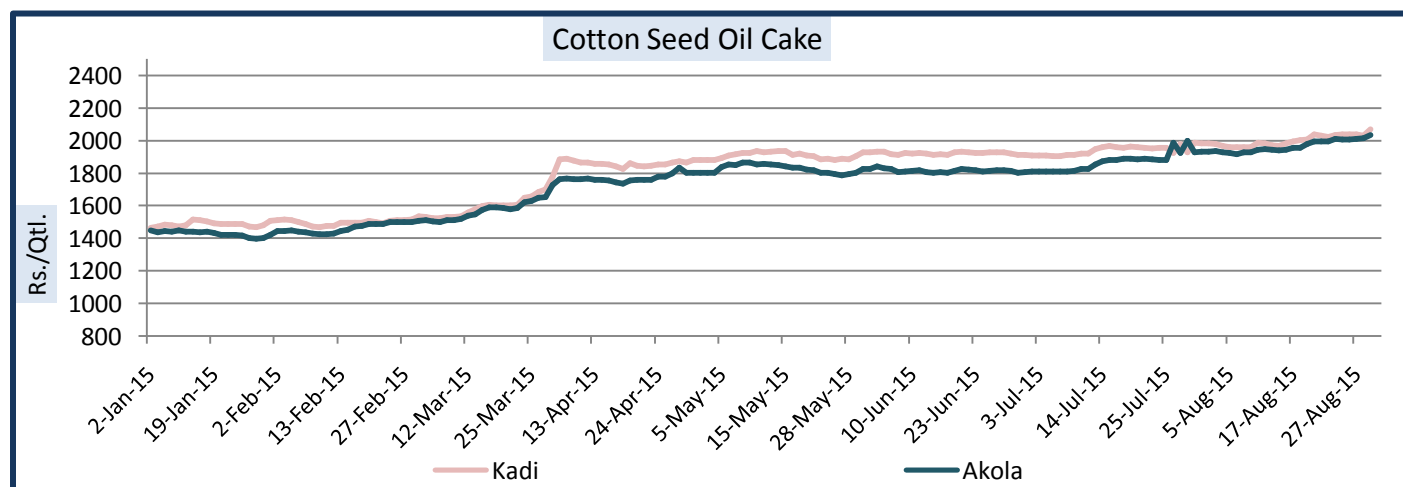
Centre	Monthly Average Prices (Rs/10 kg.)		% Change
	August'15	July'15	
New Delhi	583	597	-2.35
Rajkot	609	611	-0.33
Hyderabad	578	584	-1.03
Mumbai*	606	610	-0.66

* VAT Included



Cotton Seed Oil Cake at Key Centers:

Centre	Monthly Average Prices (Rs/Quintal)		% Change
	August'15	July'15	
Kadi	2000	1940	3.09
Akola	1965	1867	5.25



Technical Analysis of Cotton Future

Commodity	Kapas
Exchange	NCDEX
Contract Month	Apr'16



Monthly Technical Outlook:

- Candlesticks denote firm momentum in the market.
- RSI is moving high in neutral region.
- MACD denotes recovery in centerline and signal line movement.
- Prices closed below the 9 and 18 days EMA.
- We expect prices to remain sideways to firm in coming days.

Expected price range during coming month:

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	860-930

Expected Support and Resistance:

Support 1	Support 2	Resistance 1	Resistance 2
850	835	950	965

International Market Scenario

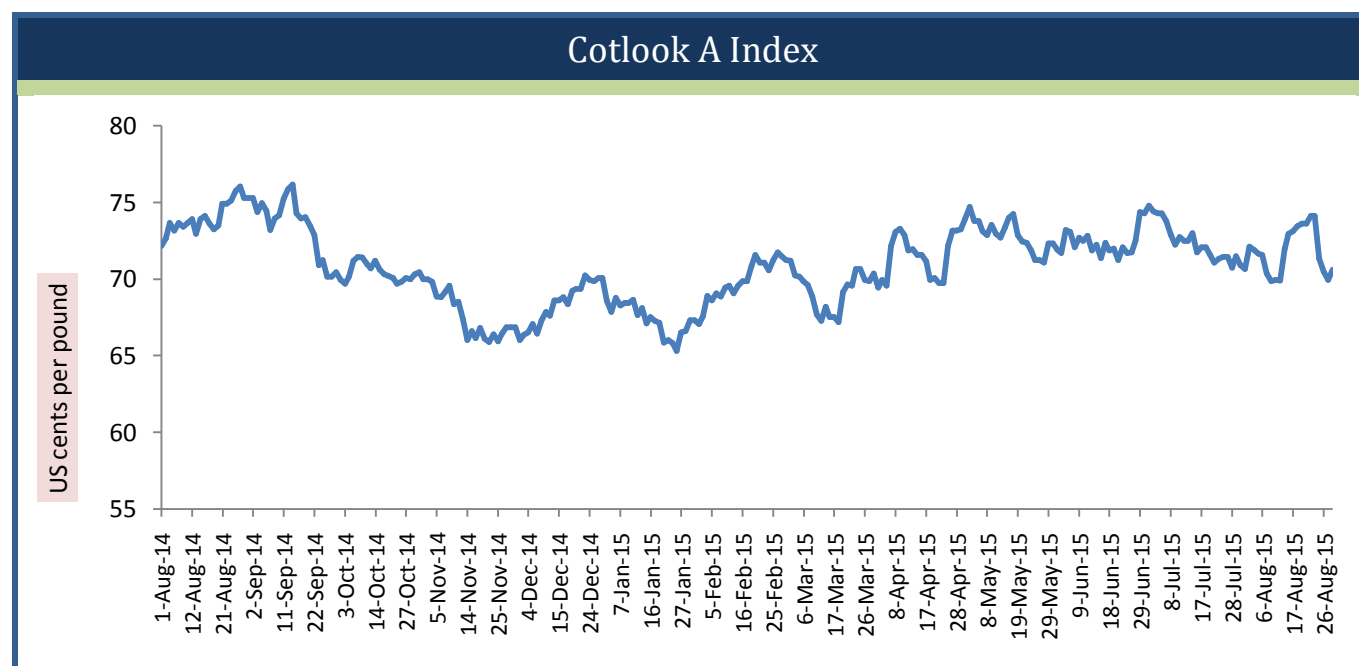
Current Market Scenario: International market noticed mostly weak momentum during the month of August, the very first month of the season 2015-16. Cotlook A Index remained in the range of 69.85-74.10 cents during the month. Monthly average, stood at 71.82 cents, 0.73% lower when compared to previous month and around 3% lower when compared to corresponding month of the previous season.

According to China Cotton Association (CCA), the country is likely to produce 5.5 million tonnes of cotton in year 2015-16, slightly lesser than the previous estimates of 5.86 million tons. The production however is likely to stand fairly lower when compared to the production of 6.5 million tons in year 2014-15.

World cotton production in 2015-16 is likely to stand lowest in last five years, said USDA. Cotton output on global front is likely to be around 23.73 million tons, as per the latest estimates by USDA, around 2.2% lower as compared to the estimates of previous month for the current season, and around 8.3% lower when compared to production of previous season of 25.906 million tons.

USDA in its August estimates has revised the world cotton imports estimates for season 2015-16 upwardly at 7.52 million tons as compared to the July estimates of 7.413 million tons, due to the expectation of higher consumption anticipated in current season i.e. 2015-16. However the imports would still be lower by 4.3% when compared to the previous season imports of 7.865 million tons.

USA cotton export expectation for the season 2015-16 has been further lowered by USDA at 2.17 million in August, which was earlier estimated to be around 2.35 million tons a month earlier, due to the lower crop expectation. It should be noted that USA cotton exports could fall by around 11% this season as compared to previous season's figures of 2.43 million tons, said USDA.



