

Current Market Outlook

Cotton spot prices remained downtrend this week as compared to previous week. Average price of Kapas at Rajkot during the week was Rs. 4775 per quintal, which stood Rs 4850 previous week.

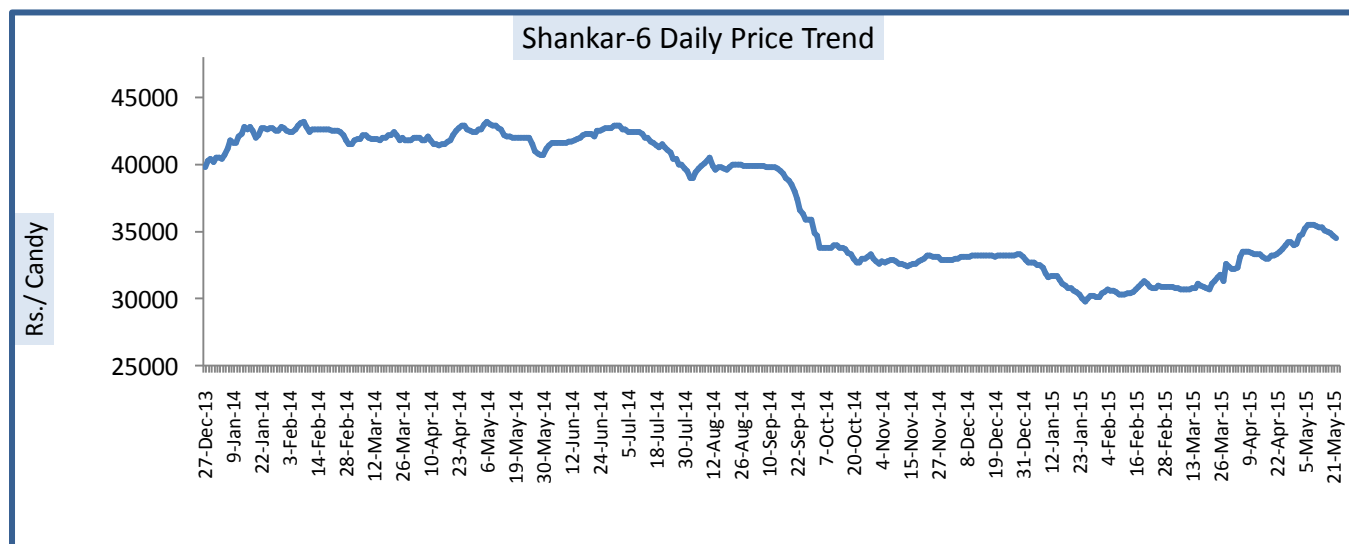
Cotton output in India would stand around 384.5 lakh bales (of 170 kg each) in the season 2014-15, around 5.6 per cent lower when compared to the production of previous season which was 407.25 lakh bales, said Cotton Association of India (CAI).

Pricing of cotton seed has settled a debate among the cotton growers and cotton seed producers in Andhra Pradesh and Telangana. The seed industry is demanding the hike in the prices whereas farmers are not supporting the same as this would increase the cost of production. The price announced by these two acts as the benchmark for the rest of the cotton growing states.

According to Indian Cotton Federation (ICF), unsold stocks of cotton held by the ginners and traders are approximately 20 lakh bales. CCI has sold 6.68 lakh bales of cotton so far from the stocks it procured during the current season under MSP procurement operation. Cotton arrival on the daily basis has been diminished to 40000 bales per day.

Department of Agriculture and Co-operation (DAC), Ministry of Agriculture (MoA) has revised the cotton production estimates up for season 2014-15 at 353.28 lakh bales in its third advance estimates against the target of 350 lakh bales and 351.52 lakh bales which was estimated in second advance estimates. The final estimate of cotton production for season 2013-14, as estimated by DAC was 359.02 lakh bales.

Cotton production in India would be on lower side in 2015-16, said USDA. Cotton output in the country would be around 6.423 million ton in the coming season, slightly lower than when compared to the current season which would be around 6.523 million tones. Acreage of cotton in India would shrink in the coming season to 12 million hectares from 12.7 million hectares in the current season. Yield of cotton would be higher at 535 kg per hectare in the coming season as compared to 514 kg per hectare in the current season.



Domestic Balance Sheet

All figures in Lakh Bales (of 170 Kgs. Each)			
Item	2013-14	2014-15	% Change
Supply			
Opening stock	52.58	58.90	12.02
Crop size	407.25	397	-2.52
Imports	11.75	13	10.64
Availability	471.58	468.9	-0.57
Demand			
Mill consumption	266.68	270	1.24
Small Mill consumption	24	26	8.33
Non-Mill consumption	10	10	0.00
Total consumption	300.68	306	1.77
Export	112	90*	-19.64
Total Demand	418.6	396	-5.40
Ending Stock	58.9	72.9	23.77

Source: Cotton Association of India (CAI) *As estimated by CCI

Balance Sheet Highlight (2014-15):

As per the latest revision in the cotton balance sheet by CAI, cotton availability would be on lower side this season due to lower production, although imports would stand higher. Total consumption will be higher but lower export in the season would make the total demand to be weaker and hence ending stock will bulge up.

Cotton Crop Prospects for Season 2015-16:

Cotton production in India would be on lower side in 2015-16, said USDA. Cotton output in the country would be around 6.423 million ton in the coming season, slightly lower than when compared to the current season which would be around 6.523 million tones.

Acreage of cotton in India would shrink in the coming season to 12 million hectares from 12.7 million hectares in the current season. Yield of cotton would be higher at 535 kg per hectare in the coming season as compared to 514 kg per hectare in the current season.

