

Current Market Outlook

Cotton spot prices remained overall downtrend this week as compared to previous week. Average price of Kapas at Rajkot during the week was Rs. 4640 per quintal, which stood Rs 4850 previous week.

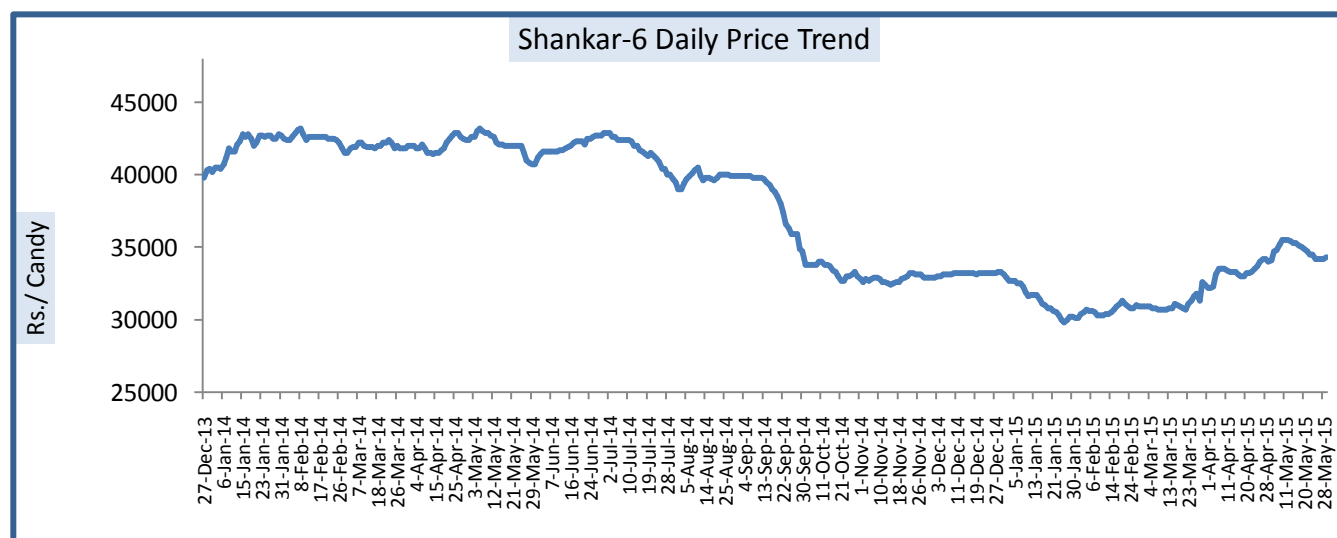
According to estimates of Cotton Advisory Board (CAB), cotton export from India would stand around 70 lakh bales in the current season that is 2014-15, which was 117.9 lakh bales during the last season. The export during the current season is likely to stand lowest since 2008-09. India is focusing on Bangladesh as China the biggest importer of Indian cotton is drastically cutting on its imports.

India exported 0.622 lakh bales of cotton last week (18-24 May 2015), which was 0.416 lakh bales previous to last week (11-17 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.128 lakh bales last week, which was 0.383 lakh bales previous to last week.

The loss of around Rs 2500 crore is likely to be incurred by government on cotton procurement scheme, which was aimed to save the farmers from the crashing cotton prices held in the current marketing year through September, said Textile minister Santosh Kumar Gangwar. The losses were earlier estimated to be around Rs 4000 crore, said Gangwar. The loss could still be lower than Rs 2500 crore if cotton price improves.

The southwest rains this season are predicted to be below normal for the second consecutive year, according to the IMD. According to the market participants, unlike the other crops, the deficit in rainfall would not impact cotton output and rather it could benefit cotton as it is the desert crop.

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).



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.

