

Current Market Outlook

Cotton spot prices noticed firm sentiments during this week as compared to previous week. Average price of Kapas at Rajkot during the week was Rs. 4600 per quintal, which stood at Rs 4550 previous week.

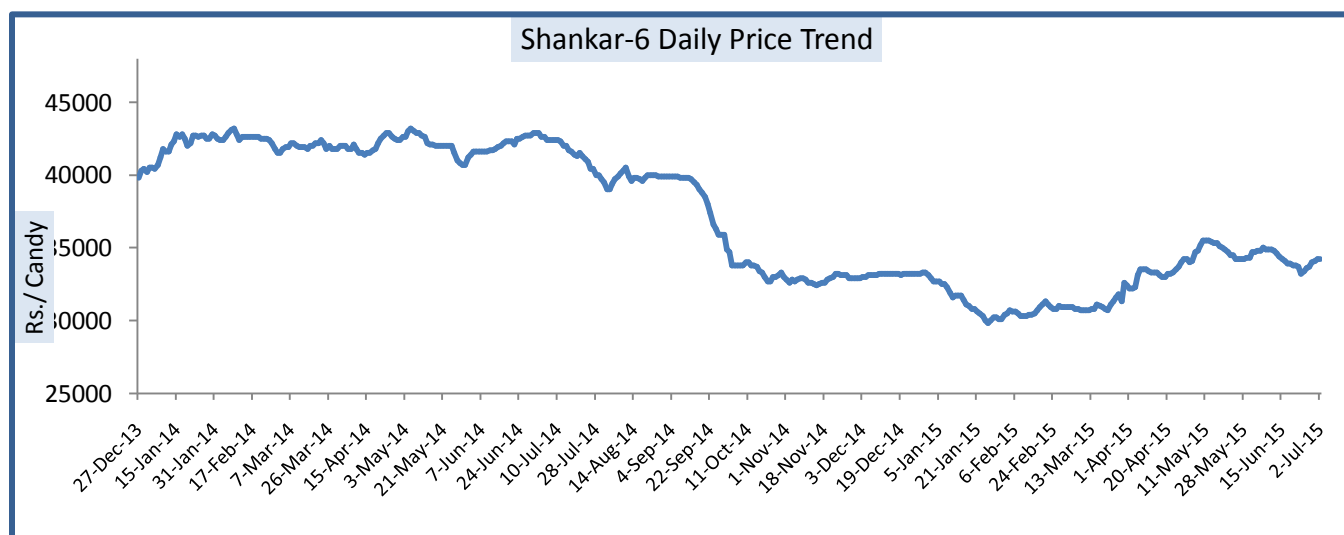
Around 54.31% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 29 June 2015 stood 14.80 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares.

Around 34.87 lakh hectares of cotton has been sown so far throughout the country, as on 26 June this year, which is around 19.95% higher when compared to the sowing progress of last season during the corresponding period which was 29.07 lakh hectares, according to Ministry of Agriculture.

According to Investment Information and Credit Rating Agency of India (ICRA), cotton prices in year 2016 is likely to remain range bound despite the expectation of fall in production by 10-15%. ICRA in its report said that in the last four years (CY 2011-12 to 2014-15), the global cotton prices and trade were majorly driven by government policies in various producing and consuming countries, despite the increasing supply and negligible growth in demand.

Cotton Corporation of India (CCI) has sold around 15 lakh bales of cotton so far from the stock of 87 lakh bales which it procured during the current season under the procurement operation, said Indian Cotton Federation (ICF).

Minimum Support Price (MSP) of cotton has been revised upwardly for the year 2015-16 by Cabinet Committee on Economic Affairs (CACP) by Rs 50 for each of Medium and Long staple. The MSP of Medium staple cotton has been revised to Rs 3800 per quintal for 2015-16 which was Rs. 3750 in 2014-15. Similarly, the MSP for Long staple has been revised to Rs. 4100 for the upcoming season 2015-16, which was Rs 4050 in the current season.



Domestic Balance Sheet

All figures in Lakh Bales (of 170 Kgs. Each)			
Item	2013-14	2014-15	2015-16**
Opening stock	52.58	58.9	75.4
Crop size	407.25	384.5	384.5
Imports	11.75	12	11.52*
Availability	471.58	455.4	471.42
Demand			
Mill consumption	266.68	274	274
Small Mill consumption	24	26	26
Non-Mill consumption	10	10	10
Total consumption	300.68	310	329.7*
Export	112	70	64.05*
Total Demand	412.68	380	393.75
Ending Stock	58.9	75.4	77.67

Source: **Agriwatch Estimates, *As Estimated by USDA.

Balance Sheet (2013-14 and 2014-15) as estimated by Cotton Association of India (CAI) April'15 Update

Balance Sheet Highlight (2015-16):

Opening stock during the season 2015-16 is likely to be record high at 75.4 lakh bales due to the weaker export in 2014-15.

Cotton acreage is likely to decline by around 5% to 120.65 lakh hectares due to the dull prices cotton fetched during the season 2014-15.

Despite the expectation of fall in cotton acreage, Cotton production in the country is likely to be same as the previous year due to favorable rainfall and weather condition which is expected to boost the yield.

