Current Market Outlook

Market Highlight: Cotton export to China from India has declined by 56.72 per cent in 2014-15, which has caused cotton prices in domestic market to fall drastically. In year 2014-15 India exported only 26 lakh bales of cotton to China in 2014-15 against 61 lakh bales in 2013-14. Citing the situation, Commerce and Industry Minister Nirmala Sitharaman said in the written reply to Rajya Sabha that this is the reason why cotton domestic prices are ruling weaker as compared to the previous year and cotton policy adopted by China is the major cause for less imports.

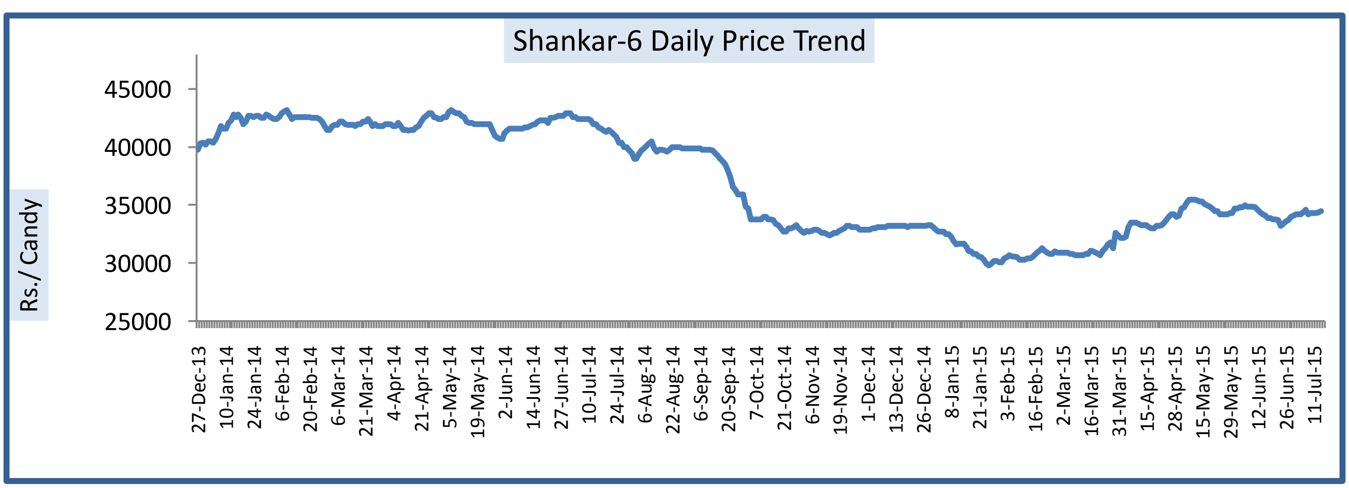
Domestic Weekly Price Outlook: Cotton prices in domestic markets are ruling weak following the fall in imports by China. Average price of Kapas at Rajkot during the week was Rs. 4735 per quintal, which stood at Rs 4740 previous week. In the coming week we expect price to touch the level of Rs. 4780 per quintal in the bench mark market. For the other spot market we expect the range of Rs. 4750-4800 per quintal. Kapas prices at NCDEX, is expected to hover in the range of Rs 885-900 per maund (of 20 kg each).

Agriwatch Production Estimates 2015-16: Despite the moderate rise in the MSP of cotton and lower cotton seed prices, cotton acreage is expected to fall by around 5% this season.Under the reduced acreage and normal rainfall cotton production is likely to be around 384.5 lakh bales, same as the previous year. However deficit rainfall during the sowing period could cause drying of seed resulting in productivity fall. Excess rainfall during the flowering stage could lead to shedding of flowers and rainfall during bolling stage could cause the discoloration and quality degradation.

Cotton Sowing Progress: Around 93.22 lakh hectares of cotton has been sown so far throughout the country, as on 17 July this year. This is around 66.50% higher when compared to the corresponding sowing progress of last season which was 55.99 lakh hectares, according to Ministry of Agriculture.

In Andhra Pradesh, around 18.21% of the cotton planting has been completed so far. Around 1.064 lakh hectares of cotton has been planted as on 08 July 2015 which is around 14.4% higher when compared to the area sown undercotton during the same period last year.

Around 85.08% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 13 July 2015 stood 23.19 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 10.19 lakh hectares.



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.