World Cotton Scenario (2015-16):

World Cotton Balance Sheet at a Glance (2015-16):

Particulars	2014-15	2015-16*	% Change
SUPPLY			
Opening stock	22.44	24.10	7.41
Production	25.91	23.73	-8.40
Imports	7.86	7.52	-4.39
Availability	56.21	55.35	-1.53
DEMAND			
Consumption	24.34	24.96	2.55
Exports	7.73	7.51	-2.85
Total Disappearance	32.07	32.47	1.25
Ending Stocks	24.10	22.90	-4.98

Source: USDA *August Estimates

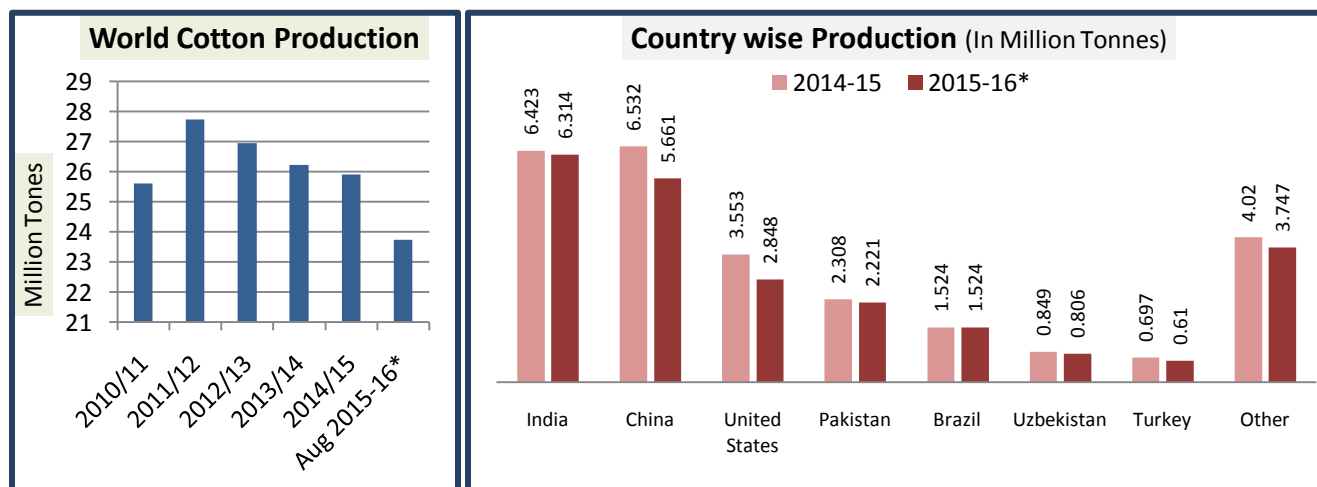
Balance Sheet Highlights:

According to the latest estimates by USDA, cotton production on global front is likely to fall this season to 23.73 million tonnes from 25.91 million tonnes in 2014-15. Cotton imports on the global front are likely to fall by around 4.3% to 7.52 million tonnes in the current season as compared to the previous season.

