Current Market Outlook

Market Highlight: The inability of Cotton Corporation of India (CCI) to sell the cotton, it procured under MSP operation is likely to lead to the bulged cotton stock in the country. According to Cotton Association of India (CAI) cotton inventory is likely to increase by around 25% to 7.39 million bales in 2014-15 as compared to 5.89 million bales a year ago. Owing to the situation cotton prices are likely to go southwards further.

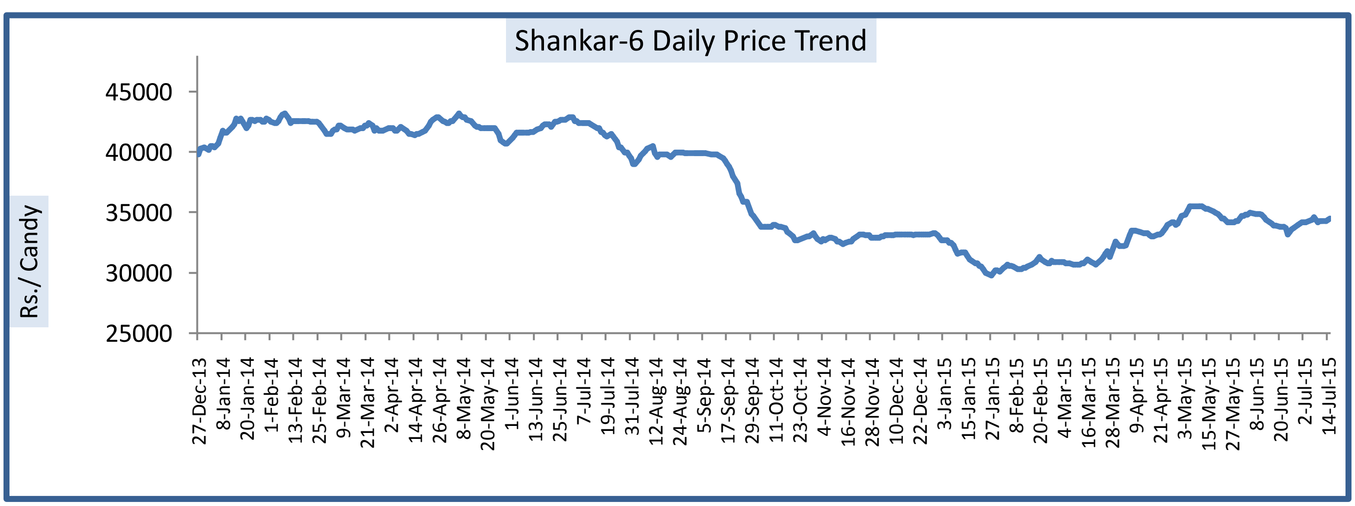
Domestic Weekly Price Outlook: Cotton prices in domestic markets are ruling firmfollowing the revival in export demand. Average price of Kapas at Rajkot during the week was Rs. 4695 per quintal, which stood at Rs 4735 previous week. In the coming week we expect price to touch the level of Rs. 4600 per quintal in the bench mark market. For the other spot market we expect the range of Rs. 4700-4550 per quintal. Kapas prices at NCDEX, is expected to hover in the range of Rs. 835-865 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 101.91 lakh hectares of cotton has been sown so far throughout the country, as on 31 July this year. This is around 2.79% lower than the corresponding sowing progress of last season which was 104.84 lakh hectares, according to Ministry of Agriculture.

Around 88.86% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 27 July 2015 stood at 24.23 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year area of 25.84 lakh hectares.

In Andhra Pradesh, around 47.72% of the cotton planting has been completed so far. Around 2.78 lakh hectares of cotton has been planted as on 29 July 2015 which is around 53.3% lower when compared to the area sown for cotton during the same period last year which was 5.98 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.