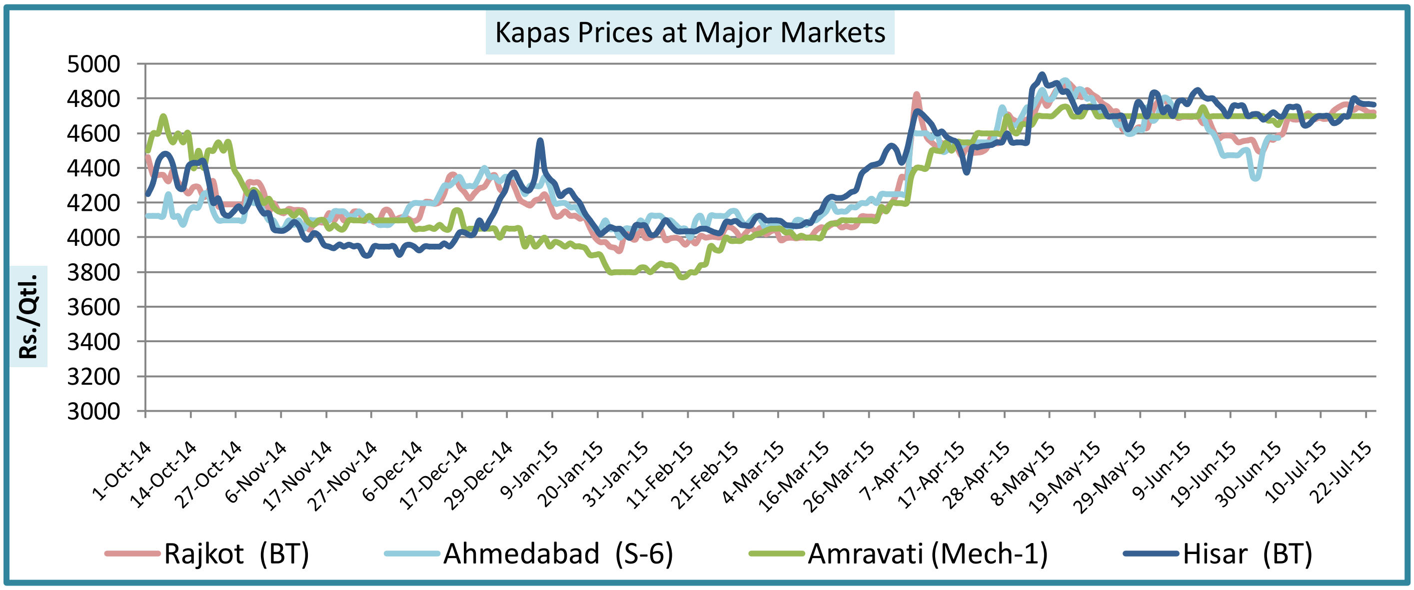
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

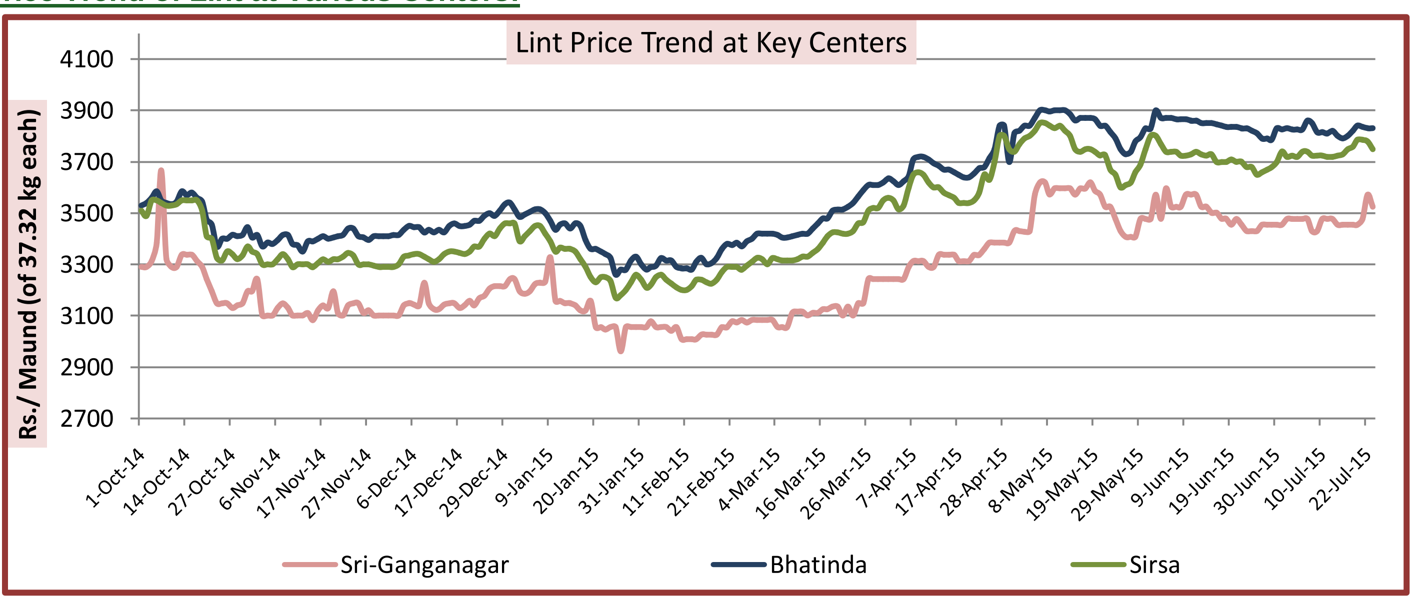
Centre	Variety	Weekly Average Prices		Change
		24th July 2015	16th July 2015	
	Kapas	**(Rs./Qtl)**		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	4735	4740	-5
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4736	4738	-2
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4605	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4592	4640	Unch
Adampur	B.T. Cotton	4777	4696	81
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	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4770	4790	-20
	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	4732	4776	-44
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4033	4050	-17
Krishna	Un-Ginned	4200	4050	150
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	**(Rs./Maund of 37.32kg each)**		
Abohar	J-34	3820	3804	16
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3827	3804	23
Sirsa	J-34	3768	3729	39
Sri-Ganganagar	J-34	3508	3464	43.5