Cotton consumption in India is likely to surge up to 5.606 million tons in the coming season compared to 5.334 million tons in the current season.

Cotton exports in the coming season that is 2015-16 is likely to be around at 1.089 million tones (64.05 lakh bales approx.) around 28.6% lower when compared to 849 million tones (49.9 lakh bales approx.) in the current season.

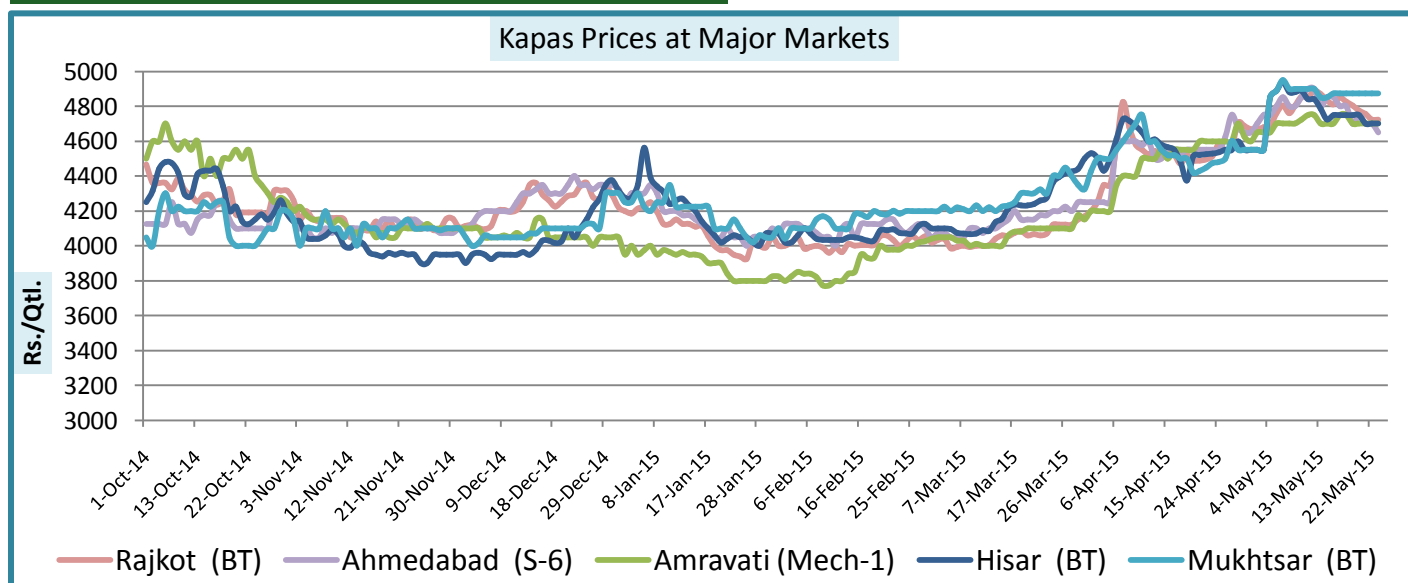
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

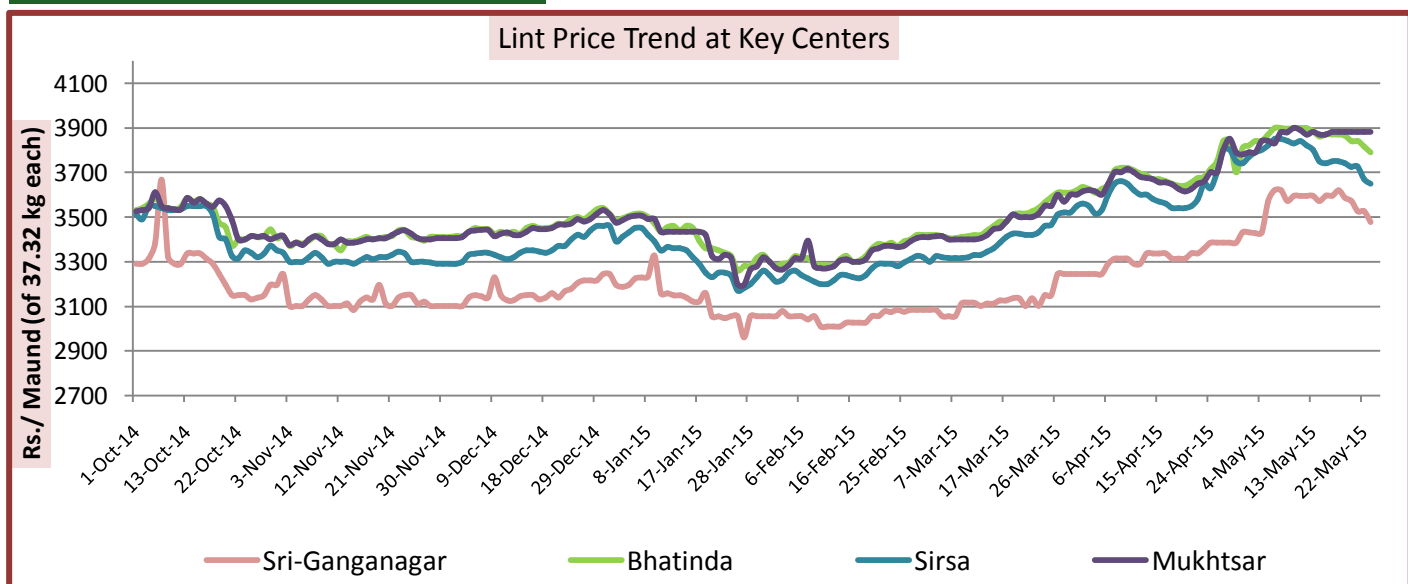
Centre	Variety	Weekly Average Prices as on		+/- Change
		22nd May 2015	15th May 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4720	4675	45
Khandwa	Mech-1	NA	NA	-
Khargaoon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4850	4725	125
Patan	B.T. Cotton	4880	4745	135
Deesa	B.T. Cotton	NA	NA	-
Dhrol		4815	4745	70
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4860	4735	125
Adampur	B.T. Cotton	4805	4825	-20
Fatehabad	B.T. Cotton	4800	4830	-30
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana	B.T. Cotton	NA	NA	-
Rawatsar	B.T. Cotton	4740	4740	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4700	4775	-75
Gondal	Shankar-6	NA	4718	-
	Kapas	(Rs./Qtl)		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4810	4760	50
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4050	4035	15
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3875	3870	5
Muktsar	J-34	3880	3830	50

Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3885	3860	25
Sirsa	J-34	3795	3815	-20
Sri-Ganganagar	J-34	3590	3535	55

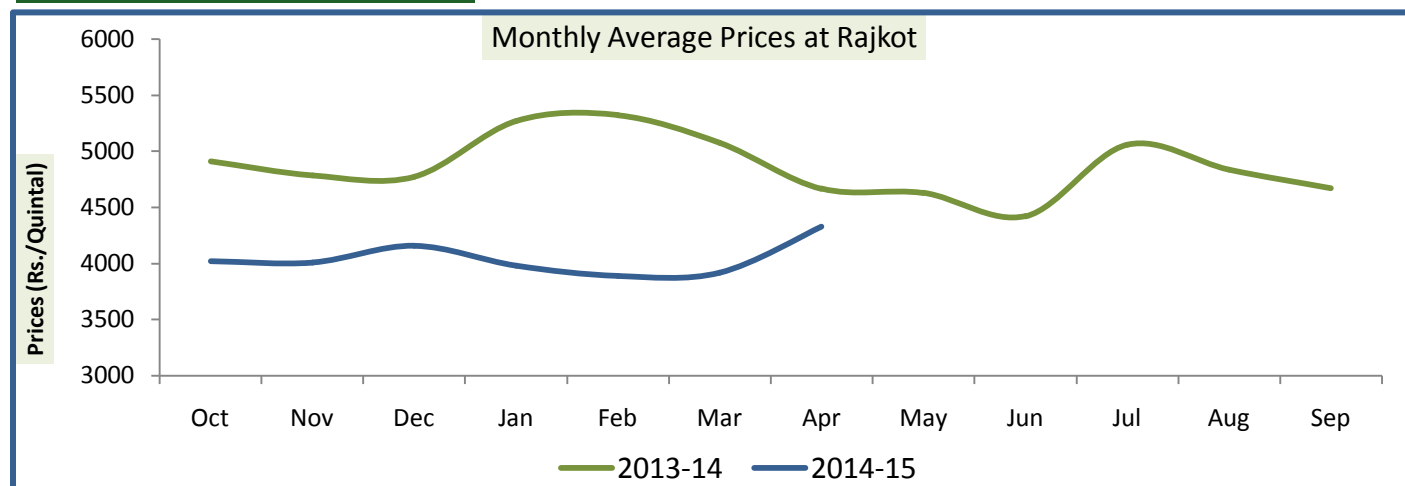
Price Trend of Kapas (Seed Cotton) at Key Centers:



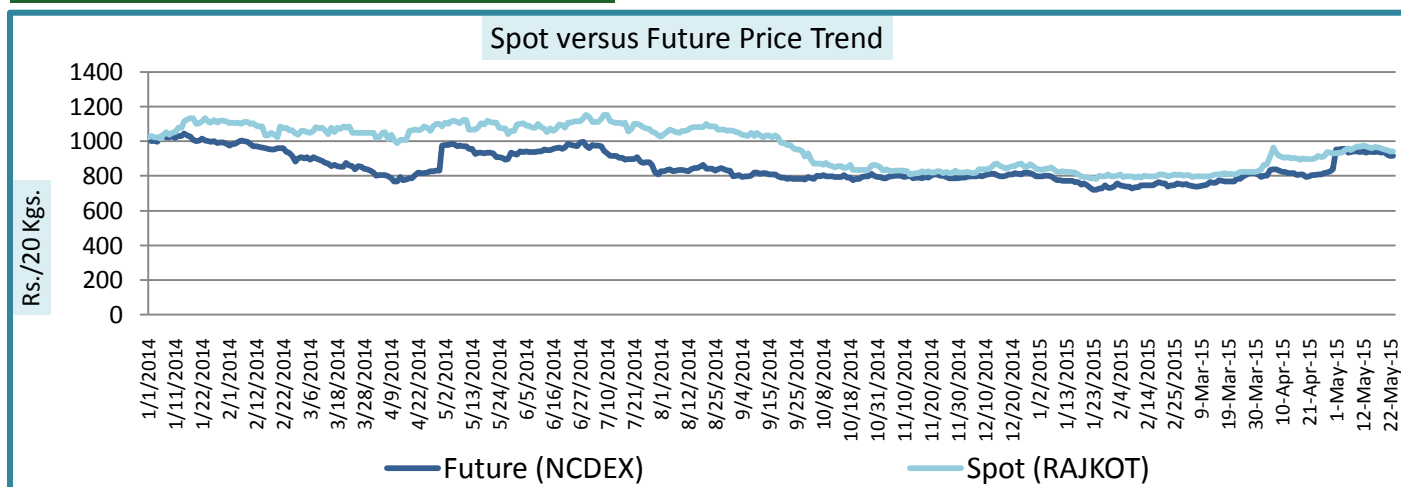
Price Trend of Lint at Various Centers:



Monthly Average Price at Rajkot:



Price Movement at Spot and Future Market:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Price as on*		Change
				21 May 2015	14 May 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	35000	35200	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35500	35700	-200
J-34(202)	26mm	3.5 - 4.9	23	35240	35650	-410
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34260	34675	-415
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	35425	-425
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36860	37050	-190
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37660	37800	-140
DCH-32(107)	34mm	3.0 - 3.8	33	35000	35200	-200

*Prices in Rs/candy (of 356 kg each)

Cotton Arrivals at Key Centers:

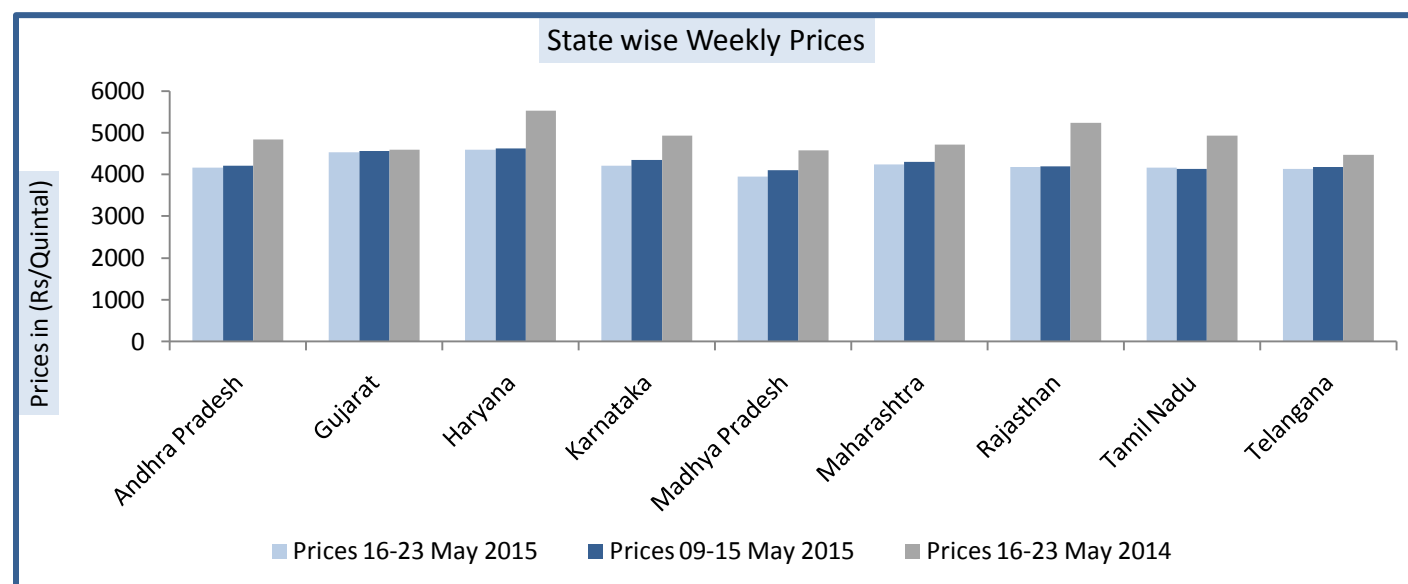
Centre	Variety	Weekly Cumulative Arrivals (In Qtl.)		Change
		16th May to 22nd May 2015	09th May to 15th May 2015	
Amravati	Mech-1	1925	2400	-475
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	6775	8075	-1300
Patan	B.T. Cotton	7524	7555	-31
Deesa	B.T. Cotton	NA	NA	-
Dhrol		312	240	
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	B.T. Cotton	NA	NA	-
Rawatsar	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	105400	112200	-6800
Gondal	Shankar-6	2016	2601	-585
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	3224	4102	-878
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4	2	2
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	510	510	Unch
Sri-Ganganagar	J-34	NA	NA	-

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

State	Prices 16-23 May 2015	Prices 09-15 May 2015	Prices 16-23 May 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4164.78	4206.37	4841.17	-0.99	-13.97
Gujarat	4532.16	4561.64	4597.14	-0.65	-1.41
Haryana	4595.92	4621.78	5523.51	-0.56	-16.79
Karnataka	4207.62	4343.14	4930.58	-3.12	-14.66
Madhya Pradesh	3950.5	4094.76	4582.6	-3.52	-13.79
Maharashtra	4234.05	4307.05	4720.91	-1.69	-10.31
Rajasthan	4177.34	4197.22	5235.58	-0.47	-20.21
Tamil Nadu	4157.2	4135.88	4929.49	0.52	-15.67
Telangana	4127.38	4173.75	4466.3	-1.11	-7.59
Average	4238.55	4293.51	4741.43		