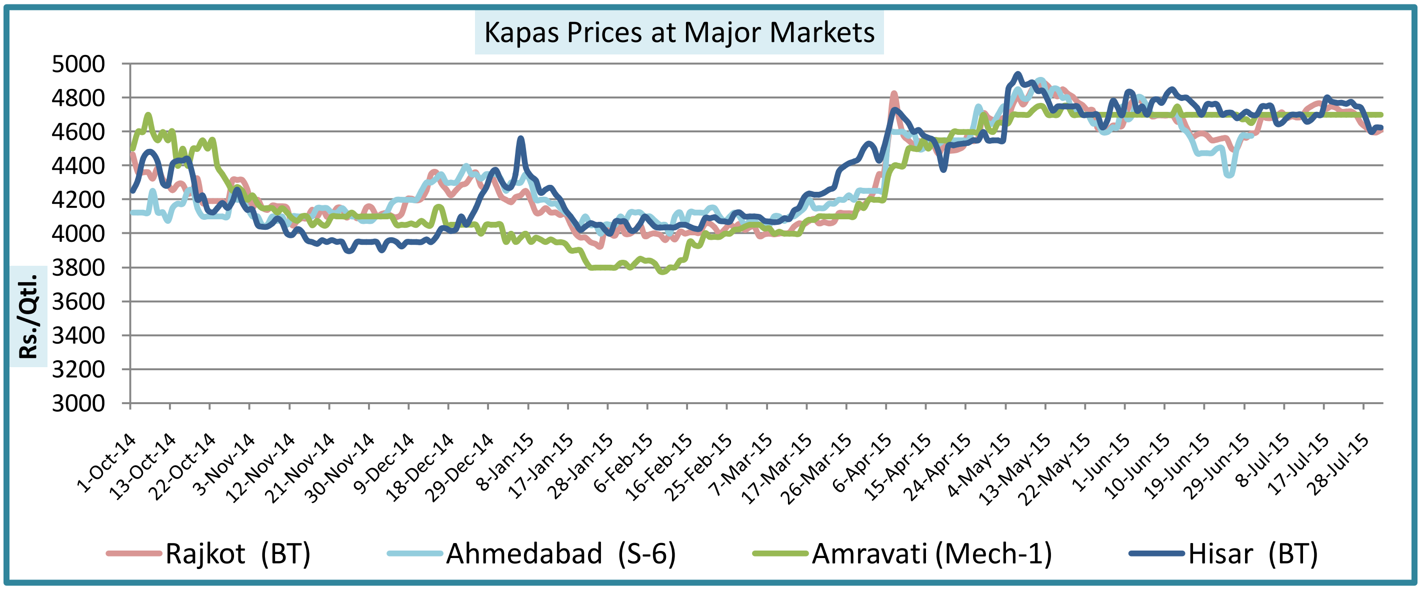
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