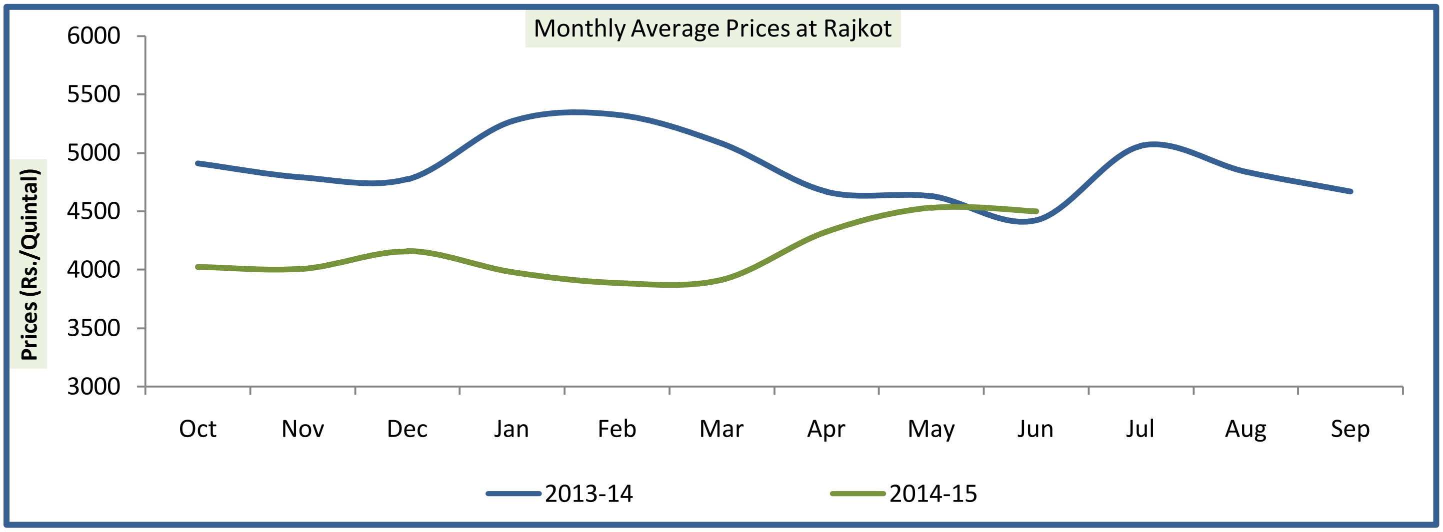
Price Trend of Kapas (Seed Cotton) at Key Centers:



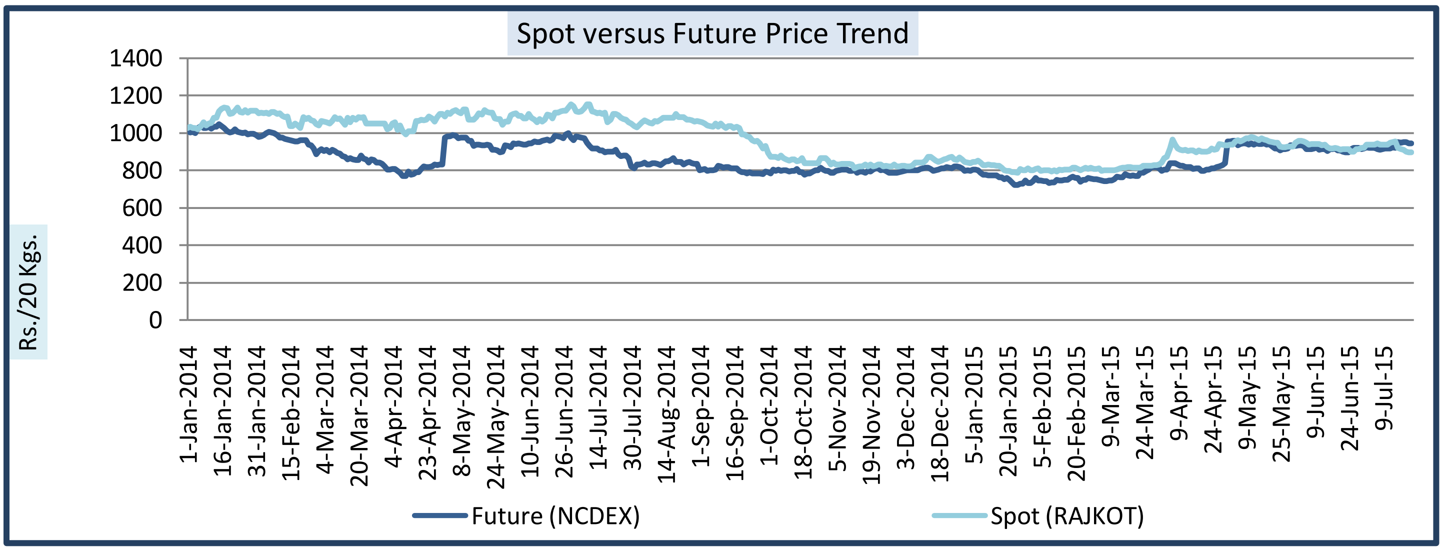
Price Trend of Lint at Various Centers:



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
				15th July 2015 to	9th July 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34175	34455	-280
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34675	34955	-280
J-34(202)	26mm	3.5 - 4.9	23	35375	35100	275
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32975	32955	20
Shankar-6(105)	29mm	3.5 – 4.9	28	34350	33885	465
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35000	34845	155
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	35845	155
DCH-32(107)	34mm	3.0 - 3.8	33	44000	44000	Unch

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

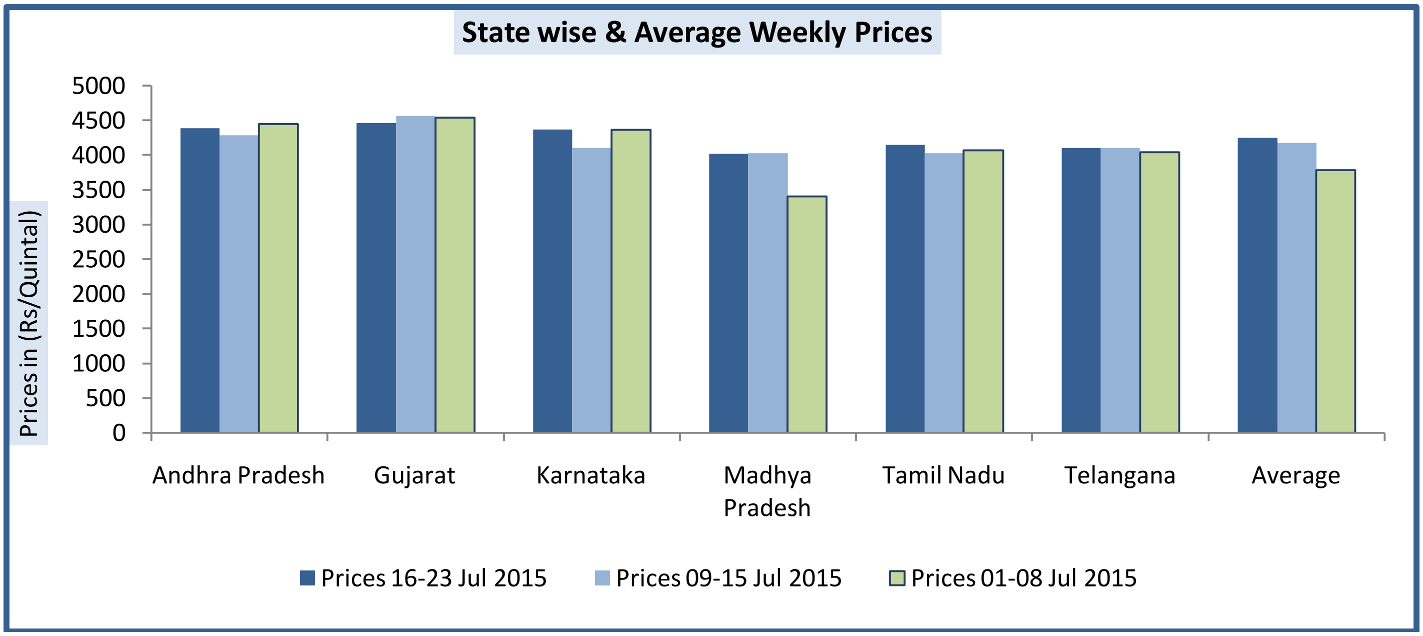
Cotton Arrivals at Key Centers:

Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		17th July to 24th July 2015	11th July to 16th July 2015	
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	1830	2045	-215
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	7	NA	
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	NA	NA	-
Gondal	Shankar-6	349	1305	-956
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	456	726	-270
Guntur	Un-Ginned	3	2	1
Kurnool	Un-Ginned	4	2	2
Krishna	Un-Ginned	1	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	NA	NA	-
Sri-Ganganagar	J-34	NA	NA	-

State wise Scenario

State wise Weekly Prices (at MajorStates):

State	Prices 16-23 Jul 2015	Prices 09-15 Jul 2015	Prices 16-23 Jul 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4388	4290.07	4998.25	2.28	-12.21
Gujarat	4466.94	4567.19	4562.43	-2.2	-2.09
Karnataka	4375.09	4108.32	5415.9	6.49	-19.22
Madhya Pradesh	4020	4029.41	4737.19	-0.23	-15.14
Tamil Nadu	4153.02	4032.34	4964.31	2.99	-16.34
Telangana	4101.78	4106.39	4552.57	-0.11	-9.9
Average	4250.8	4176.25	4626.38		