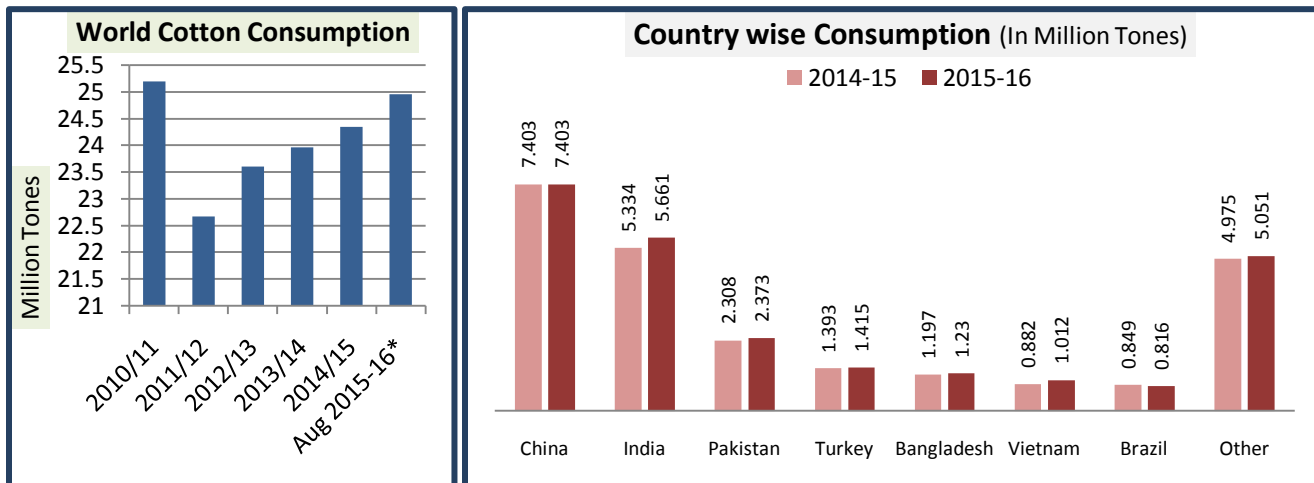
Consumption is likely to increase in the season 2015-16 by around 2.5%, whereas exports are likely to fall by around 2.8% as compared to the previous season. Ending stocks led by lower production and higher consumption is likely to fall by around 5% as compared to the previous season.

World Cotton Supply and Demand Scenario 2015/16:

World cotton production is expected to fall for the fourth consecutive year: According to the latest estimates by USDA, cotton production on global front is likely to be around 23.73 million tonnes in 2015-16, around 8.3% lower when compared to the production in 2014-15.



World consumption is expected to rise for the fourth consecutive year: World cotton consumption in 2015-16 is expected to increase by around 2.54% as compared to the season 2014-15. China, which was continuously decreasing the consumption since past three years, is expected to consume same amount of cotton this year as compared to the previous year.



World Cotton Import and Export:

China imports are to fall drastically, ROW is expected to import higher: Although china imports are expected to fall drastically in 2015-16, rest of world (ROW) would import higher. Reason behind the situation is the significant rise in the consumption by the rest of world as compared to China, which is expected to witness no change in consumption on year on year basis.

Change in consumption: China and Rest of World (ROW)			
	2014-15	2015-16*	% Change
China	7.40	7.40	0
ROW	16.93	17.55	3.66
World	24.32	24.96	2.54