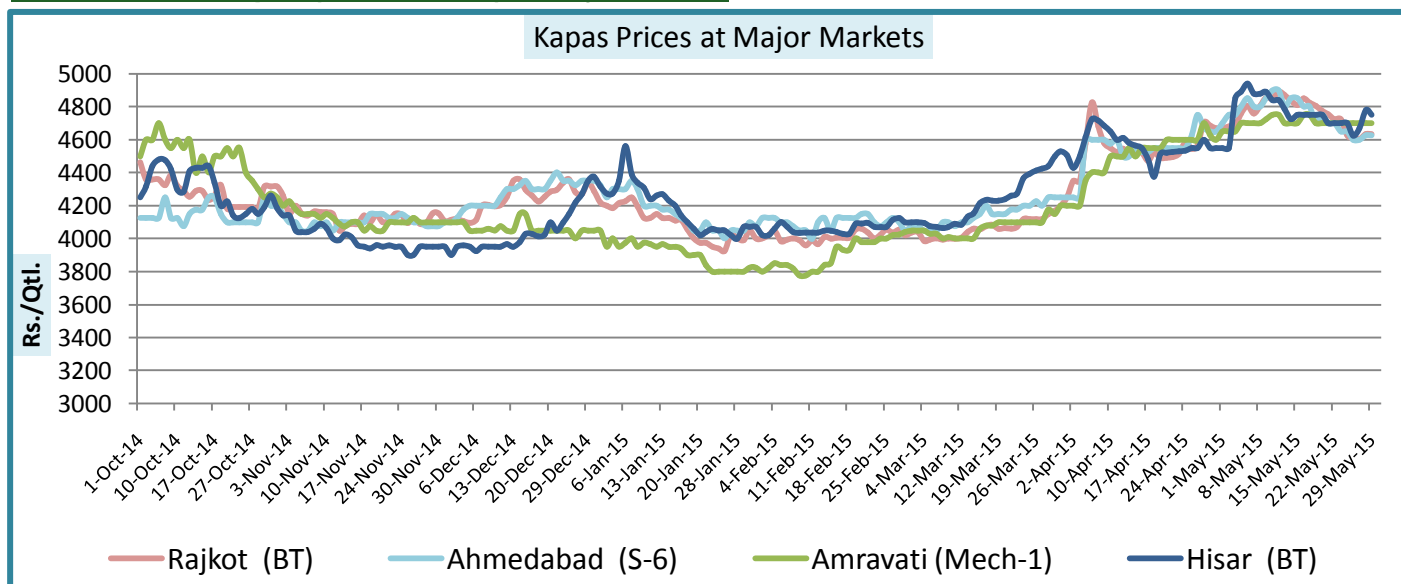
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

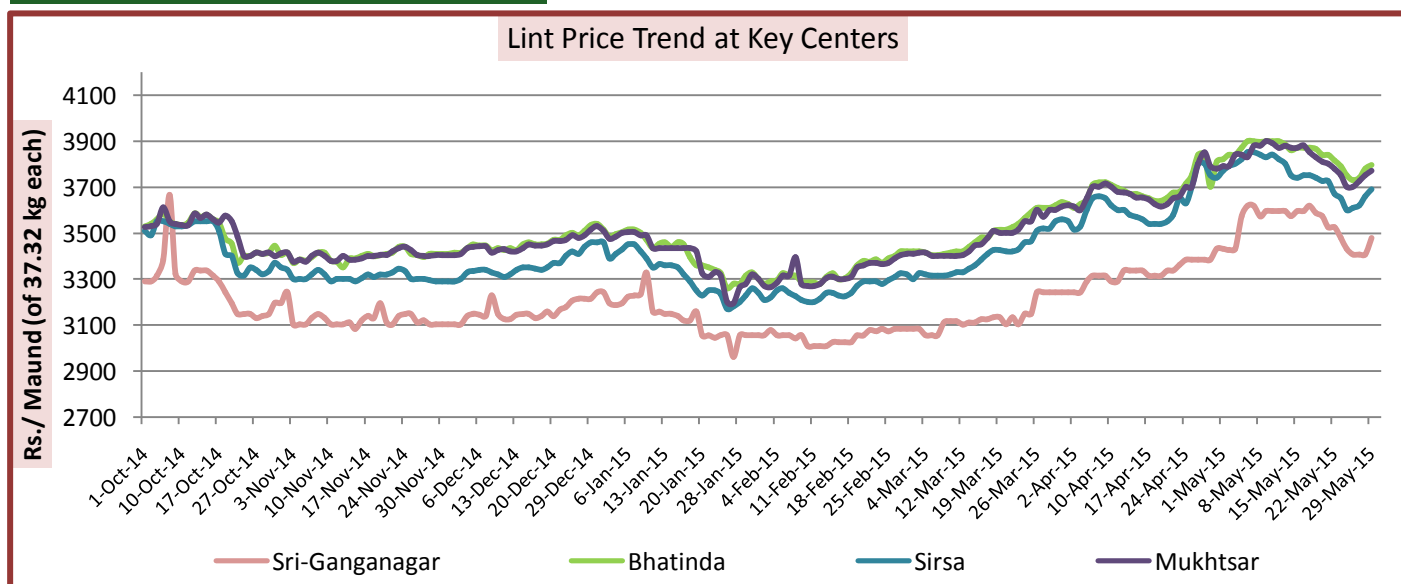
Centre	Variety	Weekly Average Prices as on		Change
		29nd May 2015	22nd May 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4720	-20
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4640	4850	-210
Patan	B.T. Cotton	NA	4880	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4575	4815	-240
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4660	4860	-200
Adampur	B.T. Cotton	4705	4805	-100
Fatehabad	B.T. Cotton	4640	4800	-160
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana	B.T. Cotton	NA	NA	-
Rawatsar	B.T. Cotton	4705	4740	-35
Hubli	B.T. Cotton	3965	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4625	4700	-75
Gondal	Shankar-6	4635	NA	-
	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	4520	4810	-290
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	4090	4050	40
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3730	3875	-145
Muktsar	J-34	3730	3880	-150

Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3765	3885	-120
Sirsa	J-34	3640	3795	-155
Sri-Ganganagar	J-34	3440	3590	-150

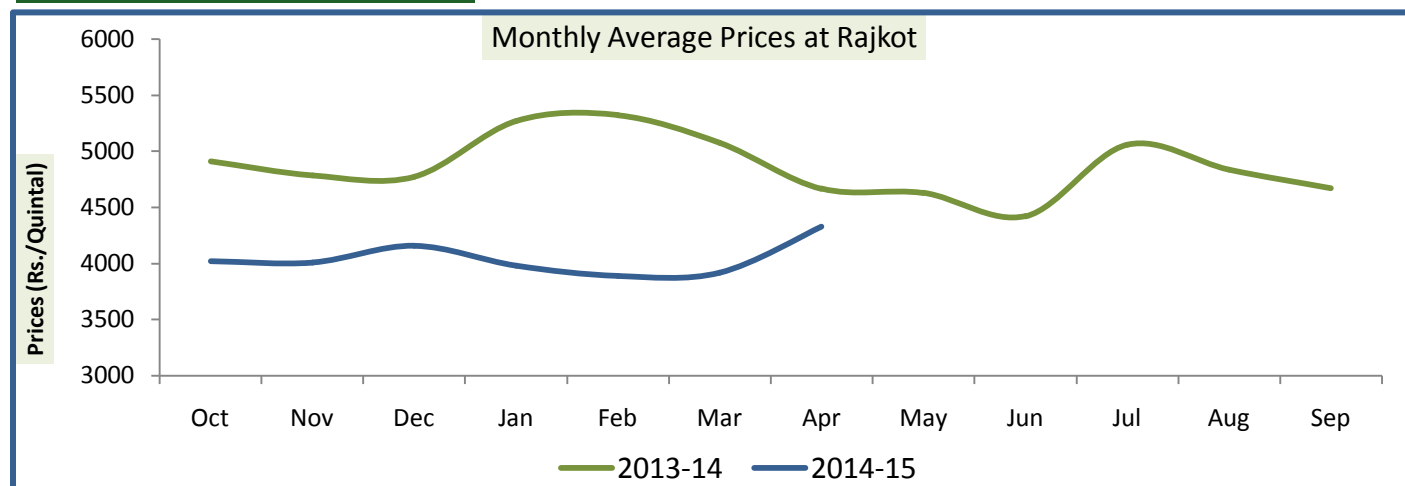
Price Trend of Kapas (Seed Cotton) at Key Centers:



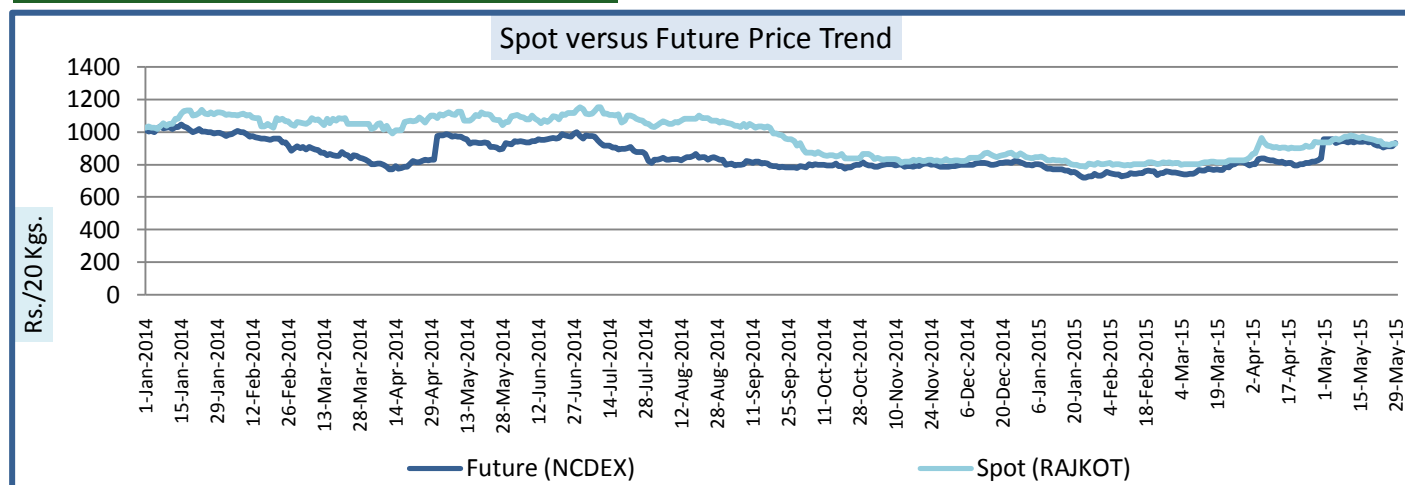
Price Trend of Lint at Various Centers:



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
				28 May 2015	21 May 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34350	35000	-650
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34850	35500	-650
J-34(202)	26mm	3.5 - 4.9	23	34450	35240	-790
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33600	34260	-660
Shankar-6(105)	29mm	3.5 - 4.9	28	34300	35000	-700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36085	36860	-775
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36885	37660	-775
DCH-32(107)	34mm	3.0 - 3.8	33	45100	45700	-600

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

Cotton Arrivals at Key Centers:

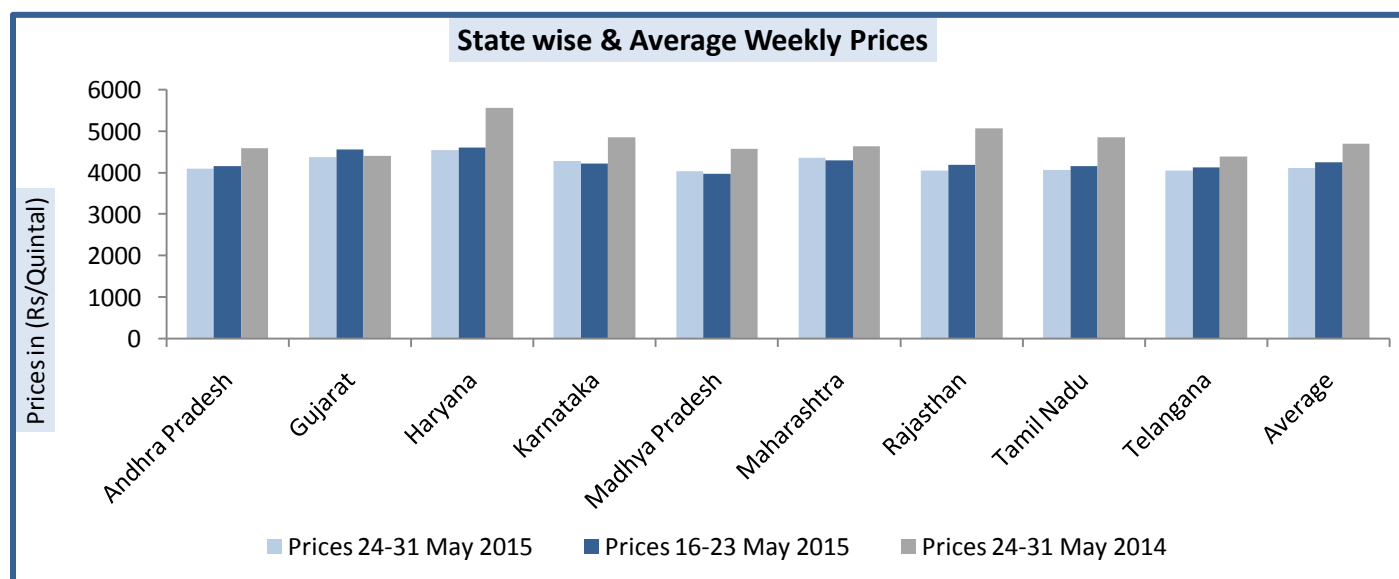
Centre	Variety	Weekly Cumulative Arrivals (Qtl) as on		Change
		29nd May 2015	22nd May 2015	
Amravati	Mech-1	415	1925	-1510
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4055	6775	-2720
Patan	B.T. Cotton	NA	7524	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	124	312	-188
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	71400	105400	-34000
Gondal	Shankar-6	1734	2016	-282
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2773	3224	-451
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	4	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	366	510	-144
Sri-Ganganagar	J-34	NA	NA	-

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

State	Prices 24-31 May 2015	Prices 16-23 May 2015	Prices 24-31 May 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4085.81	4154.34	4586.88	-1.65	-10.92
Gujarat	4366.74	4550.79	4393.29	-4.04	-0.6
Haryana	4531.01	4595.92	5553.06	-1.41	-18.41
Karnataka	4269.39	4216.42	4840.96	1.26	-11.81
Madhya Pradesh	4028.73	3963.81	4568.64	1.64	-11.82
Maharashtra	4349.82	4290.05	4634.33	1.39	-6.14
Rajasthan	4040.62	4177.34	5064.52	-3.27	-20.22
Tamil Nadu	4054.29	4155.87	4845.7	-2.44	-16.33
Telangana	4039.52	4116.82	4378.9	-1.88	-7.75
Average (Country)	4097.49	4246.82	4684		