On the higher availability and expectation of weaker export demand, cotton imports are likely to fall slightly in 2015-16.

Cotton consumption is likely to increase this season by around 6% following the higher demand from the spinning mills.

Cotton exports for the consecutive second year is likely to fall due to weaker demand from China, the top cotton importer.

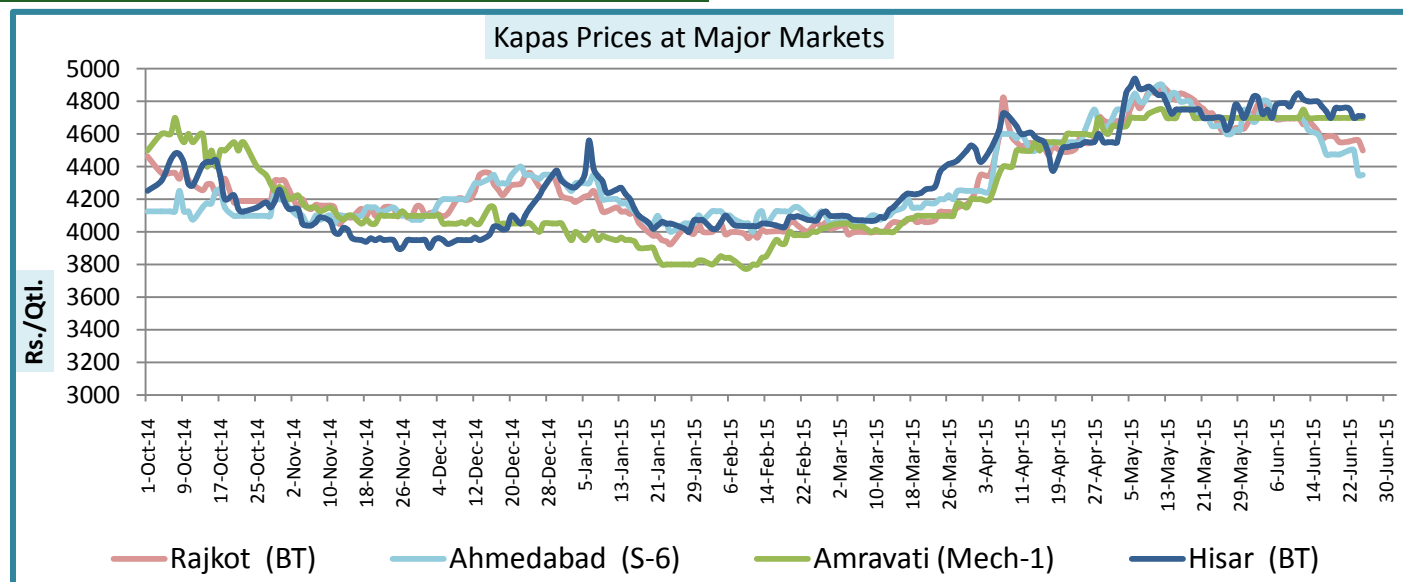
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

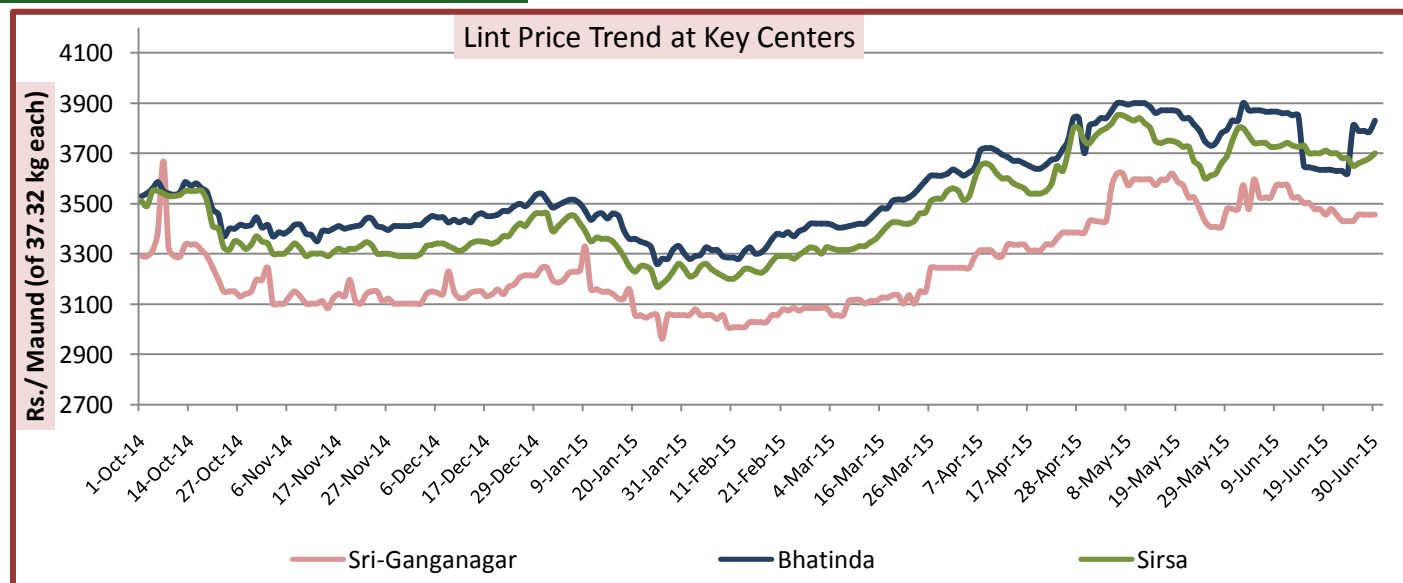
Centre	Variety	Weekly Average Prices as on		Change
		03rd July 2015	25th June 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4600	4550	50
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4600	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4656	4746	-90
Adampur	B.T. Cotton	4714	4733	-19
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	4550	4425	125
Gondal	Shankar-6	4626	4548	78
	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	4628	4669	-41
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4017	4000	17
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 Kg each)		
Abohar	J-34	3806	3820	-14
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3809	3827	-18
Sirsa	J-34	3699	3687	12
Sri-Ganganagar	J-34	3467	3447	20

