

Cotton Domestic Fundamental

Domestic Market Scenario: Cotton spot prices during October remained sideways to weak as compared to the previous month. Monthly average price of Kapas (Seed Cotton) at benchmark market, i.e. Rajkot stood at Rs 4520 per quintal in October, which is around 6.5% lower when compared to the prices in September which were Rs 4835 per quintal. Lint monthly average prices at Sri-Ganganagar stood Rs 3215 per maund (of 37.32 kg each) in October as compared to Rs 3445 per maund previous month.

Fiber prices too remained weak during the month. Monthly average price of Shankar-6 stood at Rs.32490 per candy (of 355.6 kg each) during October whereas it was Rs 34635 per candy a month before. Future prices however remained uptrend this month. Kapas (April'16 Contract) at NCDEX closed at Rs 872.5 (quotes in Rs/20 kg) at the October month end as compared to Rs 840 a month earlier.

Monthly Price Outlook: Cotton price in the coming month is likely to trade range bound to firm. In spot benchmark market Rajkot, prices of Kapas, is likely to hover in the range of Rs 4350-4650 per quintal. Lint prices in Sri-Ganganagar are likely to be in range of Rs 3250-3500 per maund. Fiber price (Shankar-6) is expected to be in band of Rs 32450-33000. Future prices of Kapas at NCDEX are likely to remain sideways to firm with the range of Rs 830-895 per maund of 20 kg.

Major Market Highlights: Despite the drastic fall in import expectation from China, India is likely to export more cotton this year as compared to the previous. According to the government official, India is likely to export 68 lakh bales of cotton this year, around 18% higher when compared to the previous season as Asian countries Bangladesh, Pakistan and Vietnam are expected to import more cotton.

The Director General of Foreign Trade (DGFT) issued notice for inclusion of export of cotton fabrics (woven and knitted) and cotton made-ups to leading markets, including African countries under the Merchandise Exports from India Scheme (MEIS). The step taken by government is likely to escalate export as the scheme provides the export benefit of two percent.

Cotton Corporation of India (CCI) is currently holding 12 Lakh bales of cotton produced during the previous season. CCI procured around 87 lakh bales of cotton during the season 2014-15 under the MSP operation. According to the market participant CCI could receive good demand after the festival season as the produce it is holding is moisture free fiber, for which the spinner and textile mills could bid well.

Domestic cotton Balance Sheet 2015-16

Supply	2014-15*	2015-16**	% Change
Opening Stocks	33	52	57.6
Production	380	365	-3.9
Imports	14.39	12	-16.6
Total Availability	427.39	429	0.4
Demand			
Mill consumption	278.55	284	2.0
Small Mill consumption	26.28	28	6.5
Non-Mill consumption	12.84	11	-14.3
Total consumption	317.67	323	1.7
Export	57.72	68	17.8
Total Demand	375.39	391	4.2
Ending Stock	52	38	-26.9

Figures in Lakh bales (of 170 Kg each)

Balance Sheet as prepared from the estimates released by Cotton Advisory Board (CAB) as on Nov 04 2015

*Consumption figures are provisional, **Imports figures are provisional.

Balance Sheet Highlight (2015-16):

According to the latest estimates by Cotton Advisory Board (CAB), cotton output in country during the season 2015-16 would be around 365 lakh bales (of 170 kg each) around 4% lower when compared to production of last season.

Despite the lower production, cotton imports would be on weaker side at 12 lakh bales as compared to 14.39 lakh bales in previous season due to the higher opening stocks this season.

Due to higher opening stocks, cotton availability would be standing slightly higher this season at 429 lakh bales as compared to 427.39 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 323 lakh bales as compared to 317.67 lakh bales previous season.

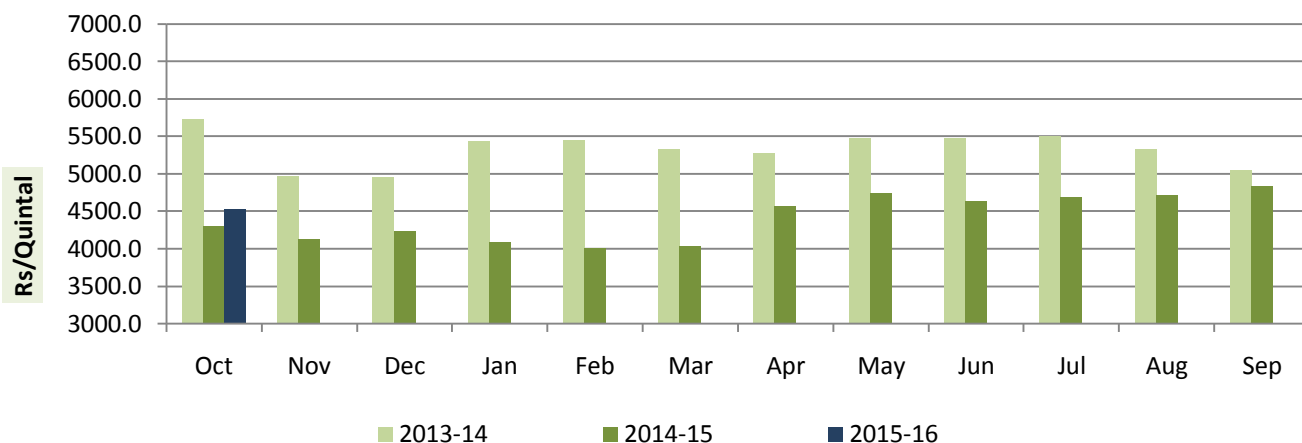
Cotton exports are expected to notice a remarkable rise in the current season. It is expected that country would export around 68 lakh bales of cotton in the season 2015-16 around 17.8% higher when compared to the exports during the previous season.

Ending stocks are expected to be around 38 lakh bales, around 27% lower as compared to the ending stocks of previous season.

Domestic Cotton Market Scenario

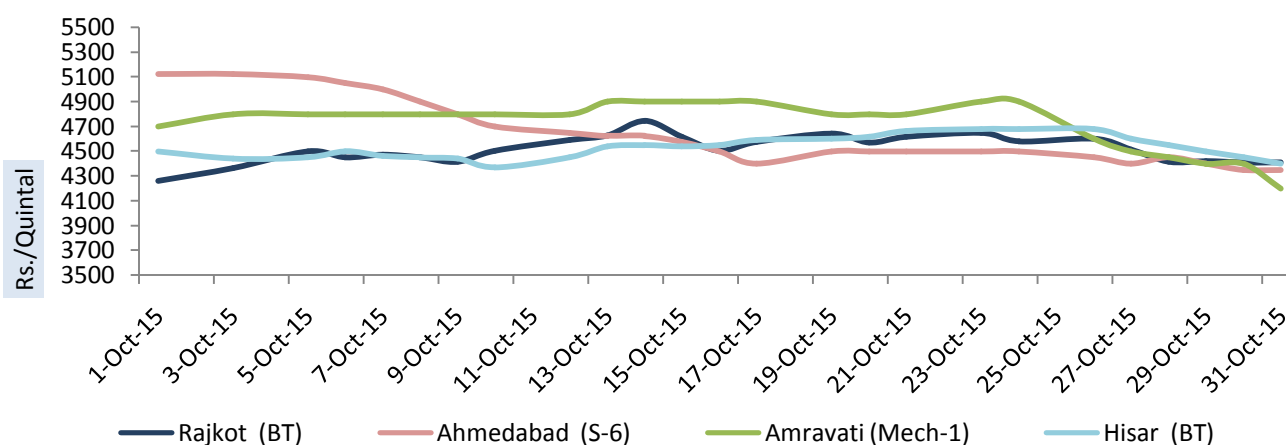
Kapas Prices Scenario:

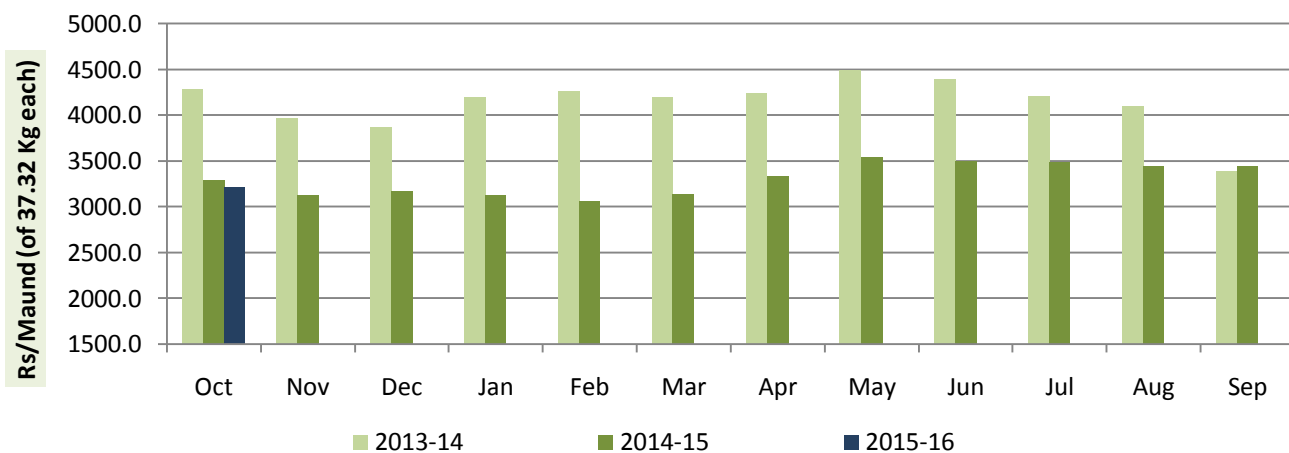
Year wise Monthly Average Kapas Price Trend (at Rajkot)



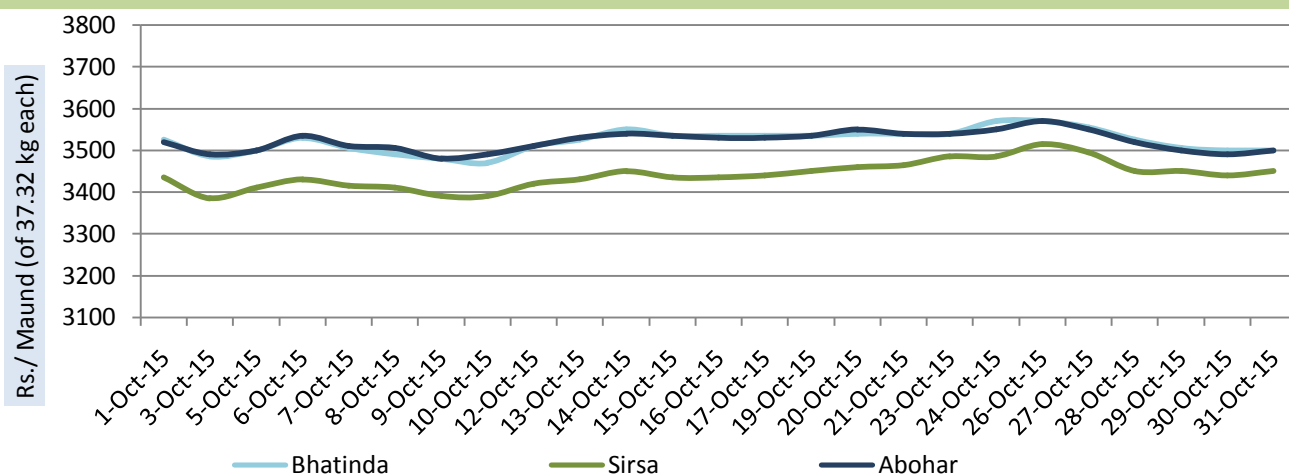
Kapas (seed cotton) prices in country have witnessed downtrend during the October month following the commencement of new crop arrivals, which has created the supply lead in the market. Though cotton price remained weak during October as compared to the previous month, the same is ruling higher as compared to the prices during the corresponding month of the previous season. Monthly average price of Kapas at Rajkot remained Rs.4520 per quintal during October, which was Rs 4835 during previous month and Rs 4290 per quintal during the corresponding month last year.

Variety-wise Kapas Daily Price Trend at Major Centers



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


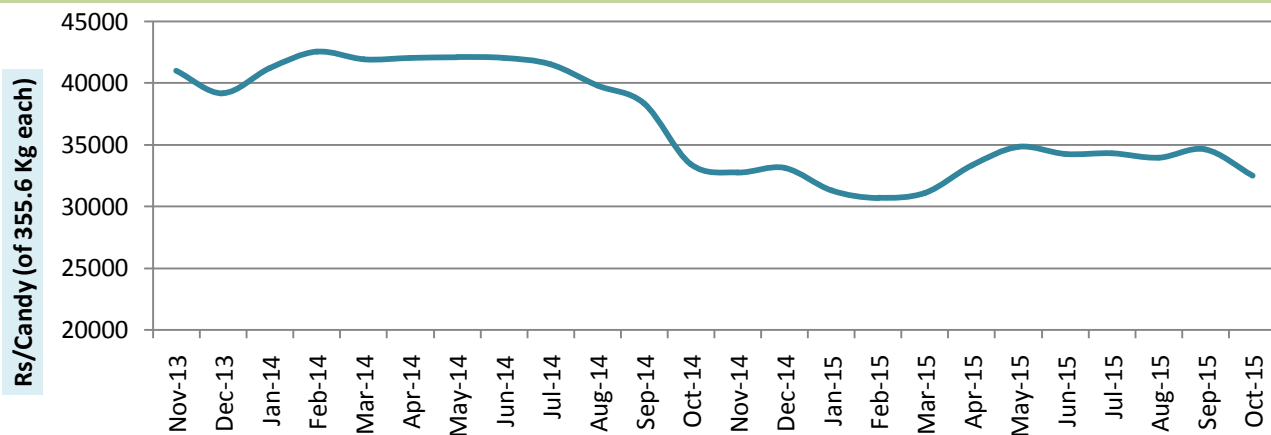
Following the weakness in Kapas prices, lint prices too remained weaker during October as compared to previous month and corresponding month last year. In October this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3215 per quintal, which was Rs 3445 last month and Rs 3283 during corresponding month previous year.