Source:Agmarknet

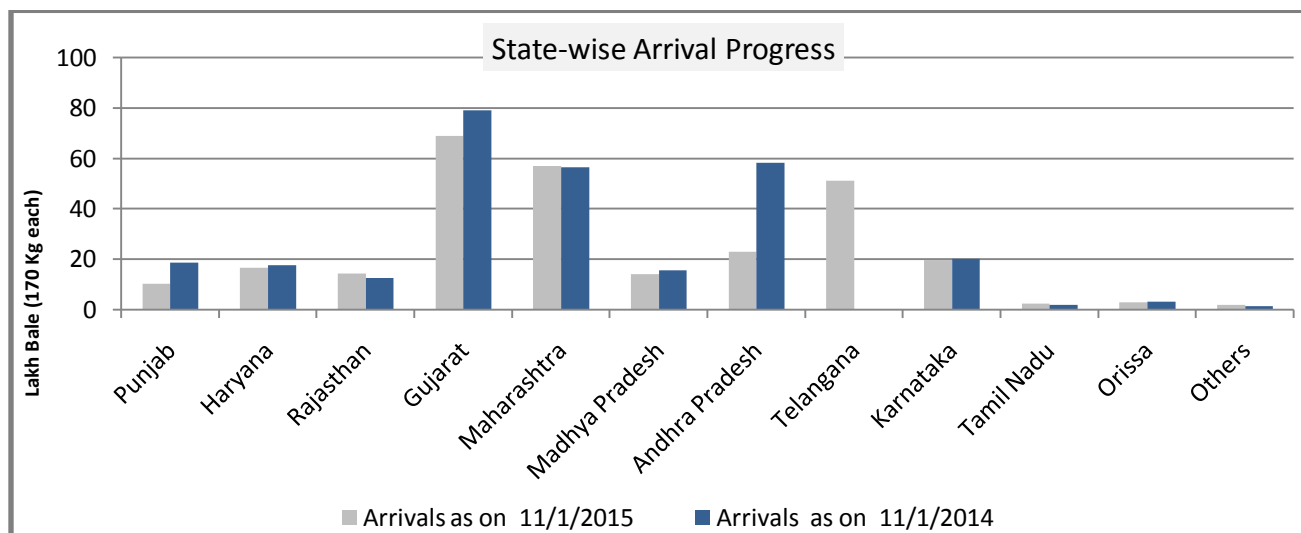


State wise Arrivals (in lakh bales of 170 kgs each):

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)

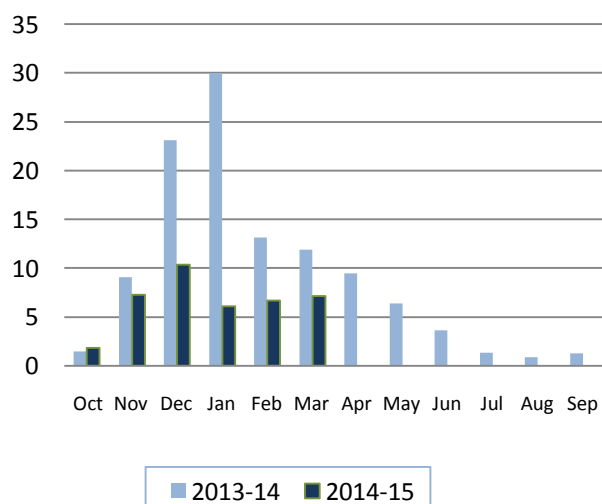


Cotton Export and Import

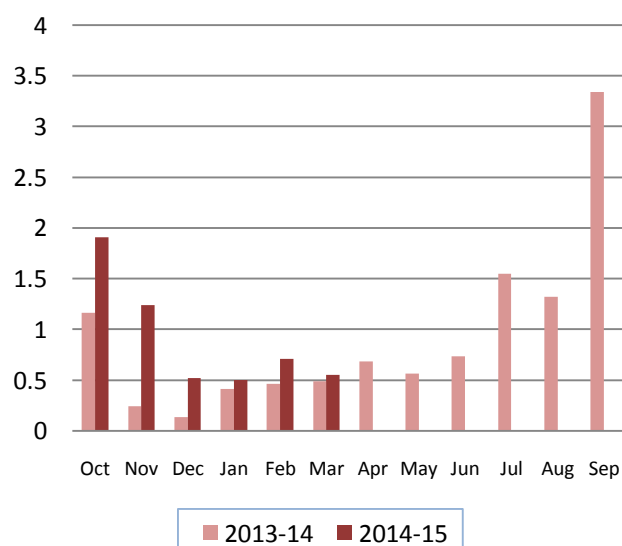
Cotton Exports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.43	1.81
Nov	9.06	7.3
Dec	23.12	10.34
Jan	30	6.11
Feb	13.15	6.68
Mar	11.9	7.3
Apr	9.46	
May	6.37	
Jun	3.62	
Jul	1.32	
Aug	0.87	
Sep	1.24	
Total	111.5	39.5