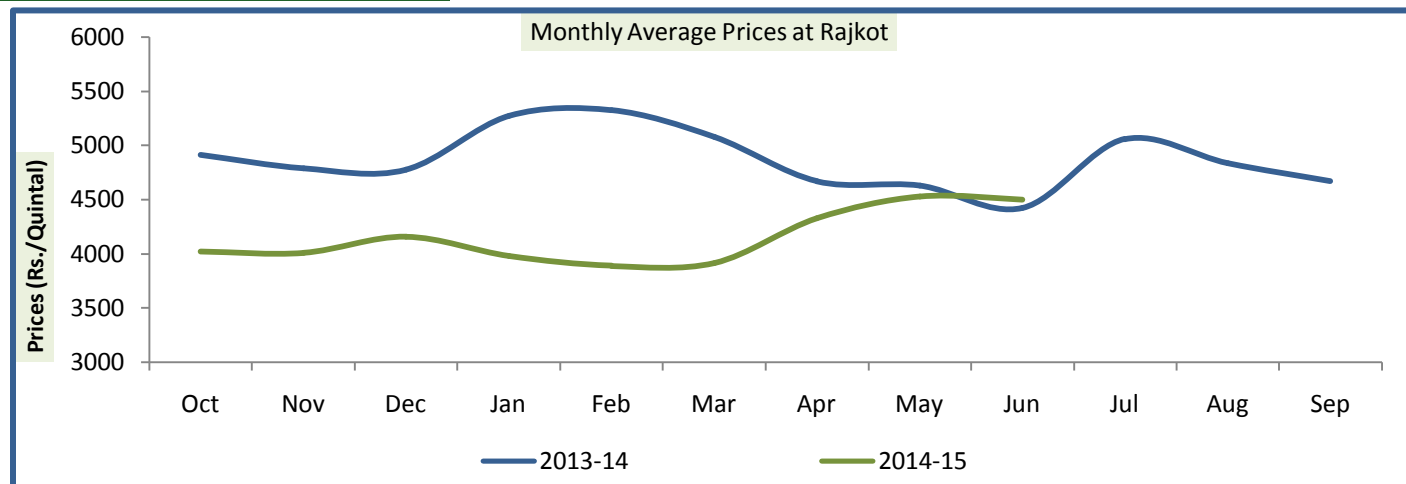
Price Trend of Kapas (Seed Cotton) at Key Centers:



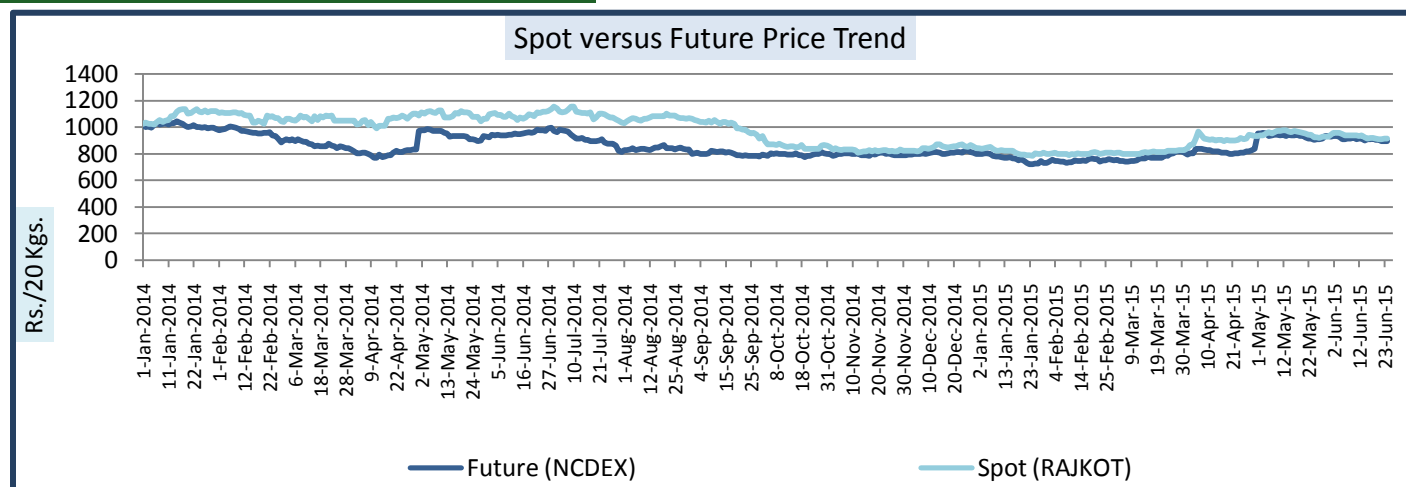
Price Trend of Lint at Various Centers:



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
				03 July 2015	25 June 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34455	34600	-145
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34955	35100	-145
J-34(202)	26mm	3.5 - 4.9	23	35100	35180	-80
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32955	33020	-65
Shankar-6(105)	29mm	3.5 - 4.9	28	33885	33680	205
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34845	35060	-215
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35845	36060	-215
DCH-32(107)	34mm	3.0 - 3.8	33	44000	44000	Unch

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

Cotton Arrivals at Key Centers:

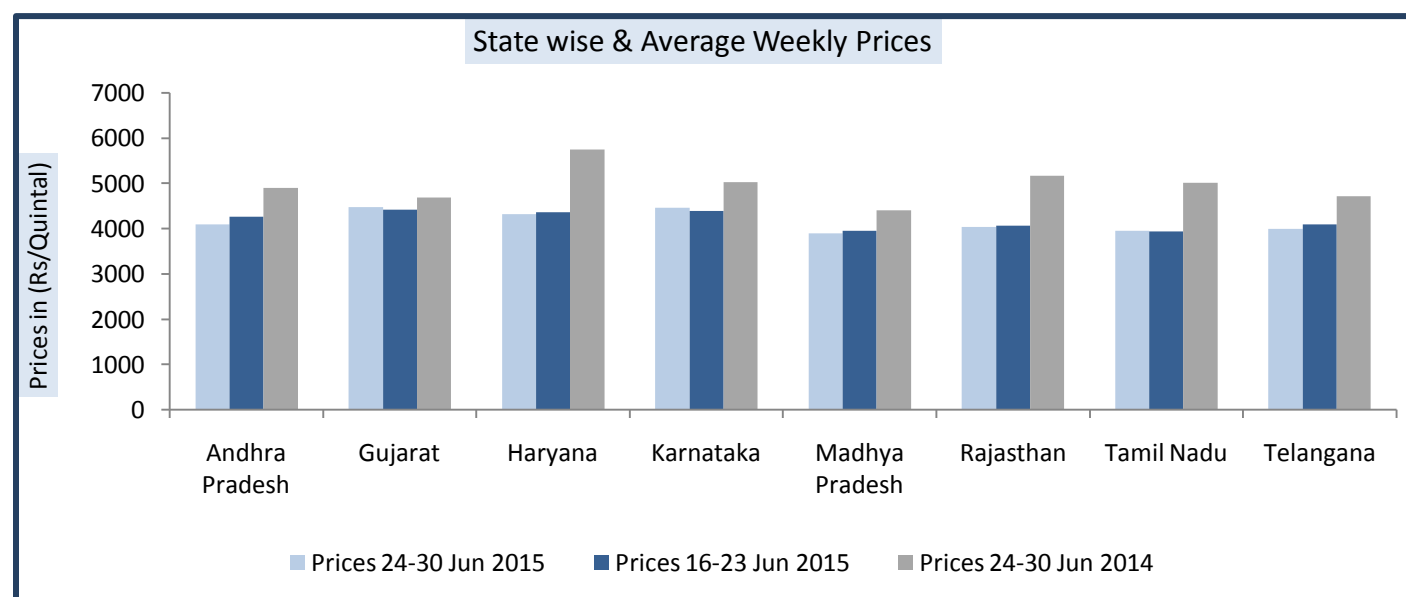
Centre	Variety	Weekly Cumulative Arrivals (Qtl.)		Change
		03rd July 2015	25th June 2015	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	2447	3092	-645
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	30	-
Dhrol	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	8500	4250	4250
Gondal	Shankar-6	2088	582	1506
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2428	1874	554
Guntur	Un-Ginned	3	1	2
Kurnool	Un-Ginned	1	NA	-
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	119	136	-17
Sri-Ganganagar	J-34	NA	NA	-

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

tate	Prices 24-30 Jun 2015	Prices 16-23 Jun 2015	Prices 24-30 Jun 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4087.91	4257.7	4891.96	-3.99	-16.44
Gujarat	4462.73	4416.39	4684.54	1.05	-4.73
Haryana	4320	4361.65	5738.61	-0.95	-24.72
Karnataka	4450.7	4378.64	5014.89	1.65	-11.25
Madhya Pradesh	3891.75	3944.12	4402.43	-1.33	-11.6
Rajasthan	4025	4056	5156	-0.76	-21.94
Tamil Nadu	3950.36	3925.62	5000.83	0.63	-21.01
Telangana	3988.77	4092.34	4715.76	-2.53	-15.42
Average	4147.15	4179.06	4787.29		