Lint Daily Price Trend at Major Centers


Cotton Fiber Prices Scenario:

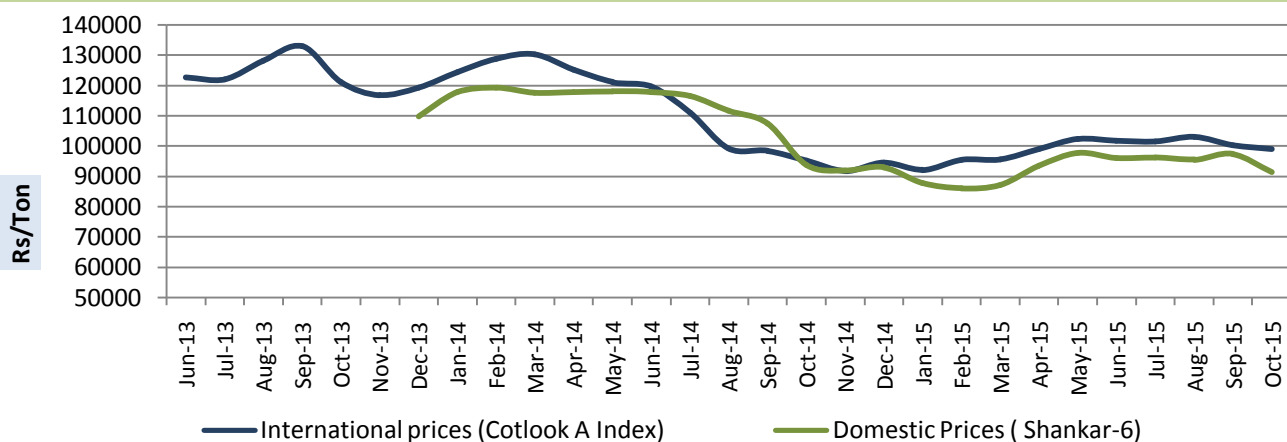
Cotton fiber remained weak this month as compared to the previous month following the ample supply in domestic market. Monthly average price of Shankar-6 during October was Rs 32490 per candy, which was Rs 34635 previous month and around Rs 33440 per candy during the same month previous season.

Monthly Average Fiber Price Trend (Shankar-6)



Domestic cotton price remained weaker as compared to the international prices during October, hence making it competitive in international market. In terms of global market, the average difference between Indian and International prices remained Rs 7585 per ton, making Indian cotton dearer to importers.

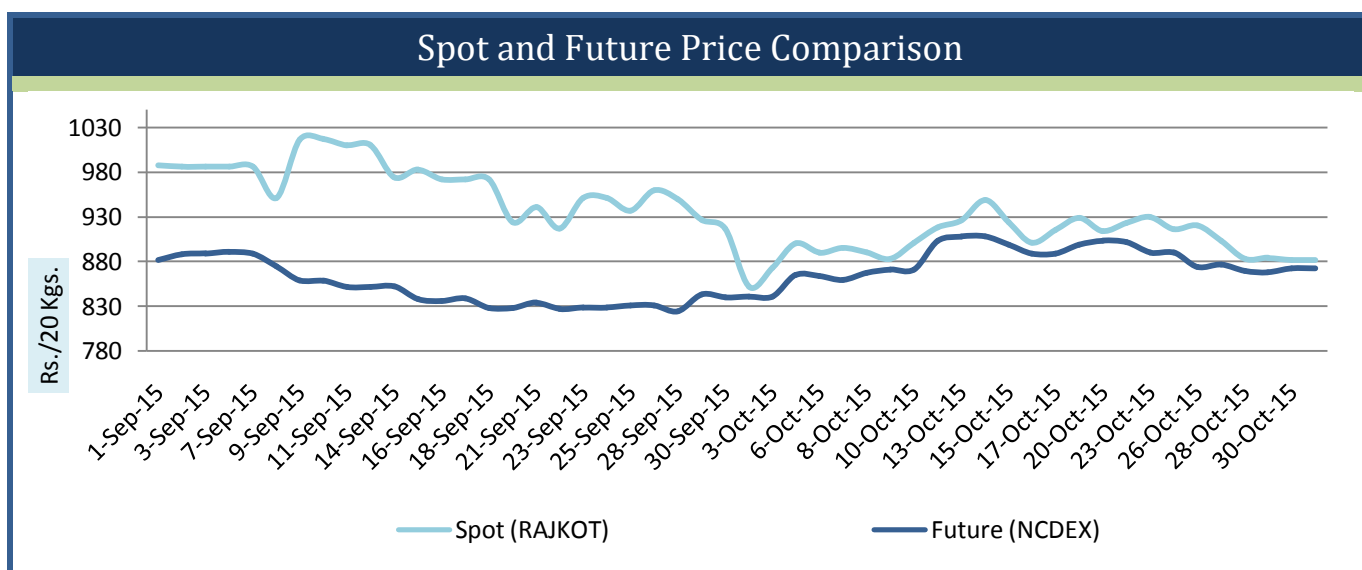
Cotton Fibre Price Comparison (S-6 v/s Cotlook A Index*)



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

Spot versus Future Price Scenario:

Future price of Kapas moved southwards during October as compared to the previous month, but closed higher as compared to previous month. Future price of Kapas at NCDEX closed at Rs. 872.5 per maund (of 20 kg each) on October 30, 2015, standing around 3.8% higher when compared to the closing price of Rs 840 previous month and 8.5% higher when compared to the closing price of same day during last year.



Cotton (Kapas & Lint) Monthly Average Prices at Key Centers:

Centre	Variety	Monthly Average Prices		Change
		Oct'15	Sep'15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4715	4790	-75
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4735	4190	545
Rajkot	B.T. Cotton	4520	4835	-315
Patan	B.T. Cotton	4570	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4480	4490	-10
Muktsar	B.T. Cotton	4630	4305	325
Fazilika	B.T. Cotton	NA	4500	-
Bhiwani	Desi	4745	4650	95
Bhiwani	B.T. Cotton	4600	4590	10
Adampur	B.T. Cotton	4520	4435	85
Fatehabad	B.T. Cotton	4520	4565	-45
Dabwali	B.T. Cotton	4475	4355	120

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

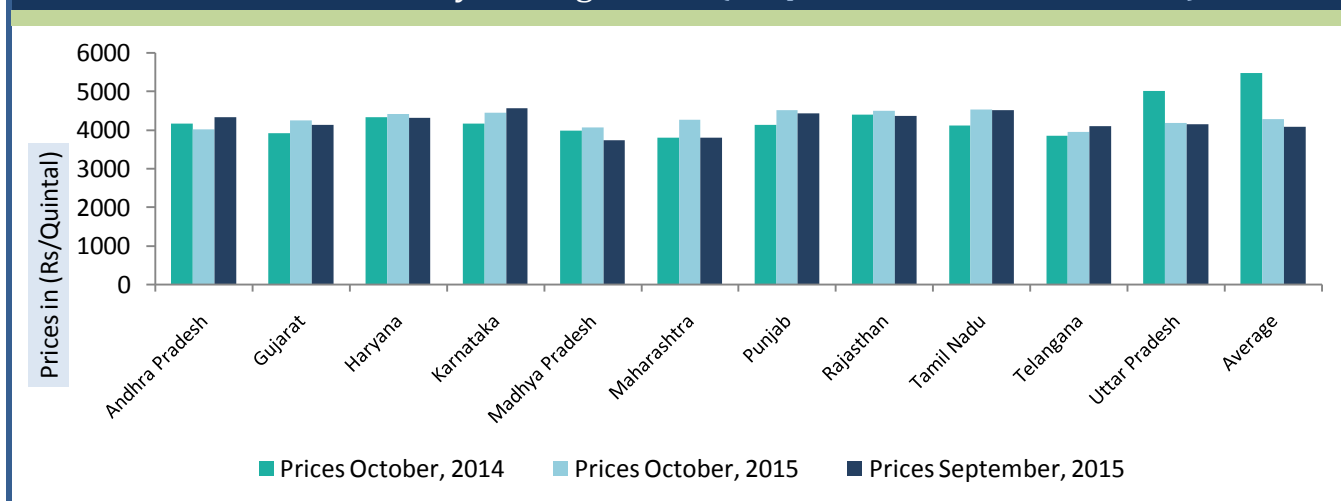
*Rs/candy(of 355.6 kg each)