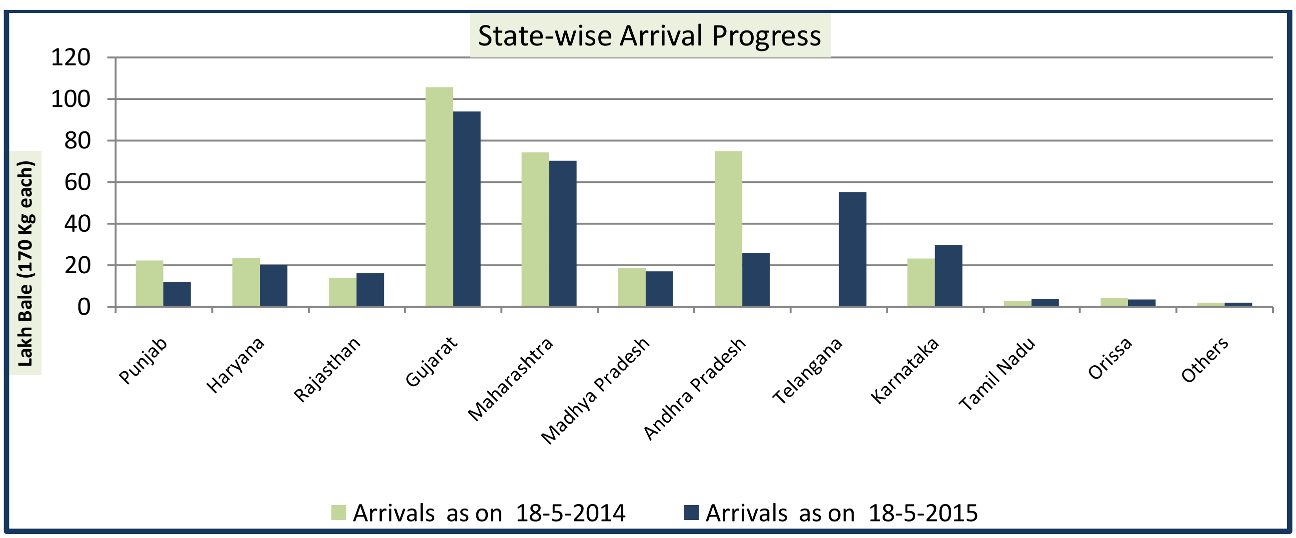


State wise Arrivals (in lakh bales of 170 kgs each):

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**

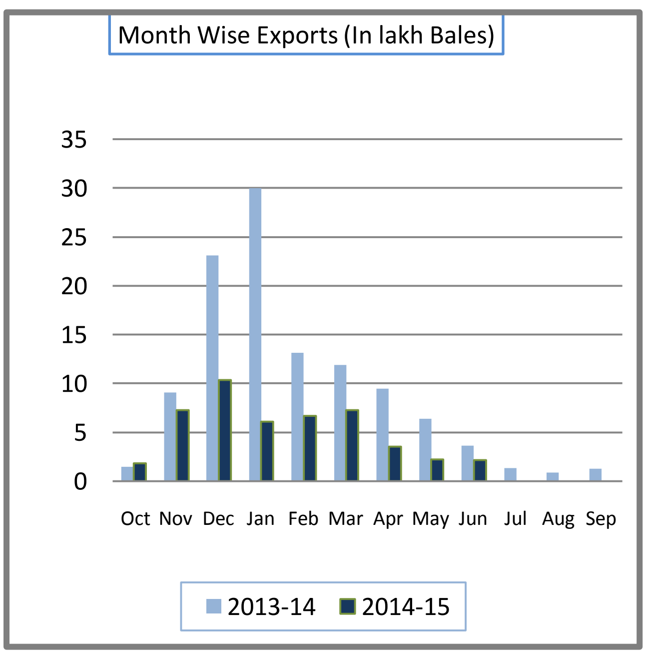
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)

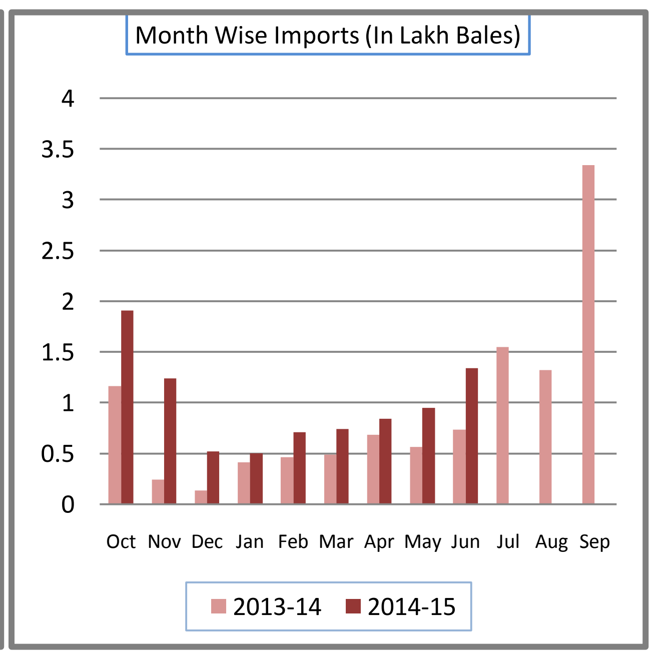


Cotton Export and Import

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	2.135
Jul	1.32	
Aug	0.87	
Sep	1.24	
Total	**111.5**	**47.4**

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	1.337
Jul	1.55	
Aug	1.32	
Sep	3.34	
Total	**11.07**	**8.74**