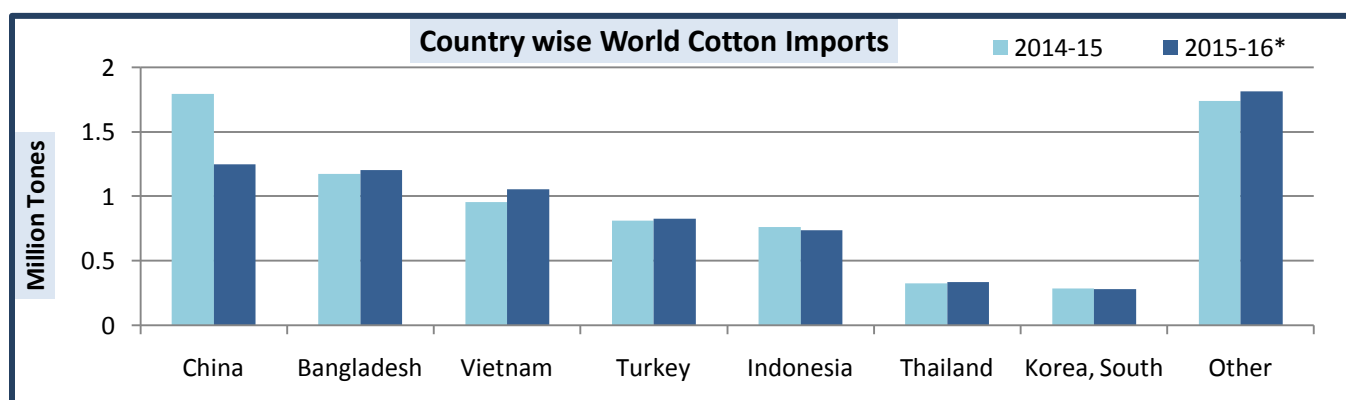
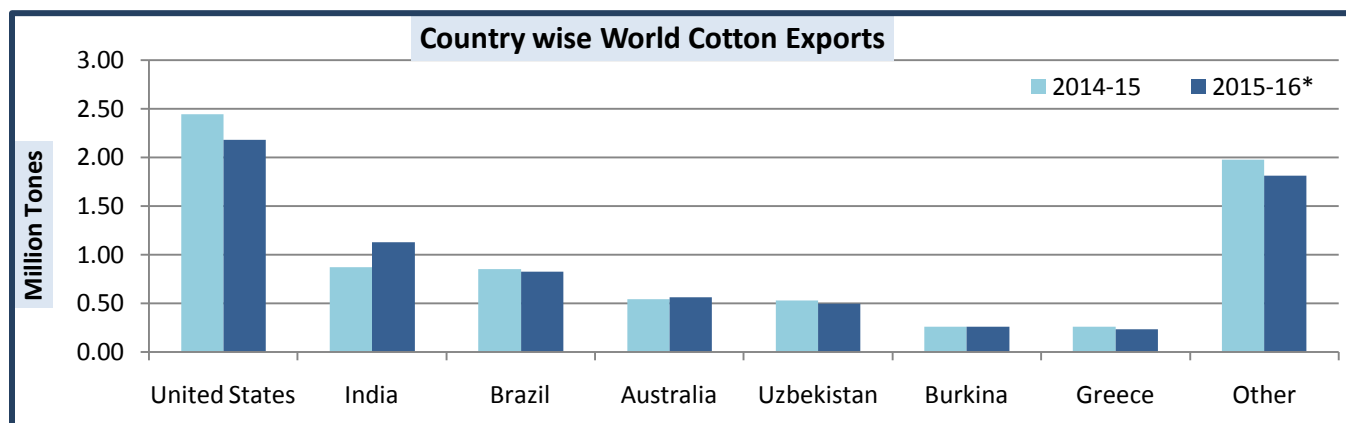
*Source: USDA Aug Estimates

As consumption is increasing and production is decreasing, the imports would increase in 2015-16. But as China is holding enough cotton stocks to meet its demands, it would import significantly lesser which would lower the overall imports on global front.

Change in Imports: China and Rest of World (ROW)			
	2014-15	2015-16*	%Change
China	1.79	1.25	-30.28
ROW	6.068	6.266	3.26
World	7.86	7.52	-4.38

*Source: USDA Aug Estimates

World cotton exports are likely to fall for the third consecutive year: In its August estimates, USDA estimated world cotton export to be around 7.515 million tonnes in season 2015-16, around 2.8% lower when compared to export in 2014-15. Except India, Australia and Burkina, all the major exporting countries are likely to face fall in exports.



World Consumption and Ending Stocks:

Cotton ending stocks are expected to decline in 2015-16, for the first time in last five years. Lower production and higher consumption would lead to the fall in ending stocks. In 2015-16 ending stocks according to the August estimates by USDA, would be around 22.90 million tons, around 5% lower as compared to stocks of previous season.