Source:Agmarknet

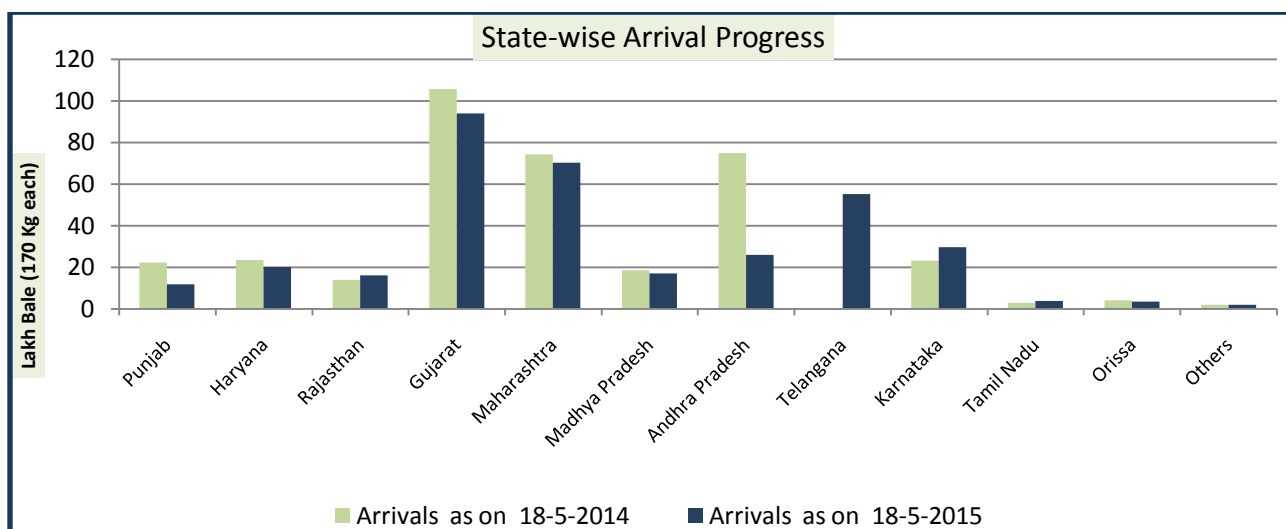


State wise Arrivals (in lakh bales of 170 kgs each):

Table given below shows 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
	31-03-2015	18-05-2015	13-10-2014	18-05-2014
1. Punjab	14	11.67	21	22.2
2. Haryana	25	19.86	24	23.37
3. Rajasthan	17	15.99	14	13.93
North Total	56	47.52	59	59.5
4. Gujarat	108	93.96	124	105.65
5. Maharashtra	83	70.21	84	74.09
6. Madhya Pradesh	18	17.01	19	18.58
Central Total	228	181.18	227	198.32
7. Andhra Pradesh	27	25.71	78	74.88
8. Telangana	57	55.23	--	--
9. Karnataka	30	29.62	23	23.16
10. Tamil Nadu	5	3.66	5	2.72
South Total	119	114.23	106	100.77
11. Orissa	4	3.45	4	4.05
12. Others	2	2	2	1.85
Total	6	5.45	6	5.9
Grand Total	390	348.37	398	364.48

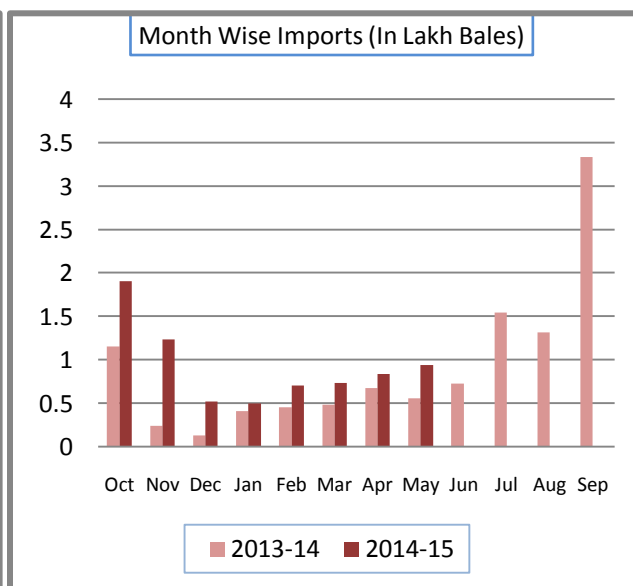
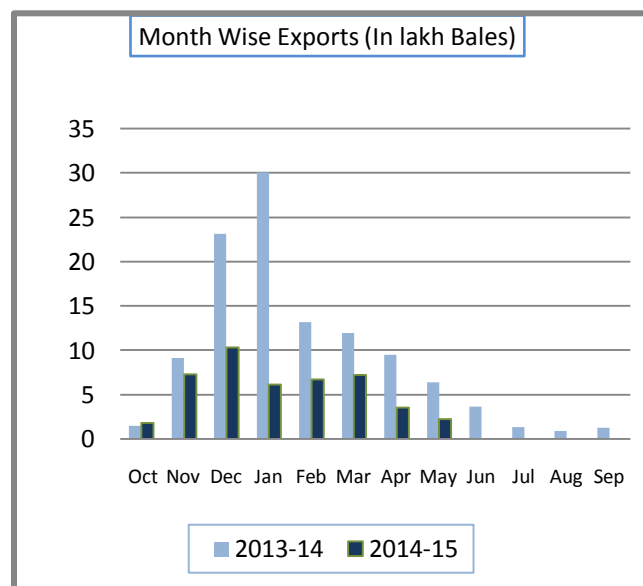
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)