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

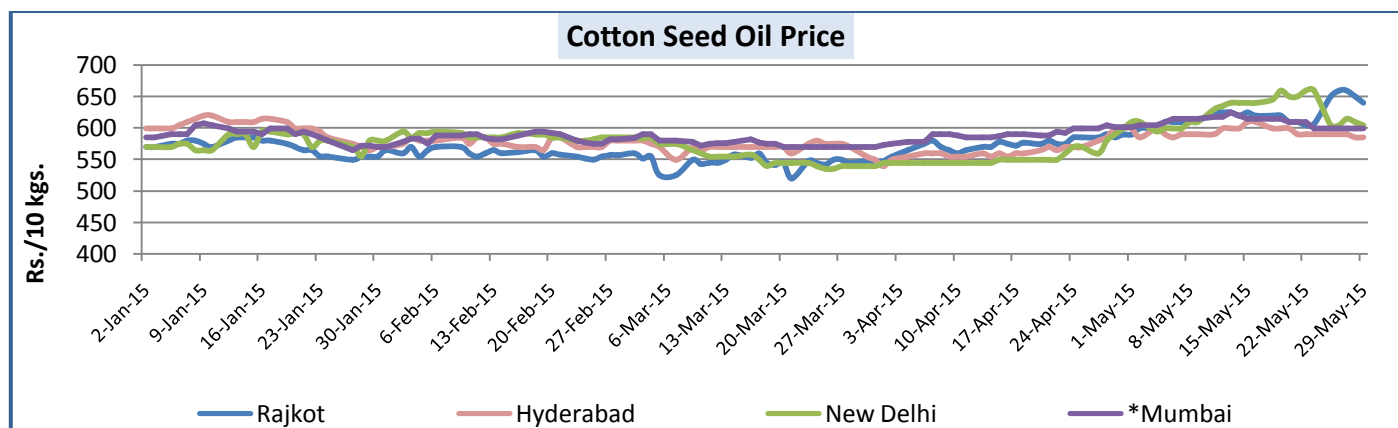
Export/Import	18-24 May 2015	11-17 May 2015
Export (In lakh Bales)	0.622	0.42
Import (In lakh Bales)	0.128	0.38

Source: IBIS

Cotton Seed Oil and Cotton Seed Oil Cake

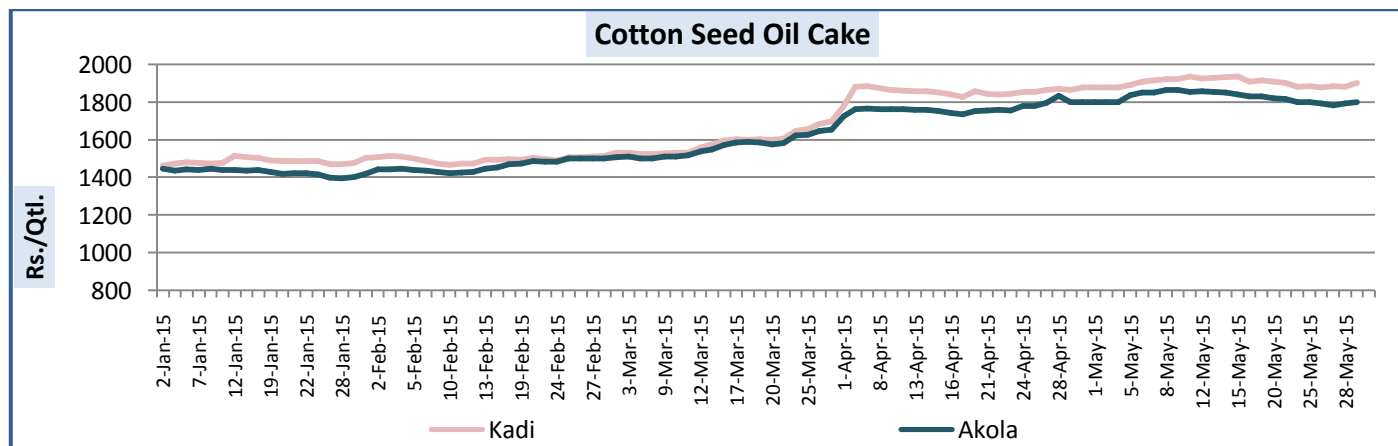
Cotton Seed Oil at Key Centers:

Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	29-May-15	22-May-15	
New Delhi	608	653	-6.89
Rajkot	652	613	6.36
Hyderabad	588	596	-1.34
Mumbai*	600	612	-1.96
<i>*Vat Included</i>			



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	29-May-15	22-May-15	
Kadi	1887.2	1904.2	-0.89
Akola	1794.6	1820.4	-1.42



*Source: NCDEX

International Market Scenario

International cotton prices remained sideways to weak during the week. Cotlook A Index stood as weekly average stood 71.46 cents/pound this week compared to 72.75 cents/pound previous week.