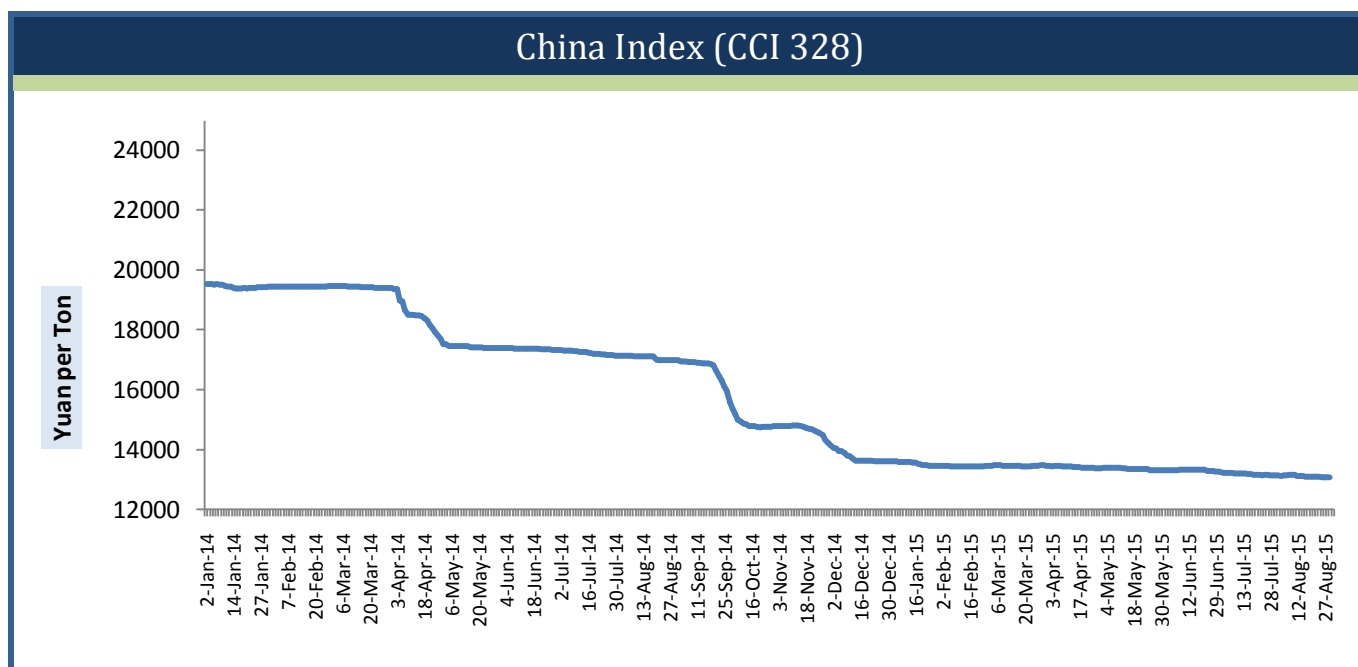
World Cotton			
Season	Production	Consumption	Ending Stocks
2010/11	25.61	25.20	11.019
2011/12	27.73	22.66	16.19
2012/13	26.96	23.60	19.99
2013/14	26.23	23.96	22.44
2014/15	25.90	24.34	24.10
2015/16*	23.73	24.96	22.90

**Source: USDA August Estimates*

International Prices and Indices

China Cotton Index

CC Indices	Monthly Average Prices as in		% Change
	August'15	July'15	
CC Index(229)	13721	13835	-0.82
CC Index(328)	13117	13188	-0.54
CC Index(527)	12011	12082	-0.59
Figures in Yuan per Ton			



China cotton index remained weak in the month of August as country has started selling cotton stocks from reserves to domestic as well as the international buyers. CCI (328), as monthly average stood at 13117 Yuan/tons in July, around 0.54% lower when compared to the 13188 Yuan/tons in June.