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	7.25
Apr	9.46	3.56
May	6.37	2.23
Jun	3.62	
Jul	1.32	
Aug	0.87	
Sep	1.24	
Total	111.5	45.3

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	0.740
Apr	0.68	0.84
May	0.56	0.95
Jun	0.73	
Jul	1.55	
Aug	1.32	
Sep	3.34	
Total	11.07	7.41



Weekly Export Import Data

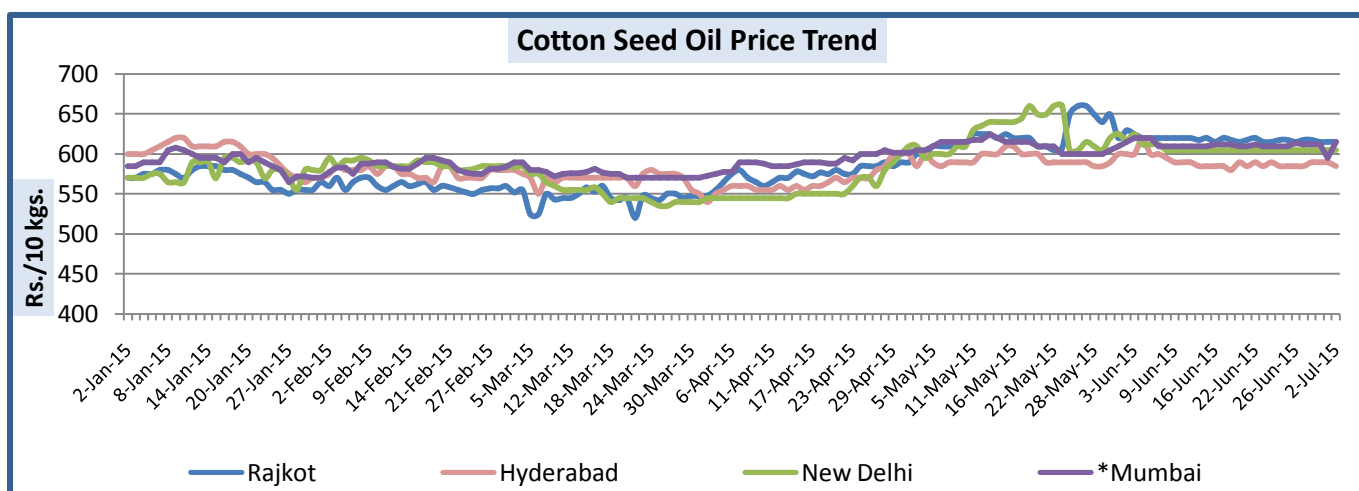
Export/Import	15-21 June 2015	08-14 June 2015
Export (In lakh Bales)	0.439	0.449
Import (In lakh Bales)	0.297	0.259

Source: IBIS

Cotton Seed Oil and Cotton Seed Oil Cake

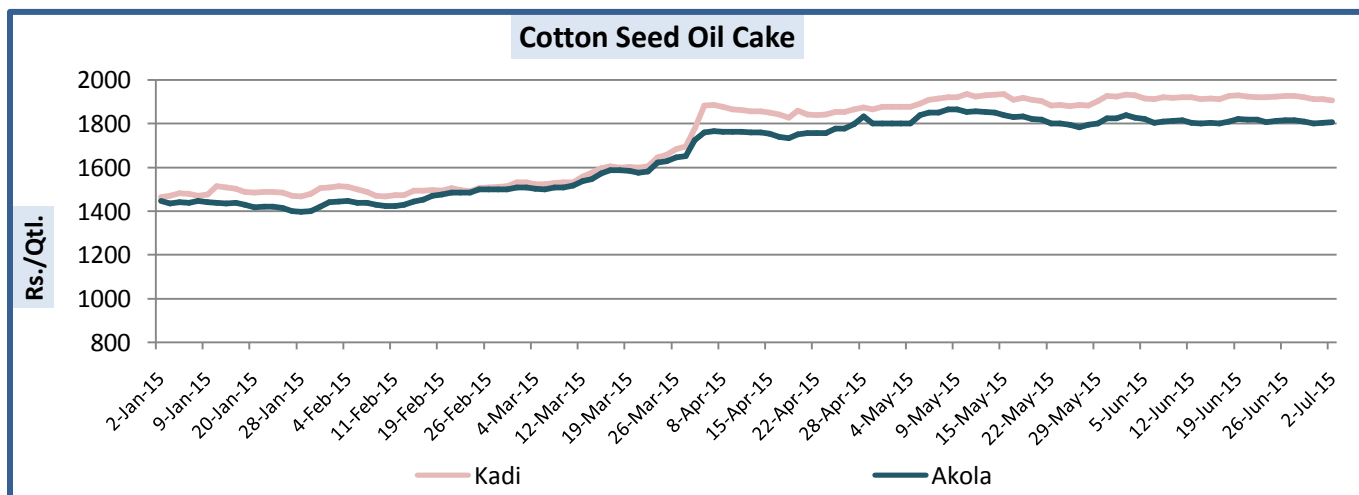
Cotton Seed Oil at Key Centers:

Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	02-July-15	25-June-15	
New Delhi	605	605	Unch
Rajkot	616	617	-0.16
Hyderabad	587.5	588	-0.09
Mumbai*	610	610	Unch
*Vat Included			



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	02-July-15	25-June-15	
Kadi	1924.8	1915.25	0.50
Akola	1816.4	1802.25	0.79



*Source: NCDEX

International Market Scenario

International cotton prices remained firm during this week. Cotlook A index weekly average stood 74.07 cents/pound this week, which was 71.75 cents/pound during last week.

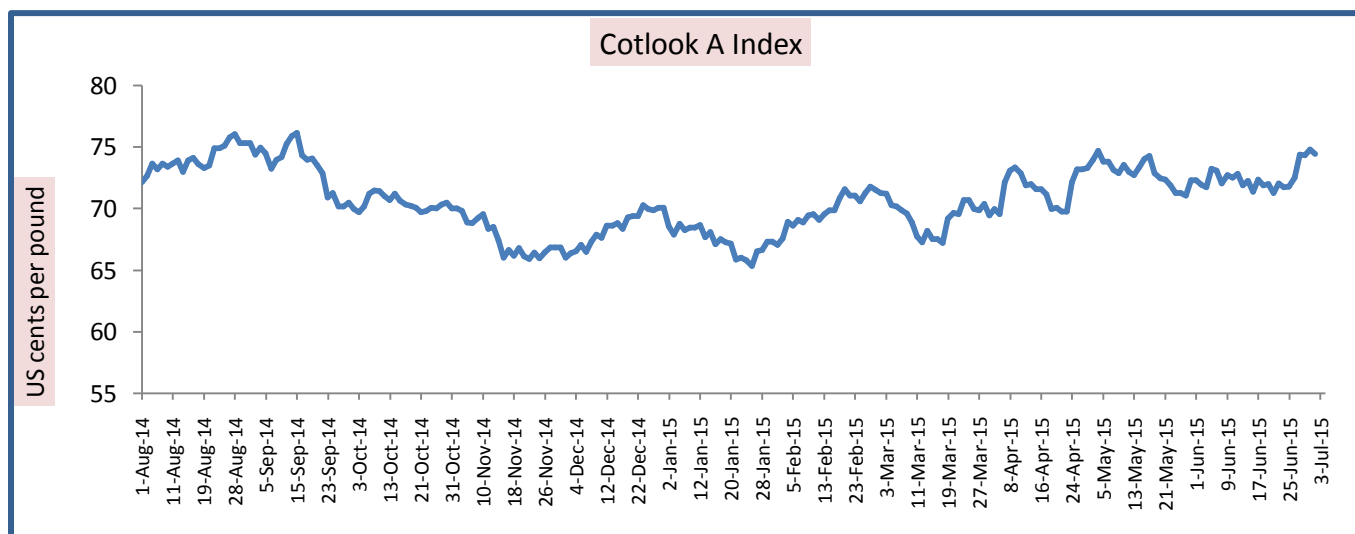
USDA has slashed down the cotton acreage estimates for the country. In its June estimates, USDA gave the estimate of 8.998 million acre to be planted cotton, which was projected at 9.549 million acres in March and the trade estimate for the same was 9.429 million acre. It should be noted that the actual area under cotton in 2014-15 was 11.037 million acres.

The International Cotton Advisory Committee (ICAC) has revised the world cotton ending stocks estimates for season 2015-16 upwardly. According to ICAC July estimates, cotton ending stocks is likely to be around 20.90 million tonnes as compared to 20.79 million tonnes, which was earlier estimated in June.

The world's biggest cotton consumer, China would sell the initial volume of 1 million tonnes of cotton from its state reserve during July and August in the current year, according to country's top planner. 330000 tonnes of domestic cotton from the 2011 crop with the floor price of 13,200 Yuan per tonne, 470,000 tonnes of domestic cotton from 2012 at 14,200 Yuan per tonne, and 200,000 tonnes of imported cotton from the 2012 crop at 15,500 Yuan per tonne would be offered at Beijing for the sale.

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.