State-wise Monthly Price Scenario

State	Prices October, 2015	Prices September, 2015	Prices October, 2014	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4023.18	4337.13	4172.03	-7.24	-3.57
Gujarat	4264.91	4150.05	3933.92	2.77	8.41
Haryana	4426.5	4324.72	4338.31	2.35	2.03
Karnataka	4456.06	4574.23	4177.88	-2.58	6.66
Madhya Pradesh	4079.04	3750.12	3996.78	8.77	2.06
Maharashtra	4270.88	3809.69	3809.69	—	12.11
Punjab	4522.81	4440.26	4151.44	1.86	8.95
Rajasthan	4515.41	4378.96	4413.66	3.12	2.31
Tamil Nadu	4547.77	4530.46	4131.93	0.38	10.06
Telangana	3954.91	4109.25	3863.15	-3.76	2.38
Uttar Pradesh	4187.87	4166.43	5023.33	0.51	-16.63
Average	4295.39	4089.15	5490.51		

**Source: Agmarknet*

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



Cotton Export and Import Scenario

Cotton exports during the very first month of the season, i.e. October stood 4.63 lakh bales, around 33.5% higher as compared to the export during the previous month and around 2.5 times higher as compared to the exports during the same month previous season, according to IBIS data, compiled by Agriwatch. Imports in October was 0.92 lakh bales around 48.5% lower when compared to the imports in previous month and around 54% lower compared to the imports during the same period last season.

Exports			Imports	
Month	2014-15	2015-16	2014-15	2015-16
Oct	1.86	4.63	1.98	0.92
Nov	7.34	--	1.25	--
Dec	10.14	--	0.50	--
Jan	6.71	--	0.52	--
Feb	6.72	--	0.72	--
Mar	7.58	--	0.73	--
Apr	3.83	--	0.82	--
May	2.35	--	0.99	--
Jun	2.30	--	1.26	--
Jul	2.84	--	2.16	--
Aug	2.46	--	1.52	--
Sep	3.47	--	1.78	--
Total	57.6	4.6	14.23	0.92
<i>Figures in Lakh Bales, Source: DGFT and IBIS</i>				

Major export destinations during the October were Bangladesh, China, Pakistan followed by Vietnam and Indonesia, whereas the country sourced cotton from majorly from Pakistan, Australia and USA followed by Cameroon and Chad.

Major Export/Import Destinations (figures in lakh Bales)			
Major Exporters		Major Importers	
Bangladesh	1.745	Pakistan	0.278
China	1.318	Australia	0.119
Pakistan	0.727	USA	0.097
Vietnam	0.435	Cameroon	0.080
Indonesia	0.150	Chad	0.067
Others	0.255	Others	0.276
Total	4.630	Total	0.917

Cotton Arrivals in Key Centers:

Centre	Variety	Monthly Total Arrivals (In Quintals)		Change
		Oct'15	Sep'15	
Amravati	Mech-1	27800	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	544700	2800	541900
Rajkot	B.T. Cotton	81115	9390	71725
Patan	B.T. Cotton	82027	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	9883	138	9745
Fazilika	B.T. Cotton	NA	45	-
Muktsar	B.T. Cotton	3740	3230	510
Bhiwani	Desi	1350	100	1250
Bhiwani	B.T. Cotton	131000	89175	41825
Adampur	B.T. Cotton	14365	1275	13090
Fatehabad	B.T. Cotton	12350	850	11500
Dabwali	B.T. Cotton	14275	3265	11010
Jind	B.T. Cotton	4223	214	4009
Uchana (Jind)	B.T. Cotton	4940	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	3610	77	3533
Hubli	B.T. Cotton	222	NA	-
Hathras	B.T. Cotton		3080	-3080
Hanumangarh	B.T. Cotton	31150	280	30870
Ahmedabad	Shankar-6	523600	850	522750
Gondal	Shankar-6	66257	5192	61065
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	27200	24200	3000
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	52	NA	-
Raichur	H-44 Cotton	7369	1054	6315
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	18785	3777	15008
Bhatinda	J-34	109990	19040	90950
Sirsa	J-34	15980	3225	12755
Mansa	J-34	8670	1718	6952
Sri-Ganganagar	J-34	NA	NA	-

Cotton Consumption and Cotton Yarn Dynamics

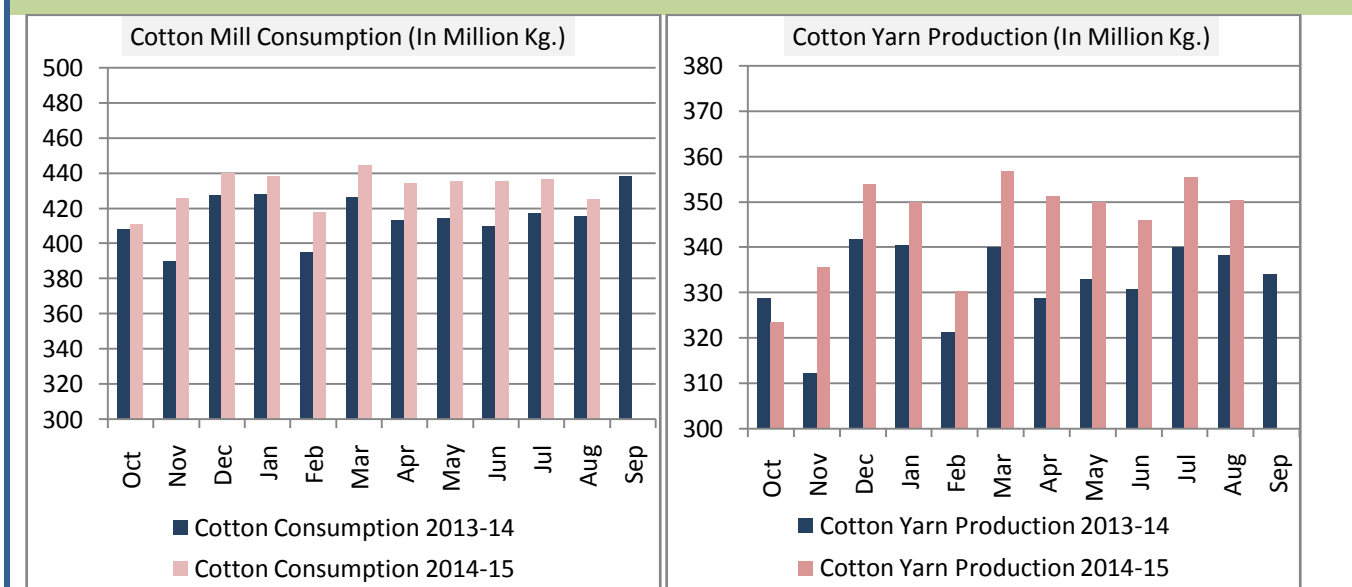
Cotton Consumption and Cotton Yarn Production:

In the initial eleven months of season (ie Oct'14-Jul'15), cotton consumption in the country recorded at 4,745 million kgs which is 4.38% higher than the consumption during corresponding period last year. Similarly cotton yarn production too remained higher during the season. Cumulative cotton yarn production during the initial eleven months of the given season stood at 3,803 million kgs around 4.1% higher when compared to corresponding period previous season.

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	417.81	321.31	330.35
Mar	426.15	445	340.2	356.78
Apr	413.36	434.62	328.68	351.32
May	414.51	435.87	332.92	349.88
Jun	409.82	435.24	330.69	345.92
Jul	417.22	436.85	340	355.47
Aug	415.86	425.04	338.09	350.29
Sep	438.7		334.03	

Figures in Million Kg.