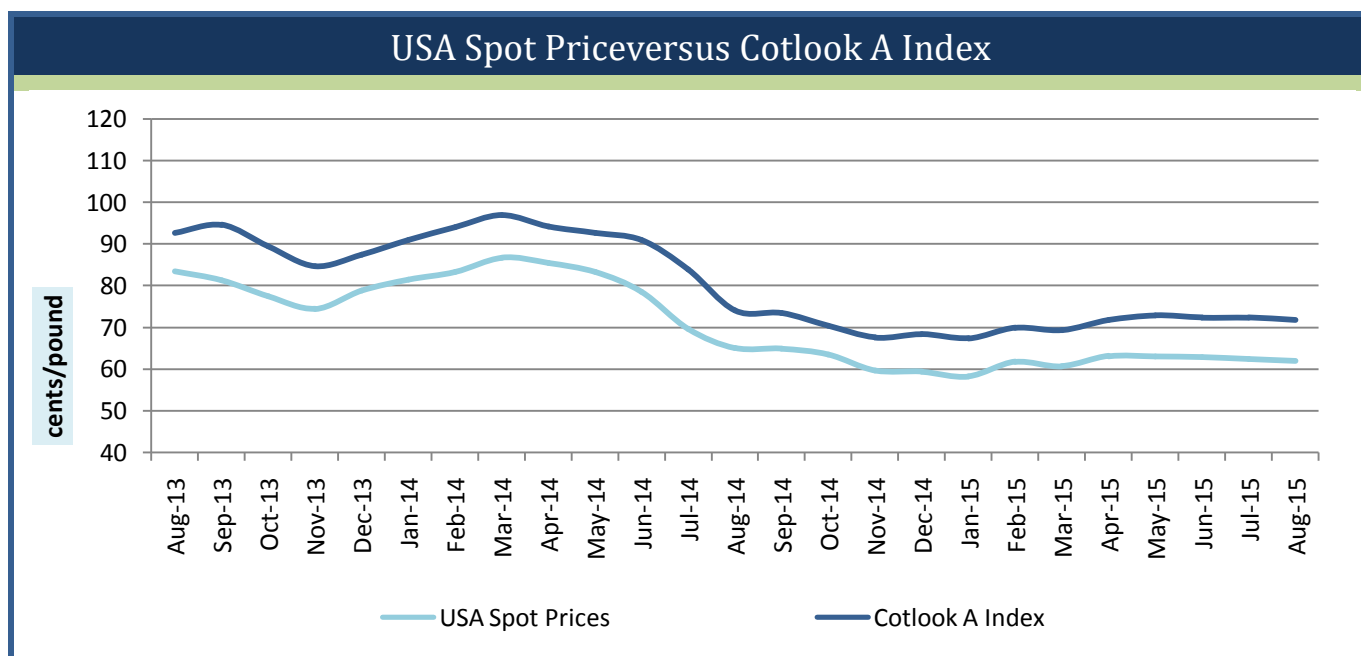
Cotlook A Index

Cotlook A Index	Monthly Average Price		% Change
	August'15	July'15	
Price	71.82	72.35	-0.73
Figures in US Cents per Pound			

Month wise Cotlook A Index:

Month	2013-14	2014-15	2015-16	M-o-M %Change	Y-o-Y % Change
August	92.71	74	71.82	-0.73	-2.95
September	94.6	73.38			
October	89.35	70.34			
November	84.65	67.56			
December	87.49	68.3			
January	90.96	67.35			
February	94.05	69.84			
March	96.95	69.35			
April	94.2	71.7			
May	92.71	72.86			
June	90.9	72.35			
July	83.84	72.35			