Source:Agmarknet

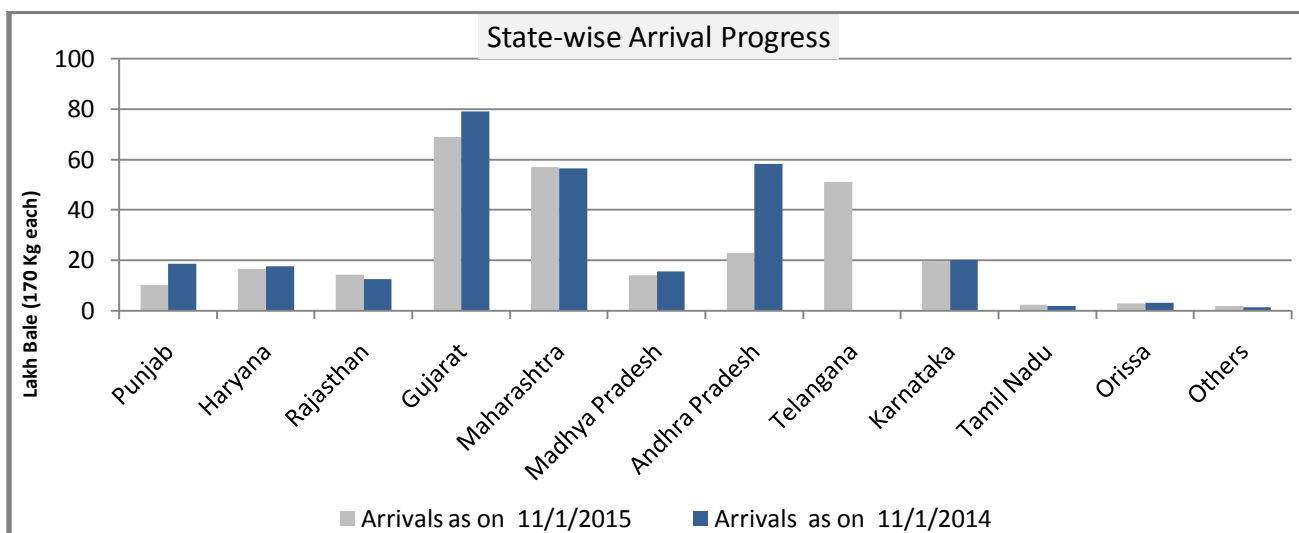


State wise Arrivals (in lakh bales of 170 kgs each):

Table given below showing cotton production and estimated arrivals during 2014-15 season vis-a-vis cotton season 2013-14:

States	2014-15*		2013-14	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	13-10-2014	08-03-2015	02-07-2014	08-03-2014
1. Punjab	14	10.15	21	18.69
2. Haryana	25	16.47	23	17.61
3. Rajasthan	17	14.25	14	12.35
A. North Total (1+2+3)	56	40.87	58	48.65
4. Gujarat	125	68.98	120	79.1
5. Maharashtra	85	57.12	84	56.56
6. Madhya Pradesh	18	13.93	19	15.63
B. Central Total (4+5+6)	228	140.03	223	151.29
7. Andhra Pradesh	50	22.96	76	58.22
8. Telangana	27	51.15	--	--
9. Karnataka	28	19.69	22	19.98
10. Tamil Nadu	5	2.27	5	1.74
C. South Total (7+8+9)	110	96.07	103	79.94
11. Orissa	4	2.78	4	3.07
12. Others	2	1.75	2	1.36
D. Total (11+12)	6	4.53	6	4.43
Grand Total (A+B+C+D)	400	281.5	390	284.31

* Inclusive of new crop arrivals in September 2014
 ** Quantity in lakh bales (of 170 kgs. each)

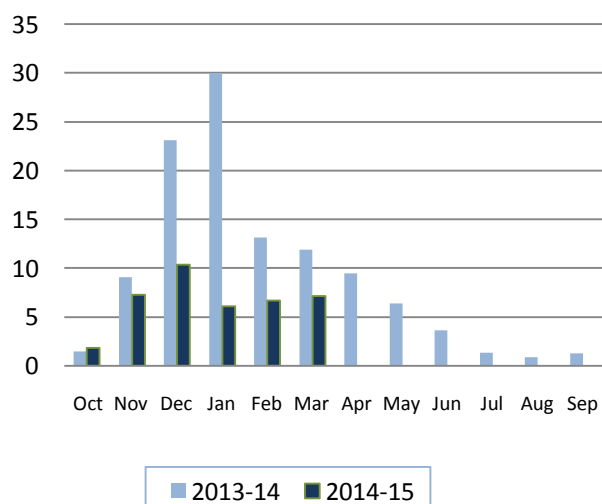


Cotton Export and Import

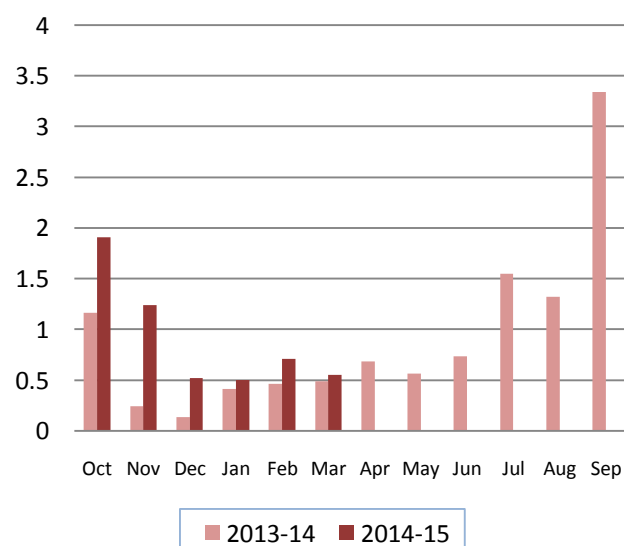
Cotton Exports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.43	1.81
Nov	9.06	7.3
Dec	23.12	10.34
Jan	30	6.11
Feb	13.15	6.68
Mar	11.9	7.3
Apr	9.46	
May	6.37	
Jun	3.62	
Jul	1.32	
Aug	0.87	
Sep	1.24	
Total	111.5	39.5