Cotton Consumption versus Cotton Yarn Production

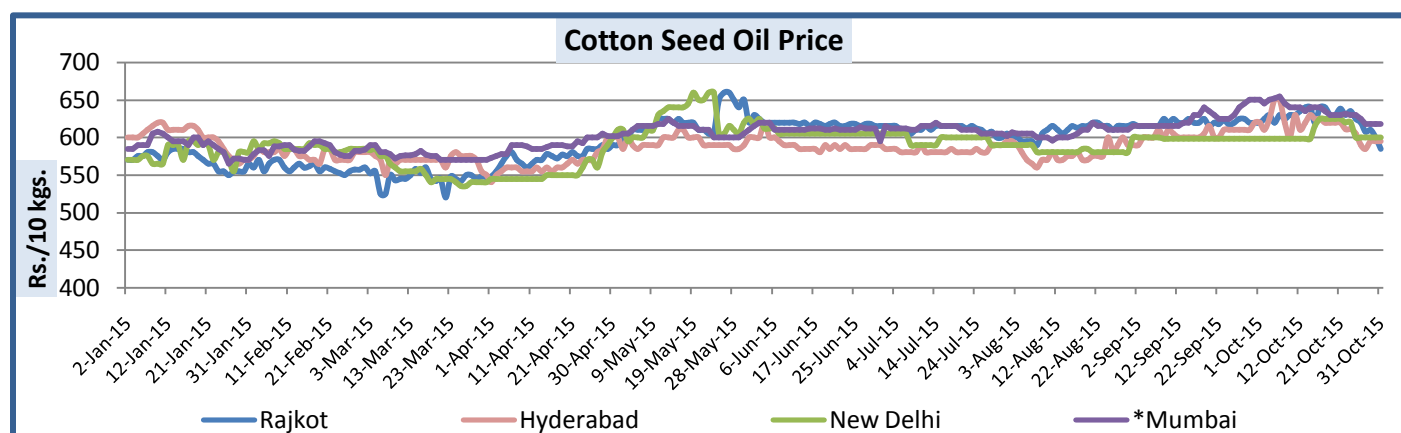


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil at Key Centers:

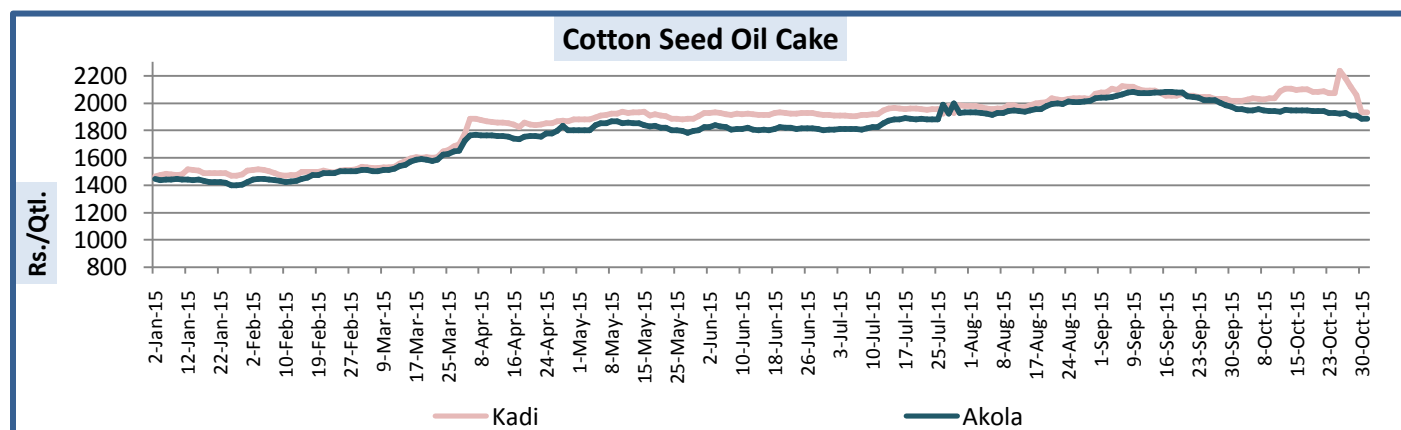
Centre	Monthly Average Prices (Rs/10 kg.)		% Change
	October'15	September'15	
New Delhi	606	598	1.34
Rajkot	625	620	0.81
Hyderabad	615	604	1.82
Mumbai*	635	626	1.44

* VAT Included



Cotton Seed Oil Cake at Key Centers:

Centre	Monthly Average Prices (Rs/Quintal)		% Change
	October'15	September'15	
Kadi	2066	2070	-0.19
Akola	1935	2050	-5.61



Technical Analysis of Cotton Future

Commodity	Kapas
Exchange	NCDEX
Contract Month	Apr'16



Monthly Technical Outlook:

- Candlesticks overall uptrend momentum in the market.
- RSI is moving high in neutral region.
- MACD noticed bearish cross over in signal and center line.
- 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	850-920

Expected Support and Resistance:

Support 1	Support 2	Resistance 1	Resistance 2
835	820	935	950

International Market Scenario

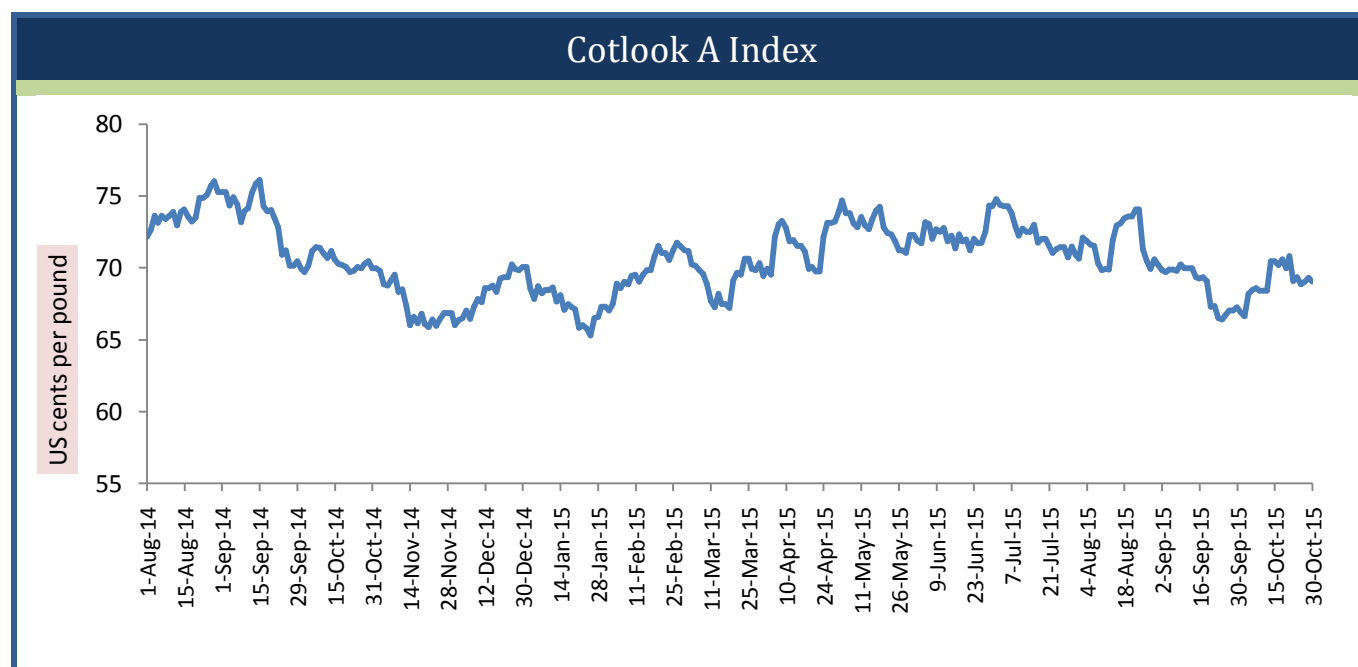
Current Market Scenario: International market noticed sideways to slightly firm momentum during the month of October, Cotlook A Index remained in the range of 66.65-70.85 cents during the month. Monthly average, stood at 69.03 cents, 0.42% higher when compared to previous month and around 1.87% lower when compared to corresponding month of the previous season.