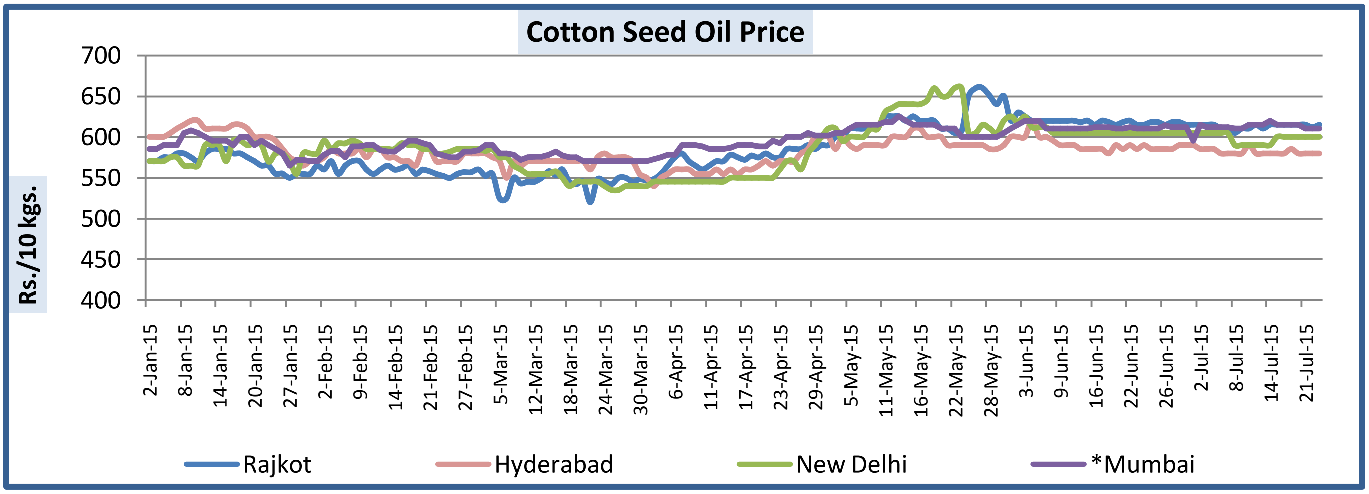
Weekly Export Import Data

Export/Import	13-19 July 2015	06-12 July 2015
Export (In lakh Bales)	0.563	0.600
Import (In lakh Bales)	0.581	0.025
		Source: IBIS

Cotton Seed Oil and Cotton Seed Oil Cake

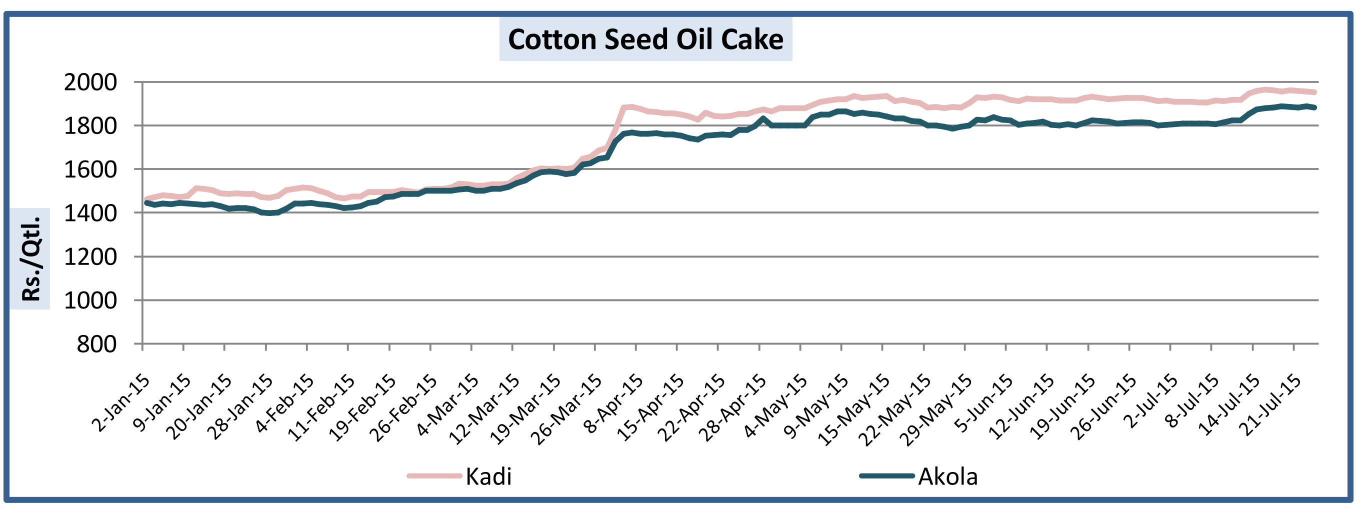
Cotton Seed Oil at Key Centers:

Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	24-July-15	17-July-15	
New Delhi	600	593	1.18
Rajkot	614	614	0.00
Hyderabad	581	580	0.17
Mumbai*	612	616	-0.65
			**Vat Included*



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	24-July-15	17-July-15	
Kadi	1957	1947	0.51
Akola	1885	1857	1.51