Around 60% of cotton planting has been completed in USA as on May 24 this year, which was 35% last week and 47% last year on same date, according to USDA. The five year average sowing progress is 61% as on date, slightly higher than the current sowing pace.

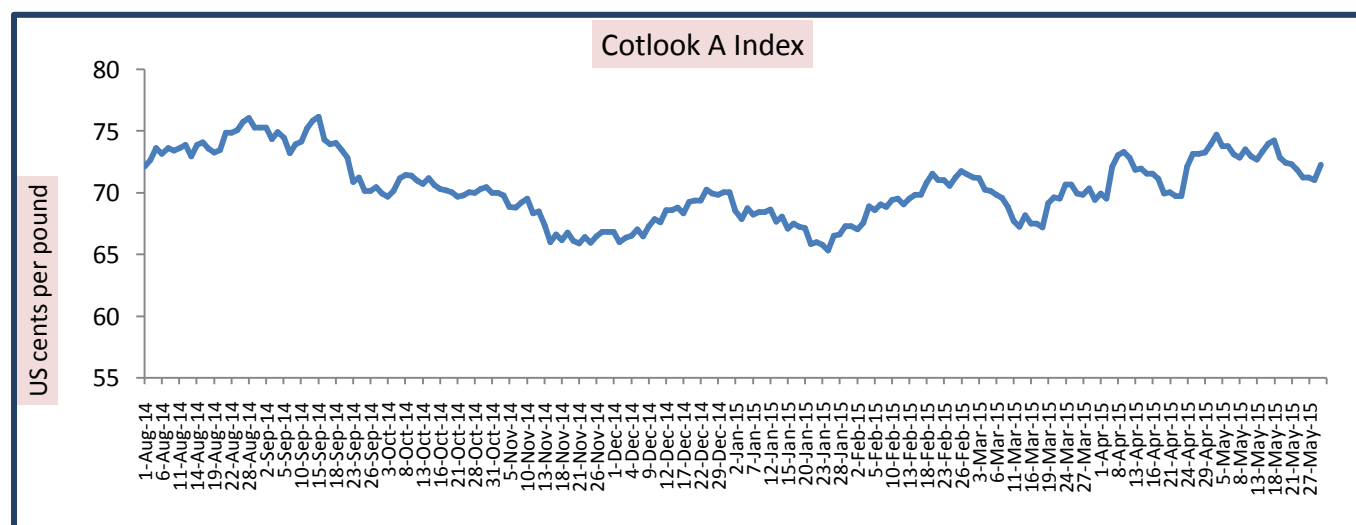
China imported around 160,800 tonnes of cotton in April, approximately 28.3% lower when compared to the volume imported during the same month last year, according to the official custom data. During the initial four month of the year, imports to China fell by around 38.2 percent year on year to 609,000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

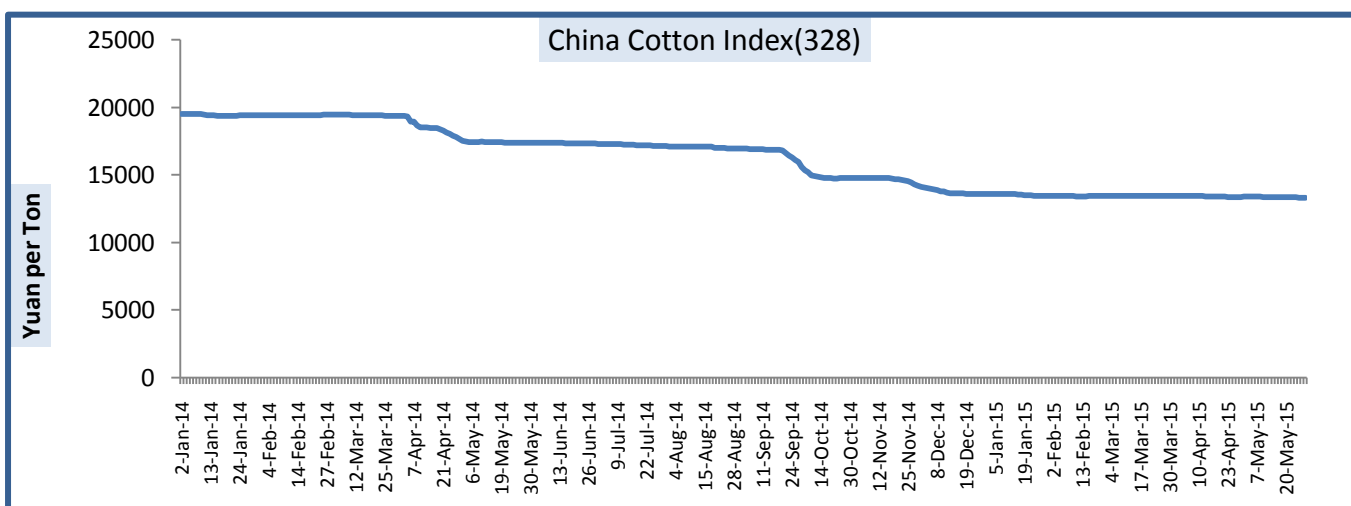
Cotton ending stocks are expected decline in the coming season for the first time in the last five years. Lower production and higher consumption would lead the ending stocks to fall. In the upcoming season ending stocks would be around 23.143 million tons round 3.59% lower when compared to the estimated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