Cotton export in Pakistan has witnessed a growth of 10 per cent during the first quarter of the fiscal year (FY 16) due to the lower domestic prices and higher demand from the overseas. According the data, country exported raw cotton valued USD 55 million during the first quarter of FY16 as compared to USD 50 million during the same period in FY 15.

The recent rise in the cotton prices in Pakistan has improved the import parity. Spinners have booked the import order from India and other exporting nations. So far around 1.4 million bales of cotton has been booked to be imported to country and the volume is likely to go around 2.5 million bales.

According to the customs data reported by industry website, China imported 50,900 tons of cotton in September, around 58.6 percent lower compared to previous year's import during the same period and lowest monthly import volume since at least 2005.

According to the October estimates of ICAC (International cotton advisory committee), world cotton production would be around 23.84 million tonnes during the season 2015-16, which was estimated 26.11 million tonnes for the season 2014-15.



World Cotton Scenario (2015-16):

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

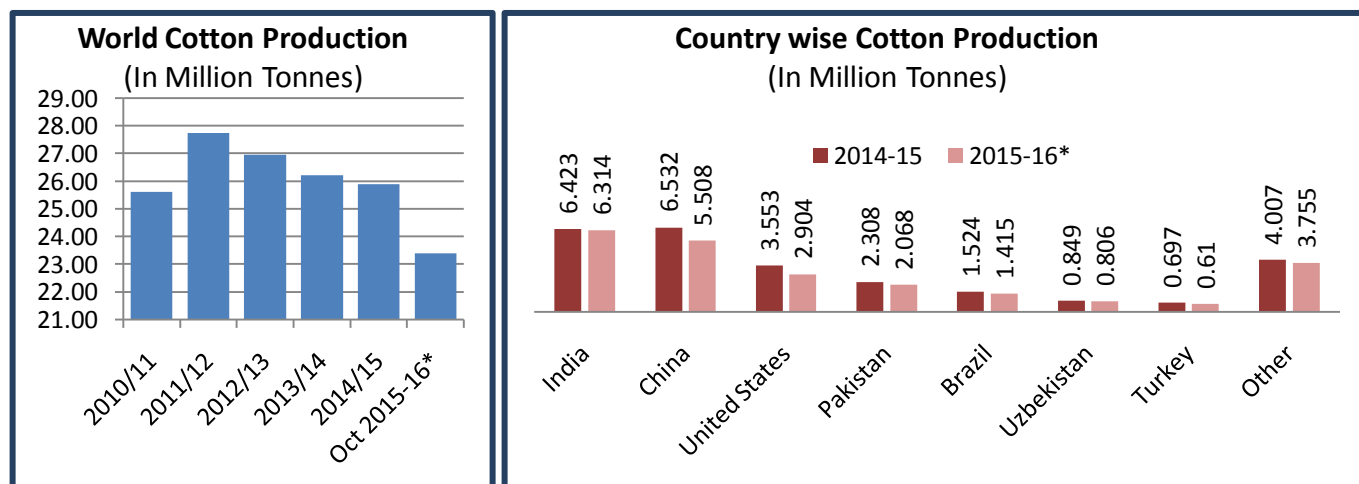
Particulars	2014-15	2015-16*	% Change
SUPPLY			
Opening stock	22.42	24.34	8.56
Production	25.89	23.38	-9.71
Imports	7.820	7.445	-4.80
Availability	56.13	55.17	-1.71
DEMAND			
Consumption	24.05	24.44	1.62
Exports	7.72	7.44	-3.63
Total Disappearance	31.77	31.88	0.35
Ending Stocks	24.34	23.29	-4.31

*Source: USDA *October Estimates*

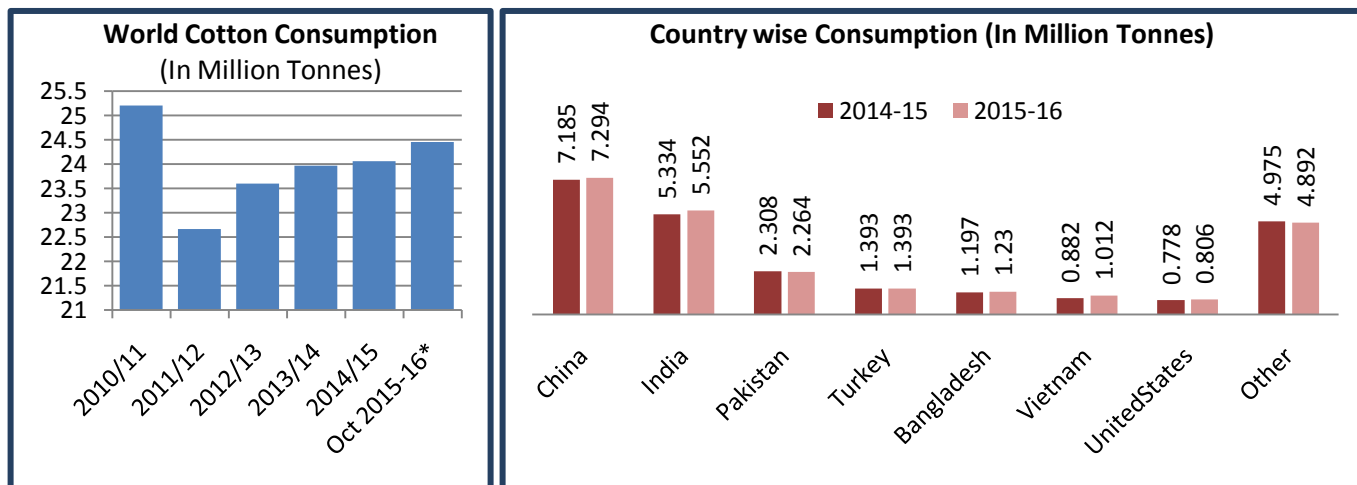
Balance Sheet Highlights: According to the latest estimates by USDA, cotton production on global front is likely to fall this season to 23.38 million tonnes from 25.89 million tonnes in 2014-15. Cotton imports on the global front are likely to fall by around 4.8% to 7.4 million tonnes in the current season as compared to the previous season. Consumption is likely to increase in the season 2015-16 by around 1.62%, whereas exports are likely to fall by around 3.63% as compared to the previous season to 7.44 million tons. Ending stocks led by lower production and higher consumption is likely to fall by around 4.3% as compared to the previous season.