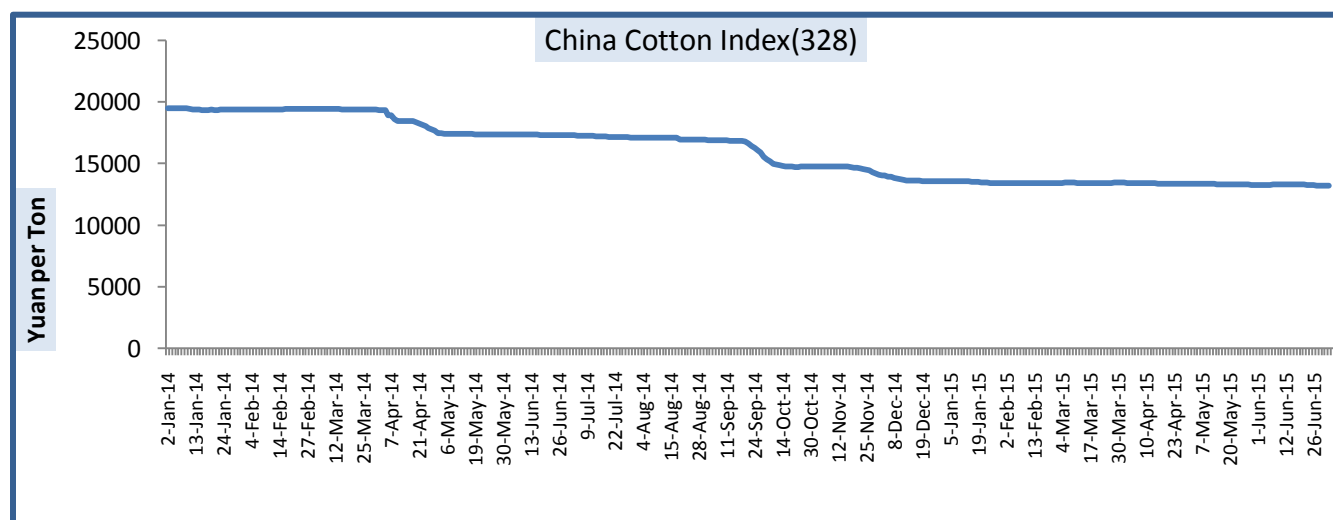
In its June estimates, USDA lowered the world cotton exports estimates for the season 2015-16 by around 0.42% to 7.36 million tons as compared to the estimates of previous month which was 7.329 million tons. The export during the season 2015-16 would be around 1.06% lower when compared to the export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



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	02-July-15	25-June-15	
CC Index(229)	13954	14007	-0.38
CC Index(328)	13261	13315	-0.41
CC Index(527)	12129	12468	-2.72
Prices in Yuan per Ton			

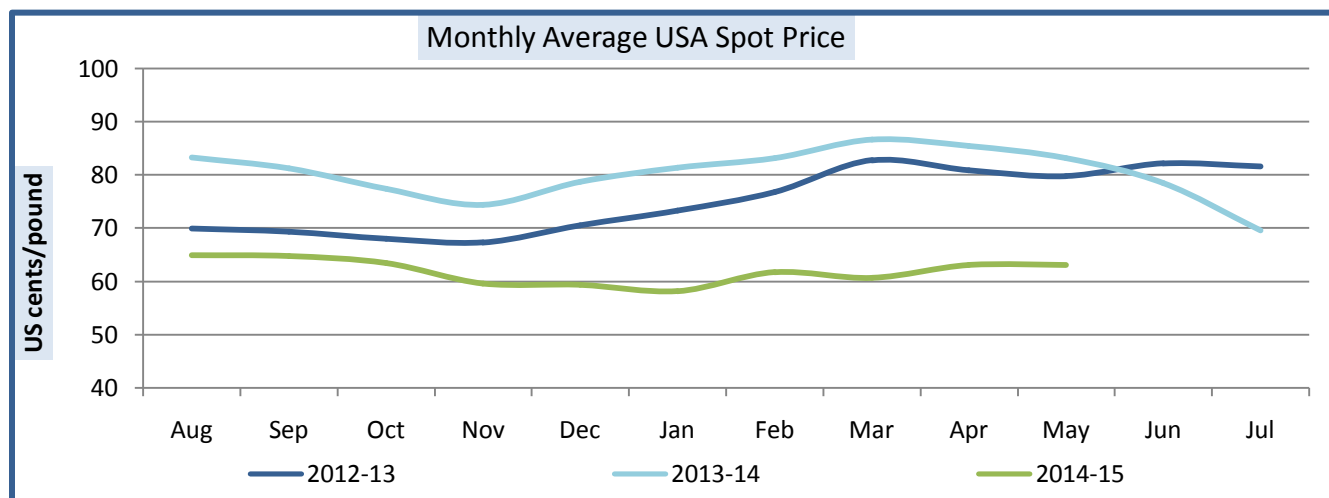


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	02-July-15	25-June-15	
Prices	74.07	71.75	3.23
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	02-July-15	25-June-15	
Prices	64.83	62.47	3.78
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	72.86	-21.40
June	90.89		
July	83.83		

Cotton Futures (ICE):

Contracts	02-July-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Jul-15	66.36	64.88	63.60	80.37	2.28	4.34	-17.43
Oct-15	67.57	65.61	64.42		2.99	4.89	
Dec-15	67.39	65.38	64.06		3.07	5.20	
Mar-16	67.42	65.18	64.31		3.44	4.84	
May-16	67.33	65.39	64.72		2.97	4.03	
Jul-16	67.24	65.70	65.19		2.34	3.14	

Figures in US cents per pound

Cotton Futures

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



Weekly Technical Outlook:

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

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bullish Momentum	910-935

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
900	895	950	960

Figures in Rs. per 20Kgs.

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

Weekly Technical Outlook:

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

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	66.60-68.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
65.60	65.00	69.20	69.80

Figures in US cents per pound

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