*Source: NCDEX

International Market Scenario

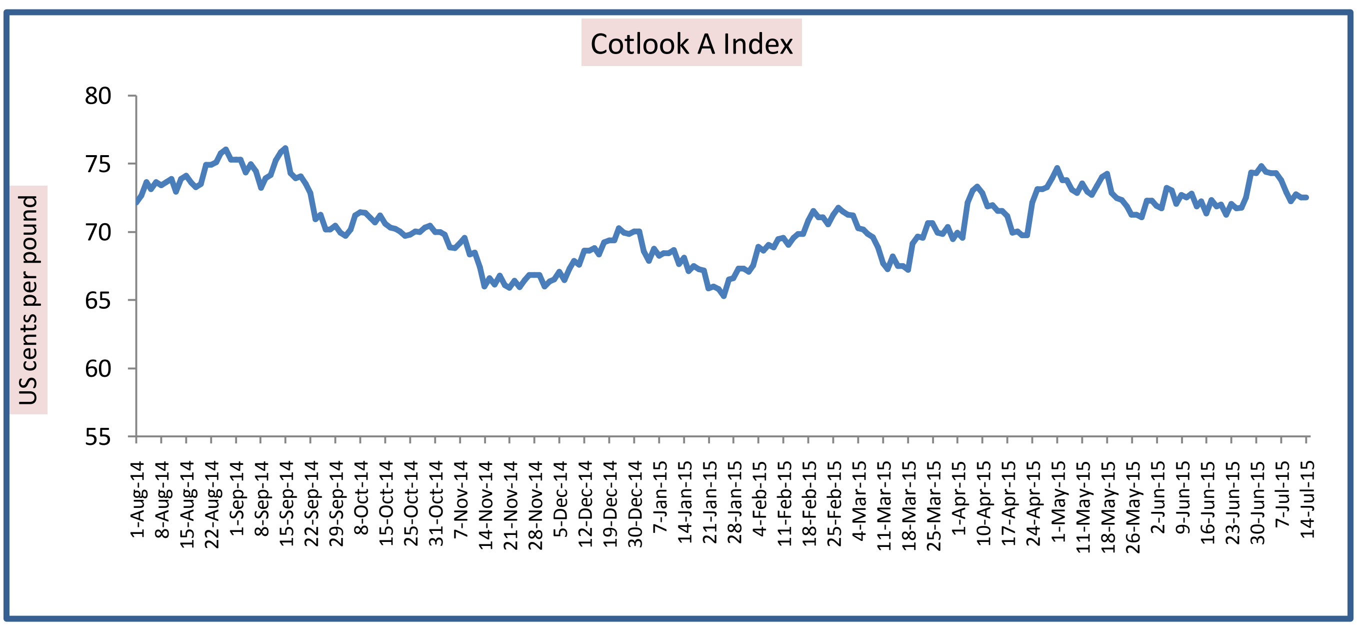
International cotton prices remained weak during thisweek. Cotlook A index weekly average stood at 71.61 cents/pound this week, which was 72.5cents/pound during last week.

USDA estimated cotton imports to be around 7.41 million tonnes in 2015-16, around 1.5% lower when compared to the imports in the current season i.e. 2014-15. It should be noted the net fall in the cotton imports is caused by the lower cotton imports by China, otherwise all the major importing nation are expected to import higher in 2015-16.

In its July estimates, USDA estimated world cotton export to be around 7.413 million tones in season 2015-16, around 1.6% lower when compared to export in the current season that is 2014-15. Except India and Uzbekistan, where exports would be on higher side and Burkina where export would remain steady, all the major exporting countries are likely to face fall in exports.

According to the latest estimates by USDA, cotton production on global front is likely to be around 24.26 million tonnes in 2015-16, around 6.32% lower when compared to the production in 2014-15. Except India and Uzbekistan, where production is likely to remain same as the current year, all the major producing countries will witness fall in production in season 2015-16.

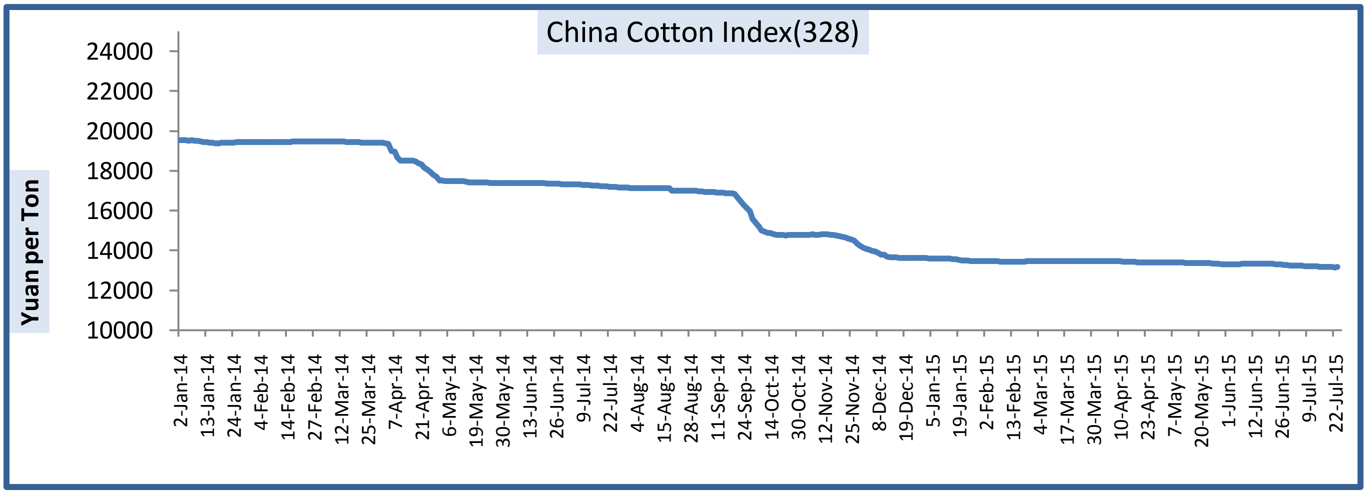
USDA has slashed down the cotton acreage estimates for the country. In its June estimates, USDA gave the estimate of 8.998 million acre to be planted cotton, which was projected at 9.549 million acres in March and the trade estimate for the same was 9.429 million acre. It should be noted that the actual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