World Cotton Supply and Demand Scenario 2015/16:

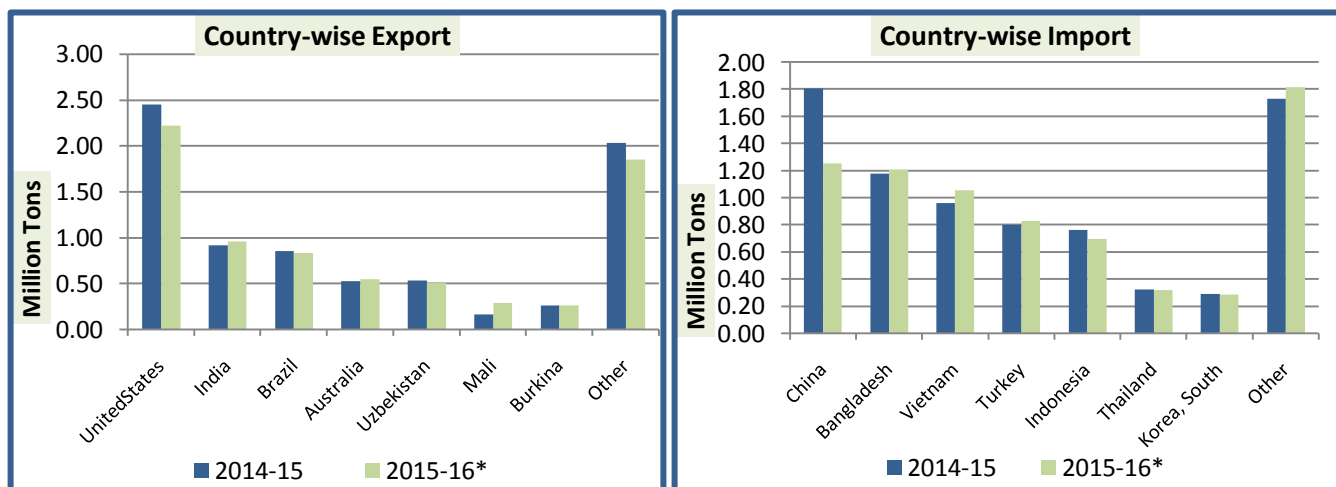
World Cotton Production: USDA has further slashed down the world cotton production estimates in its latest release. It believes that the global cotton output would be around 23.38 million tonnes in 2015-16, around 1.25% lower when compared to the previous estimates for the same season and around 10% lower when compared to the estimates for last year production of 25.89 million tonnes.



World Cotton Consumption: World cotton consumption estimates are revised downward in the latest estimates by USDA. According to USDA, world cotton consumption would be around 24.44 million tonnes in the current season i.e. 2015-16, around 1% lower when compared to the estimates of previous month and around 1.6% higher when compared to the estimates of previous season, which stood at 24.05 million tons.



World Cotton Export and Import: According to USDA, world cotton export in the season 2015-16 is expected to decline to 7,444 thousand metric (000'Mt) from 7,720 thousand metric tons in 2014-15. Although the overall export would decline, few of the major exporting countries are expected to notice rise in export. Cotton export from India is expected to surge up by around 5% to 958 thousand tons from 914 thousand tons from previous season. Australia cotton export could go up by around 4.4% to 544 thousand tons in the current season as compared to 521 thousand tons in previous season. Mali is expected to see a drastic rise in export. The country is expected to export 283 thousand tons of cotton in season 2015-16, around 74% higher when compared to the 163 thousand tons in 2015-16.

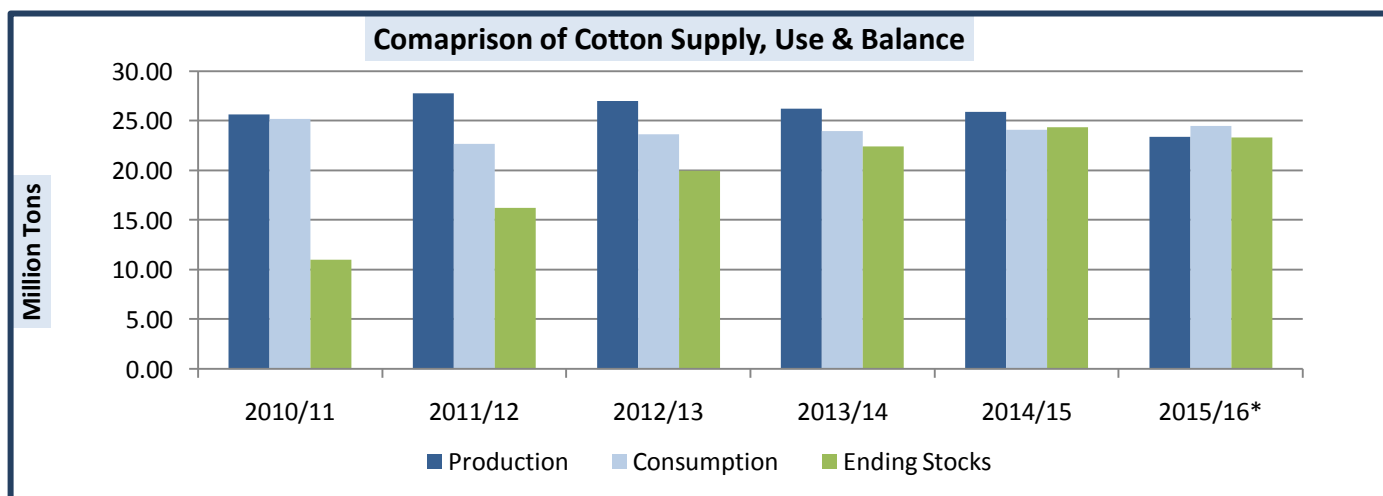


World Cotton Ending Stocks: Due to the downward revision in the export and consumption figures, the estimates for ending stocks for the season has been surged up slightly in the latest projections released by USDA. It is believed that the ending stocks by the end of season 2015-16 would be around 23.29 million tons around 0.67% higher when compared to the estimates of previous month i.e. 23.135 million tons and 4.3% lower when compared to estimates of previous season.

Comparison of Production Consumption and Ending Stocks: The overall trend of supply, use and balance is brief in the given table. Production is falling from the last four years. However Consumption is showing continuous uptrend since last four years. Ending stock for the first time in last five years, is expected to fall which was continuously rising year on year basis before the current one.

World Cotton Supply, Use and Balance			
Season	Production	Consumption	Ending Stocks
2010/11	25.61	25.2	11.019
2011/12	27.743	22.666	16.196
2012/13	26.971	23.603	19.988
2013/14	26.226	23.967	22.425
2014/15	25.896	24.284	24.147
2015/16*	23.675	24.698	23.135

**Source: USDA October Estimates*



International Prices and Indices

China Cotton Index

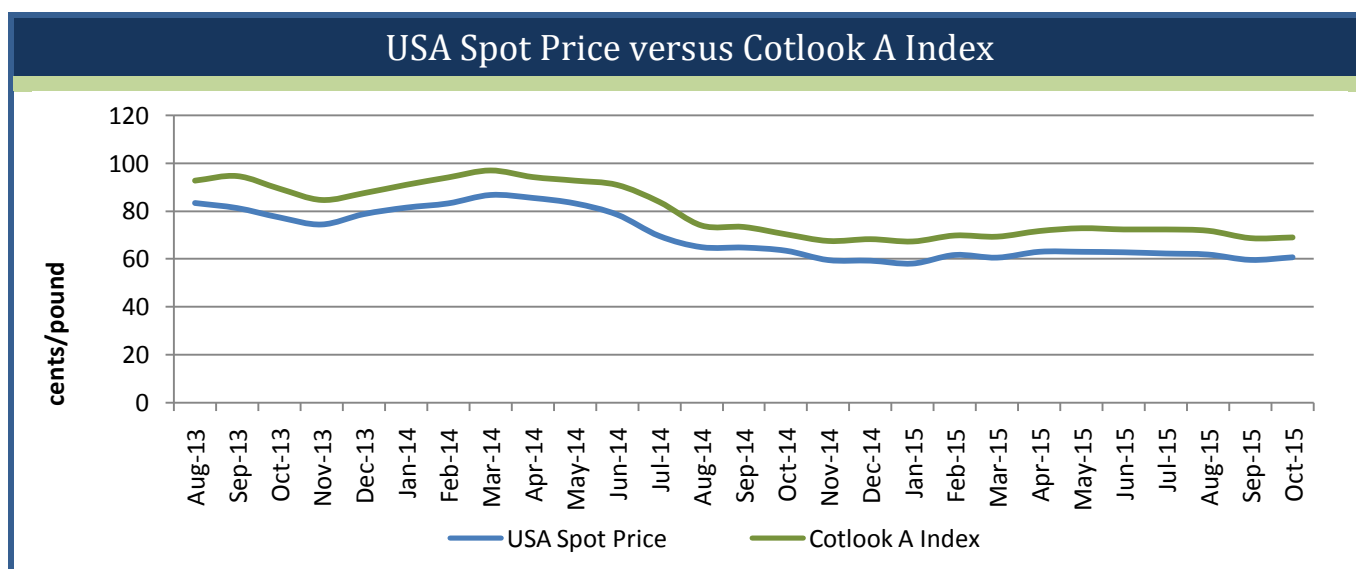
CC Indices	Monthly Average Prices as in		% Change
	October'15	September'15	
CC Index(229)	13632	13642	-0.07
CC Index(328)	13040	13061	-0.16
CC Index(527)	11934	11962	-0.23
Figures in Yuan per Ton			