Cotton Imports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.16	1.91
Nov	0.24	1.24
Dec	0.133	0.52
Jan	0.41	0.5
Feb	0.46	0.71
Mar	0.488	0.74
Apr	0.68	
May	0.56	
Jun	0.73	
Jul	1.55	
Aug	1.32	
Sep	3.34	
Total	11.07	5.62

Month Wise Exports (In lakh Bales)



Month Wise Imports (In Lakh Bales)



Weekly Export Import Data

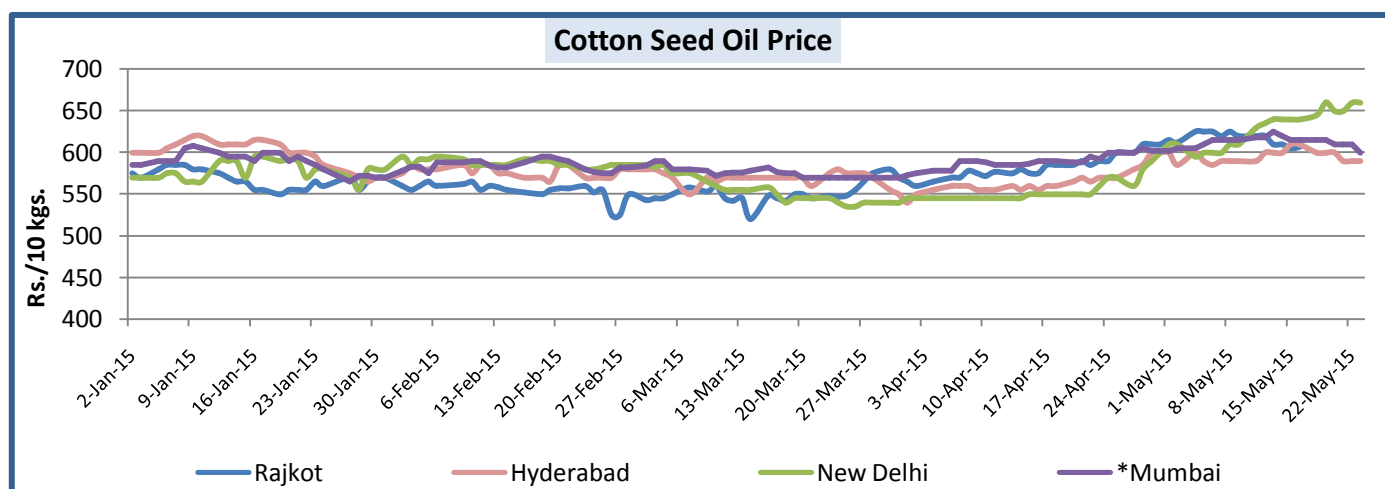
Export/Import	11-17 May 2015	04-10 May 2015
Export (In lakh Bales)	0.42	0.41
Import (In lakh Bales)	0.38	0.09

Source: IBIS

Cotton Seed Oil and Cotton Seed Oil Cake

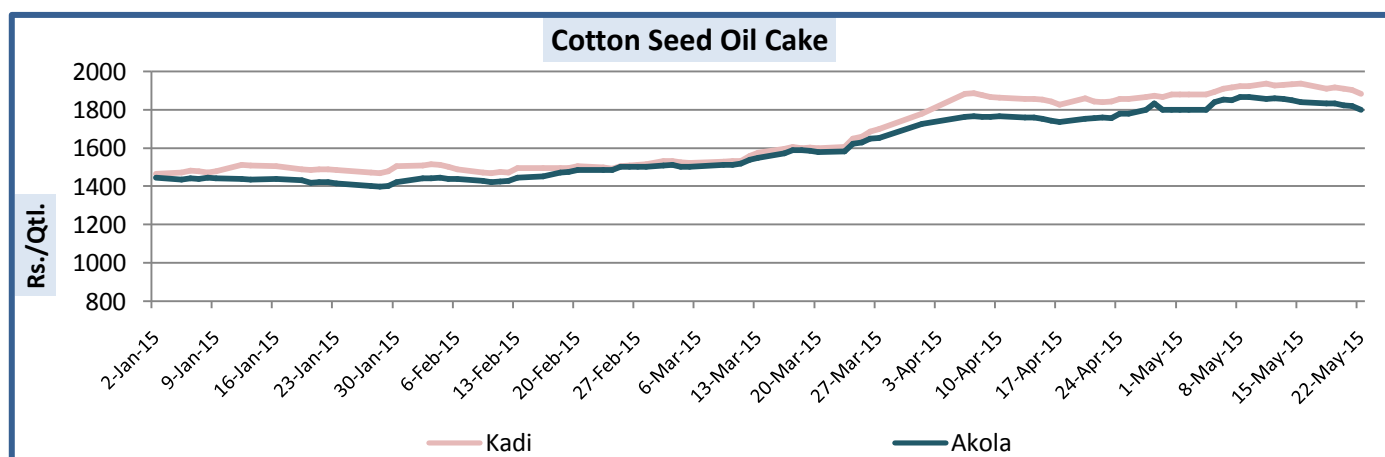
Cotton Seed Oil at Key Centers:

Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	22-May-15	15-May-15	
New Delhi	653	637	2.51
Rajkot	613	624	-1.76
Hyderabad	596	600	-0.67
Mumbai*	612	619.2	-1.16
*Vat Included			



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	22-May-15	15-May-15	
Kadi	1904.2	1931.8	-1.43
Akola	1820.4	1851.2	-1.66



*Source: NCDEX

International Market Scenario

International cotton prices remained sideways to weak during the week. Cotlook A Index stood as weekly average stood 72.75 cents/pound this week compared to 73.31 cents/pound previous week.