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	24-July-15	17-July-15	
CC Index(229)	13810	13839	-0.21
CC Index(328)	13162	13195	-0.25
CC Index(527)	12069	12098	-0.24
Prices in Yuan per Ton			

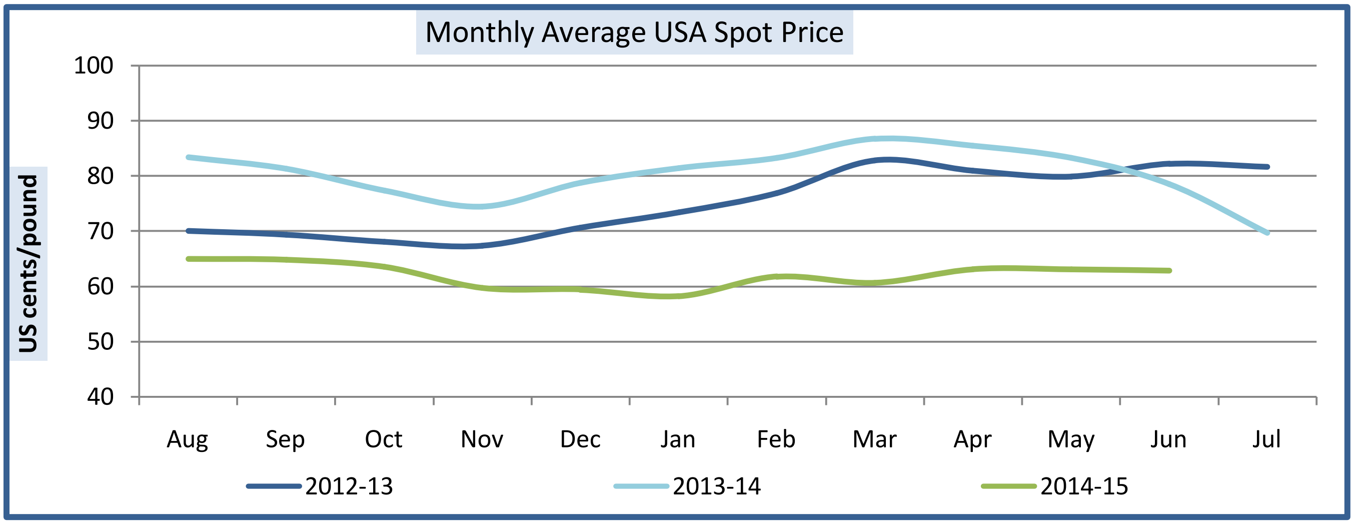


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	24-July-15	17-July-15	
Prices	71.61	72.5	-1.23
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	24-July-15	17-July-15	
Prices	62.53	62.68	-0.24
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	72.35	-20.41
July	83.83		

Cotton Futures (ICE):

Contracts	23-July-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-15	65.92	65.24	65.48	71.19	1.04	0.67	-7.40
Dec-15	64.74	64.96	64.55	--	-0.34	0.29	--
Mar-16	64.54	64.92	64.62	--	-0.59	-0.12	--
May-16	64.68	65.07	64.95	--	-0.60	-0.42	--
Jul-16	64.88	65.26	65.28	--	-0.58	-0.61	--
Oct-16	64.93	--	--	--	--	--	--

Figures in US cents per pound

Cotton Futures

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

Weekly Technical Outlook:

- Candlesticks denote overall bearishmomentum in the future market.
- RSI is moving in low in oversold region.
- Prices closed below the 9 and 18 days EMA.
- MACD denotes bearish centerline and signal line movement.
- We expect prices to remain weak.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bearish Momentum	885-900

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
880	875	905	915
Figures in Rs. per 20Kgs.			

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

Weekly Technical Outlook:

- Candlesticks denotebearish momentum in the future market.
- RSI is moving low in the neutral region.
- Prices are hovering below the 9 and 18 days EMA.
- MACD centerline is moving in negative territory.
- We expect cotton pricesto remain weak.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bearish Momentum	63.40-66.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.60	62.00	66.60	67.00
Figures in US cents per pound			