Cotlook A Index

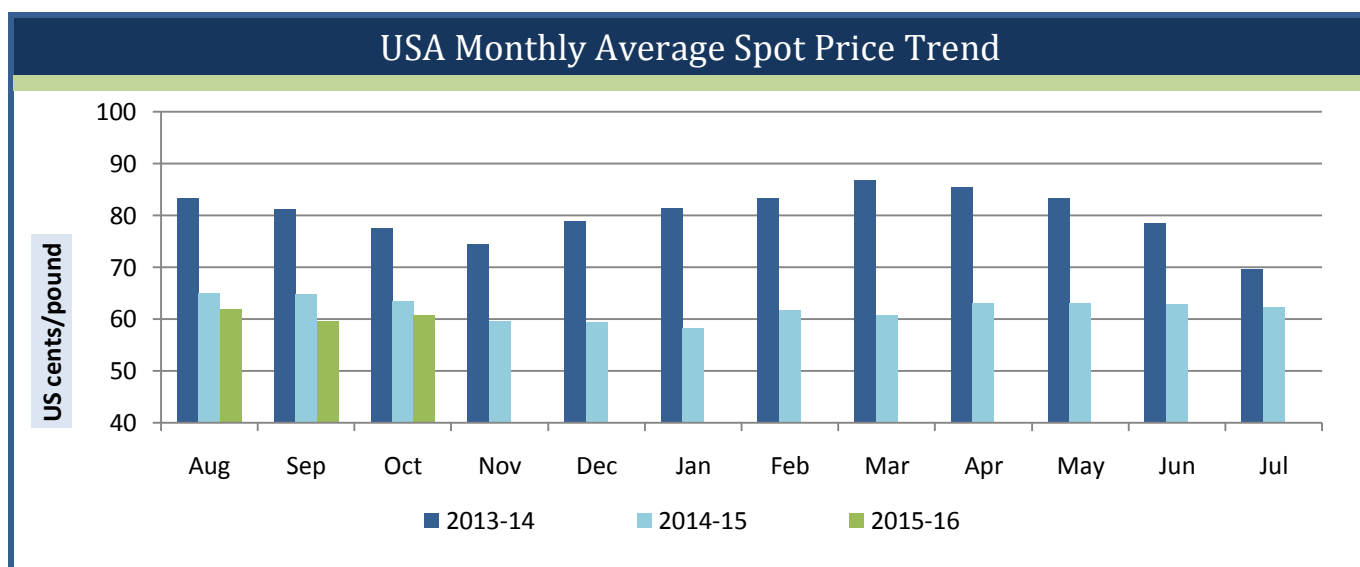
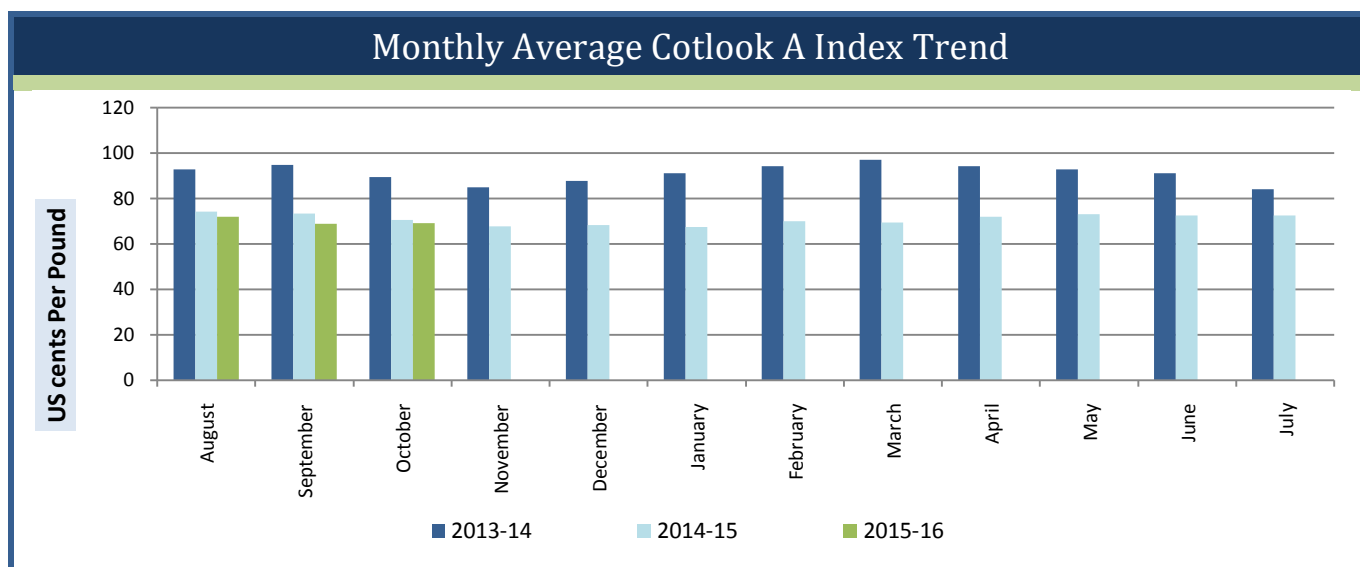
Cotlook A Index	Monthly Average Price		% Change
	October'15	September'15	
Price	69.03	68.74	0.42
Figures in US Cents per Pound			

USA Spot Prices

Monthly Average USA Spot Prices			
Date	October'15	September'15	% Change
Prices	60.78	59.70	1.81



Month wise Cotlook A Index:



ICE Cotton Future:

Contracts	30-Oct-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-15	63.32	62.76	60.14	66.5	0.89	5.29	-4.78
Dec-15	63.00	62.60	59.96	--	0.64	5.07	--
Mar-16	63.60	63.11	60.41	--	0.78	5.28	--
May-16	63.95	63.43	60.78	--	0.82	5.22	--
Jul-16	62.86	63.28	60.50	--	-0.66	3.90	--
Oct-16	63.44	63.27	--	--	0.27	--	--

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 bullish sentiments in the market.
- RSI is moving low in neutral region.
- Volume and Open Interest are moving steady.
- MACD denotes bullish centerline and signal line movement.
- We expect price to remain sideways to firm in the coming days.

Expected Price Range During Coming Month

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	61.40-65.60

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
61.00	60.00	66.00	67.00
Prices in cents per pound		Source: MRCI	

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