China imported around 160,800 tonnes of cotton in April, approximately 28.3% lower when compared to the volume imported during the same month last year, according to the official custom data. During the initial four month of the year, imports to China fell by around 38.2 percent year on year to 609,000 tonnes, said China Cotton Association (CCA) citing custom data.

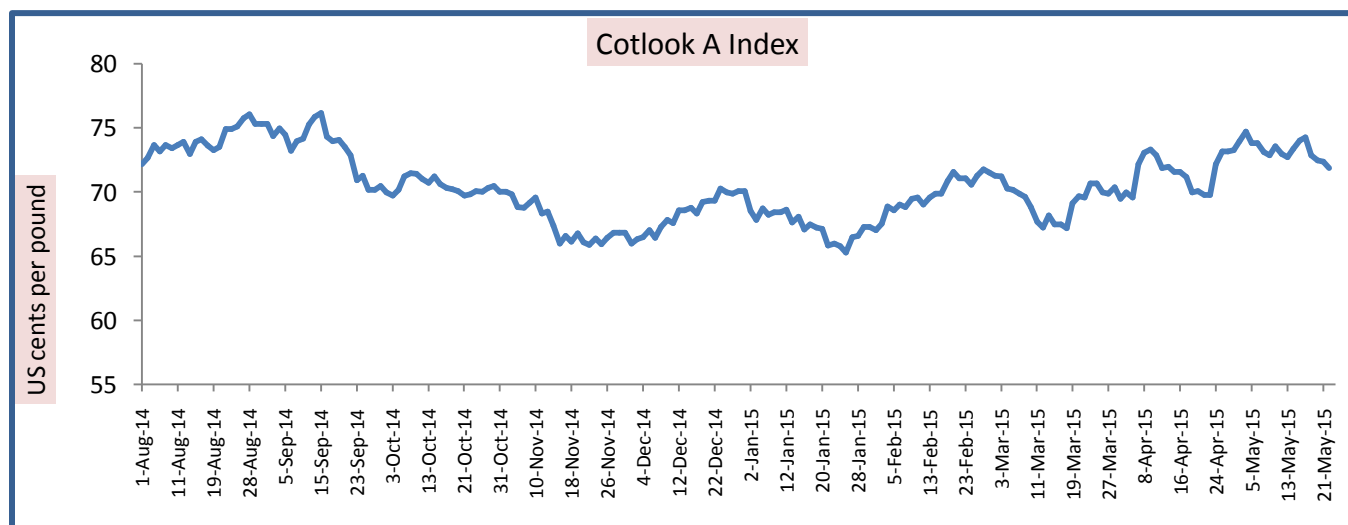
Around 44% of cotton planting has been completed in USA as on May 17 this year, which was 26% last week and 35% last year on same date, according to USDA. The five year average sowing progress is 46% as on date, slightly higher than the current sowing pace.

According to Informa Economics, all cotton acreage in USA would stand around 9.334 million acres, lower than the March estimates of USDA which was 9.549 million acres.

China cotton imports in the coming season is likely to drop by around 22.07% to 1.306 million tons in the coming season that is 2015-16 from 1.676 million tons in the current season, said USDA.

Cotton ending stocks are expected decline in the coming season for the first time in the last five years. Lower production and higher consumption would lead the ending stocks to fall. In the upcoming season ending stocks would be around 23.143 million tons round 3.59% lower when compared to the estimated figure of 24.005 million tons in the current season.

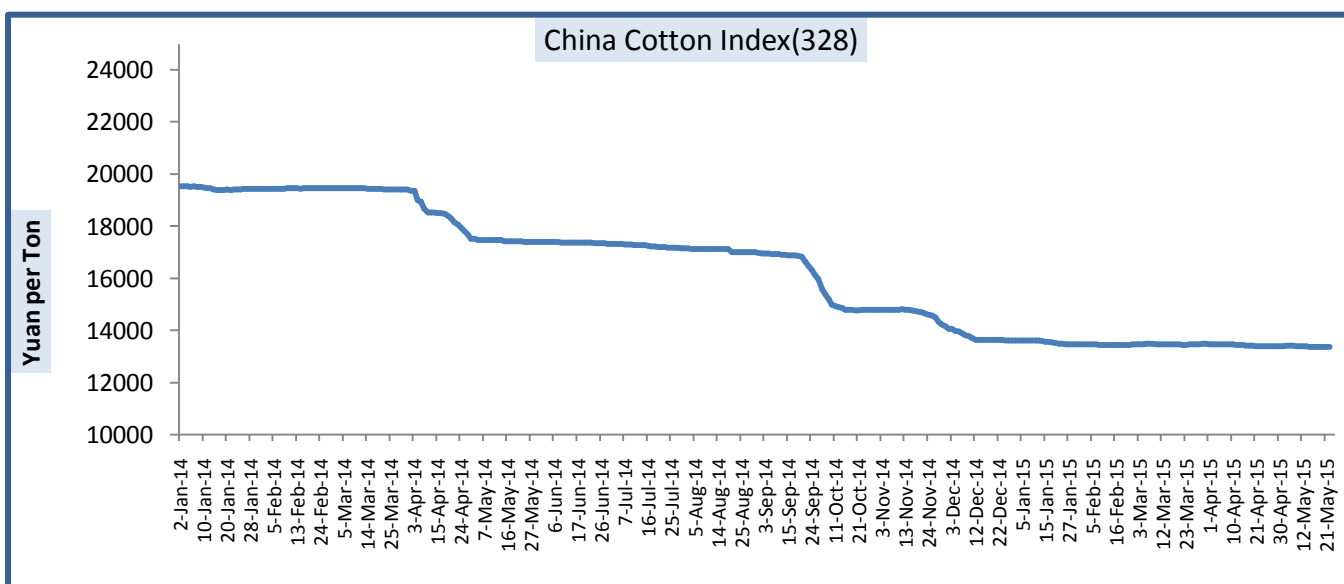
World consumption is likely to cross world production in the forthcoming season, said USDA in its latest release. World cotton consumption is likely to stand around 25.102 million tons in the season 2015-16 whereas production would be around 24.22 million tones. Cotton consumption in India too is likely to surge up to 5.606 million tons in the coming season compared to 5.334 million tons in the current season.