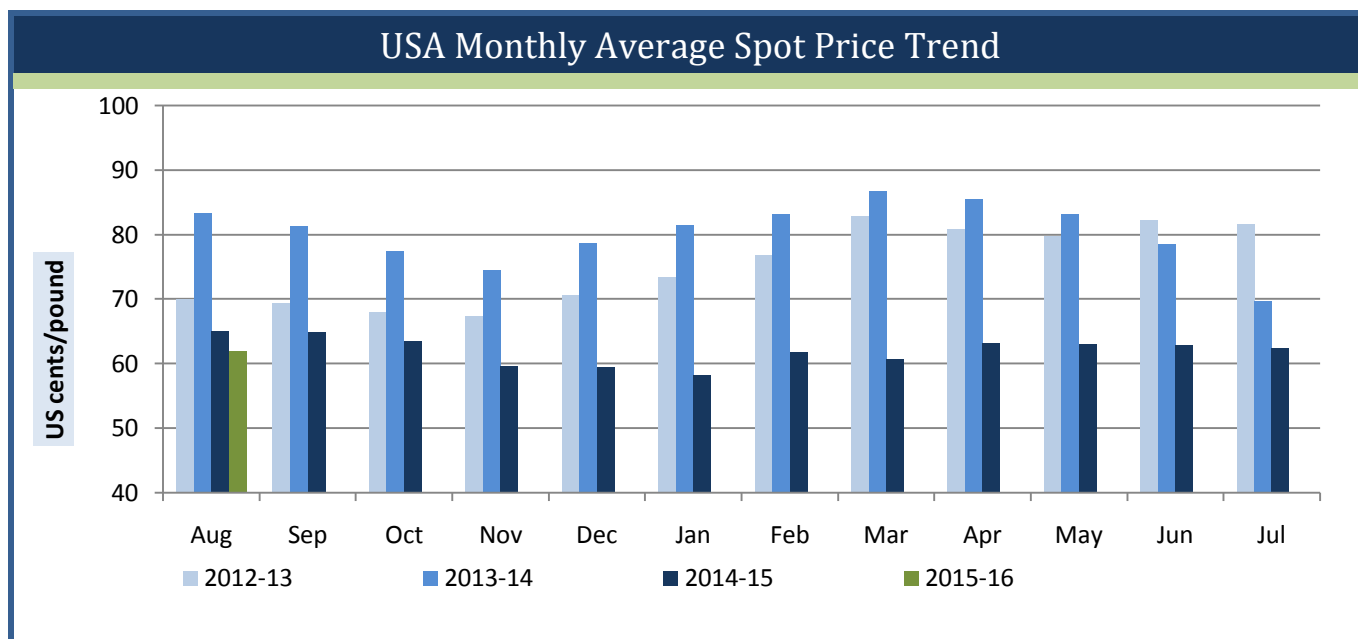
Cotlook A index, monthly average, stood 71.82 cents in August, 0.73% lower when compared to previous month and around 3% lower when compared to corresponding month of the previous year. Cotlook A Index for the season 2014-15, as an average stood 70.78 cents/pound which was 91.03 cents/pound during the season 2013-14.



USA Spot Prices

Monthly Average USA Spot Prices			
Date	August'15	July'15	% Change
Prices	61.92*	62.36	-0.80

Figures in US Cents per Pound*Subject to change marginally



Cotton spot price in USA remained downtrend during July following the announcement by China to sell cotton from stock reserves and lower import demand in 2015-16. Monthly average price remained at 61.92 cents/pound in August, around 0.7% lower when compared to the monthly average price in July this year and around 4.72% lower when compared to price during the same month previous season.

ICE Cotton Future:

Contracts	31-Aug-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-15	63.74	64.64	64.01	67.6	-1.39	-0.42	-5.71
Dec-15	63	64.05	64.21	--	-1.64	-1.88	--
Mar-16	62.58	63.94	64.20	--	-2.13	-2.52	--
May-16	62.9	64.38	64.45	--	-2.30	-2.40	--
Jul-16	63.23	64.67	64.78	--	-2.23	-2.39	--
Oct-16	63	64.19	65.04	--	-1.85	-3.14	--

Figures in US cents per pound

Technical Analysis of Cotton Future Price

Commodity	Cotton
Exchange	ICE
Contract Month	Dec'15



Monthly Technical Outlook:

- Candlesticks denote weak sentiments in the market.
- RSI is moving low in neutral region.
- Volume and Open Interest are moving weak.
- MACD denotes bearish centerline and signal line movement.
- We expect price to remain weak in the coming days.

Expected Price Range During Coming Month

Expected Trend	Expected Trading Band
Bearish Momentum	60.40-64.20

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
60.00	59.40	64.60	65.00
Prices in cents per pound		Source: MRCI	

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