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	29-May-15	22-May-15	
CC Index(229)	14030	14071	-0.29
CC Index(328)	13328	13362	-0.25
CC Index(527)	12241	12279	-0.31
Prices in Yuan per Ton			

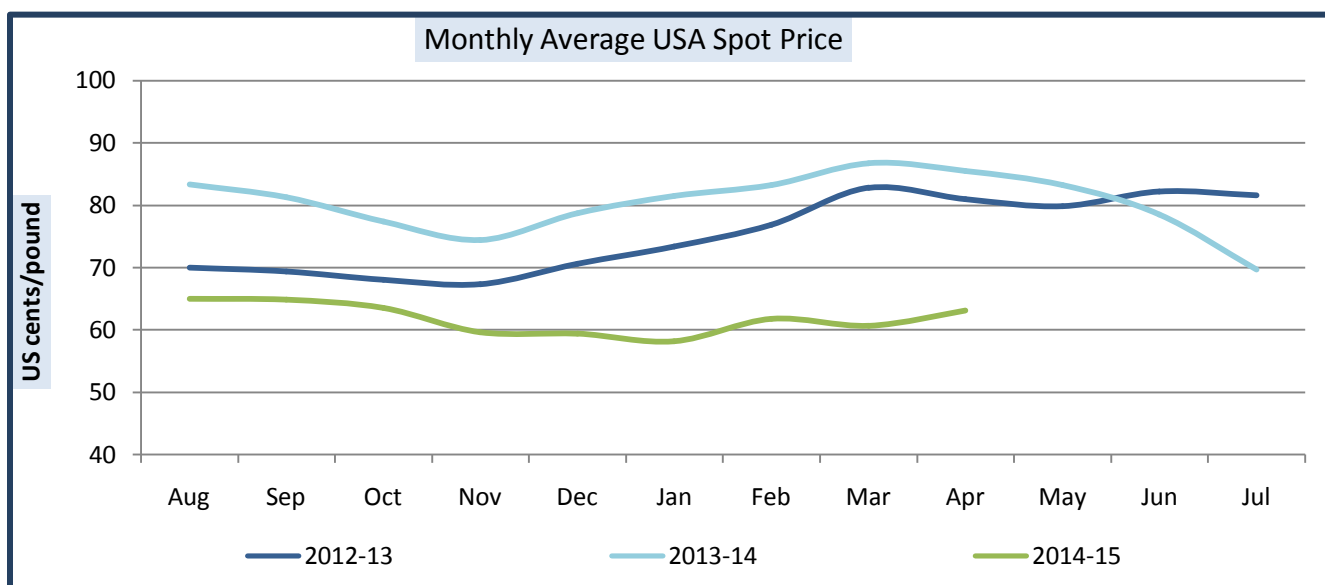


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	29-May-15	22-May-15	
Prices	71.46	72.75	-1.77
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	29-May-15	22-May-15	
Prices	61.66	62.19	-0.85
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	29-May-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Jul-15	64.41	63.30	67.09	86.15	1.75	-3.99	-25.24
Oct-15	65.51	65.22	66.51	--	0.44	-1.50	--
Dec-15	64.59	64.38	66.27	--	0.33	-2.54	--
Mar-16	64.63	64.63	65.78	--	0.00	-1.75	--
May-16	64.7	65.02	67.32	--	-0.49	-3.89	--
Jul-16	67	65.44	--	--	2.38	--	--

Figures in US cents per pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlesticks denote bullish momentum in the future market.
- RSI is moving high towards in oversold region.
- Prices are hovering above the 9 and 18 days EMA.
- MACD centerline is moving in negative territory.
- We expect cotton prices to remain sideways to firm.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	915-950

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
900	895	957	967

Figures in Rs. per 20Kgs.

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



Weekly Technical Outlook:

- Candlesticks denote overall upward movement in prices.
- Rising V&OI along with increasing prices denotes firmness.
- We expect prices to remain firm in coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	63.20-66.20

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.20	61.80	67.20	68.80

Figures in US cents per pound

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