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	22-May-15	15-May-15	
CC Index(229)	14071	14090	-0.13
CC Index(328)	13362	13375	-0.10
CC Index(527)	12279	12303	-0.20
Prices in Yuan per Ton			

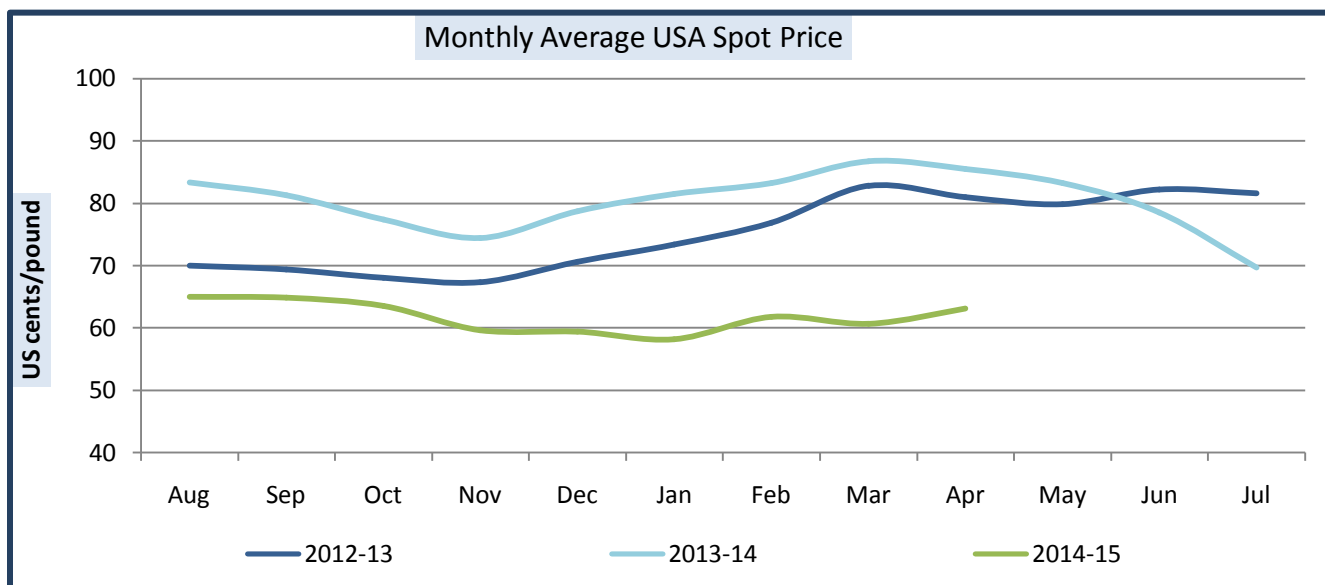


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	22-May-15	15-May-15	
Prices	72.75	73.31	-0.76
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	22-May-15	15-May-15	
Prices	62.19	63.75	-2.45
Prices in US cents per Pound			


World Monthly Average Cotlook A Index (FE) in US cents per Pound:

Month	2013-14	2014-15	Y-o-Y % Change
August	92.71	73.99	-20.19
September	94.6	73.38	-22.43
October	89.35	70.34	-21.28
November	84.65	67.49	-20.27
December	87.49	68.3	-21.93
January	90.96	67.35	-23.02
February	94.05	69.84	-25.74
March	96.94	69.35	-28.46
April	94.2	71.7	-23.89
May	92.7		
June	90.89		
July	83.83		

Cotton Futures (ICE):

Contracts	22-May-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Jul-15	63.30	66.53	62.92	87.78	-4.85	0.60	-27.89
Oct-15	65.22	66.78	63.23	--	-2.34	3.15	--
Dec-15	64.38	66.50	63.63	--	-3.19	1.18	--
Mar-16	64.63	66.39	63.79	--	-2.65	1.32	--
May-16	65.02	66.51	62.49	--	-2.24	4.05	--
Jul-16	65.44	66.83	--	--	-2.08	--	--

Figures in US cents per pound

Cotton Futures

Technical Analysis of Cotton Future (April'16 Contract) at NCDEX:



Weekly Technical Outlook:

- Candlesticks denote bearish momentum during the week.
- RSI is moving low towards in oversold region.
- Prices are hovering below the 9 days EMA.
- MACD centerline is moving in negative territory.
- We expect cotton prices to remain weak.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bearish Momentum	895-925

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
890	885	935	945

Figures in Rs. per 20Kgs.

Technical Analysis of Cotton Future (Jul'15 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote downward movement in prices.
- Rising V&OI along with weak prices denotes weakness.
- We expect prices to remain weak in coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bearish Momentum	62.10-64.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
61.20	68.80	66.00	66.80

Figures in US cents per pound

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