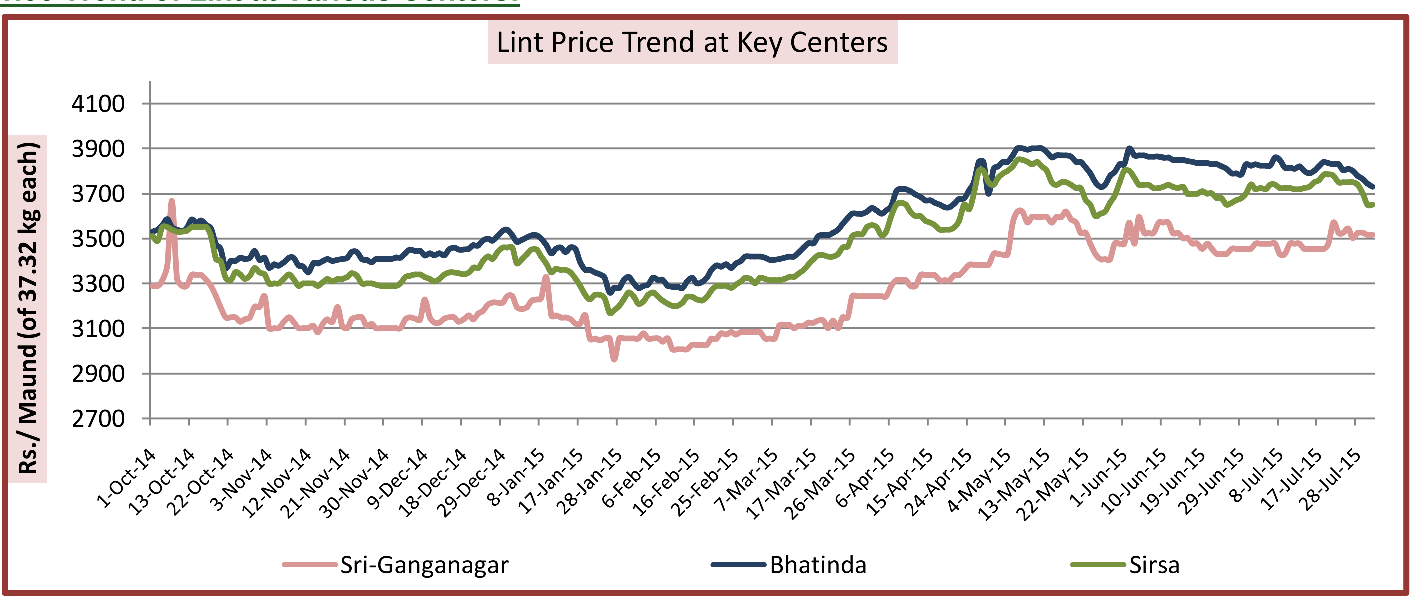
Centre	Variety	Weekly Average Prices		Change
		30th July 2015	24th July 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4695	4735	-40
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4605	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4530	4590	-60
Adampur	B.T. Cotton	4680	4775	-95
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	(Rs./Qtl)		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4655	4770	-115
	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	4695	4730	-35
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4040	4035	5
Krishna	Un-Ginned	4135	4200	-65
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3775	3820	-45
Muktsar	J-34	NA	NA	-

Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3780	3825	-45
Sirsa	J-34	3720	3770	-50
Sri-Ganganagar	J-34	3520	3510	10

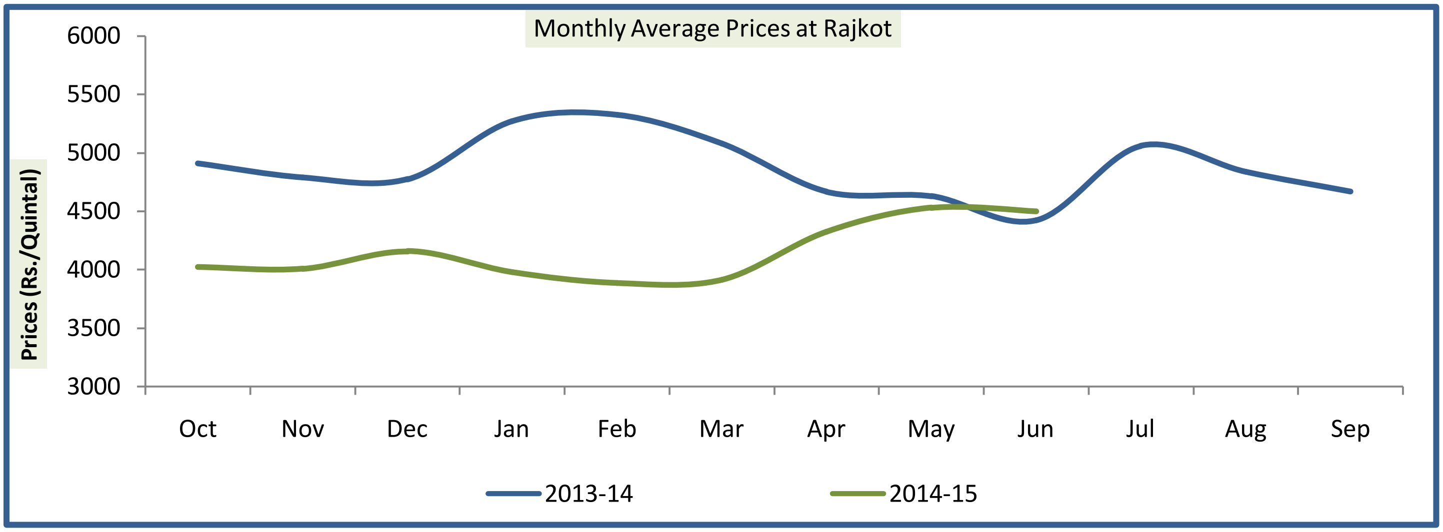
Price Trend of Kapas (Seed Cotton) at Key Centers:



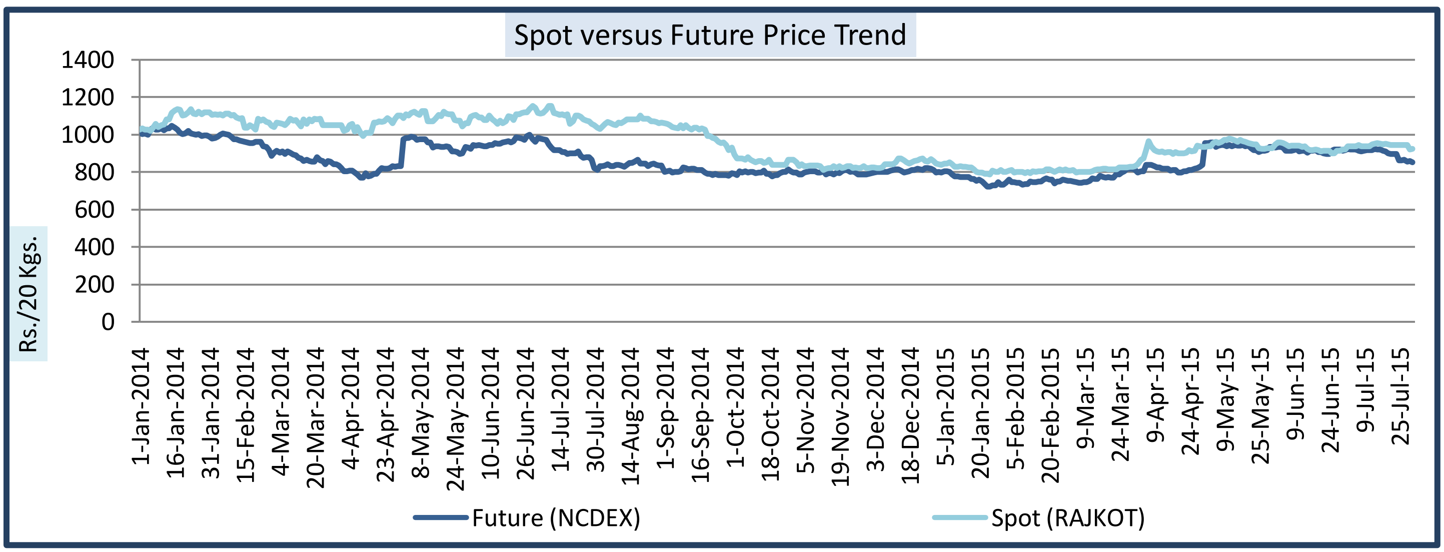
Price Trend of Lint at Various Centers:



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
				15 July 2015	09 July 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33820	34175	-355
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34320	34675	-355
J-34(202)	26mm	3.5 - 4.9	23	35180	35375	-195
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32840	32975	-135
Shankar-6(105)	29mm	3.5 – 4.9	28	34360	34350	10
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35000	35000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43820	44000	-180

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

Cotton Arrivals at Key Centers:

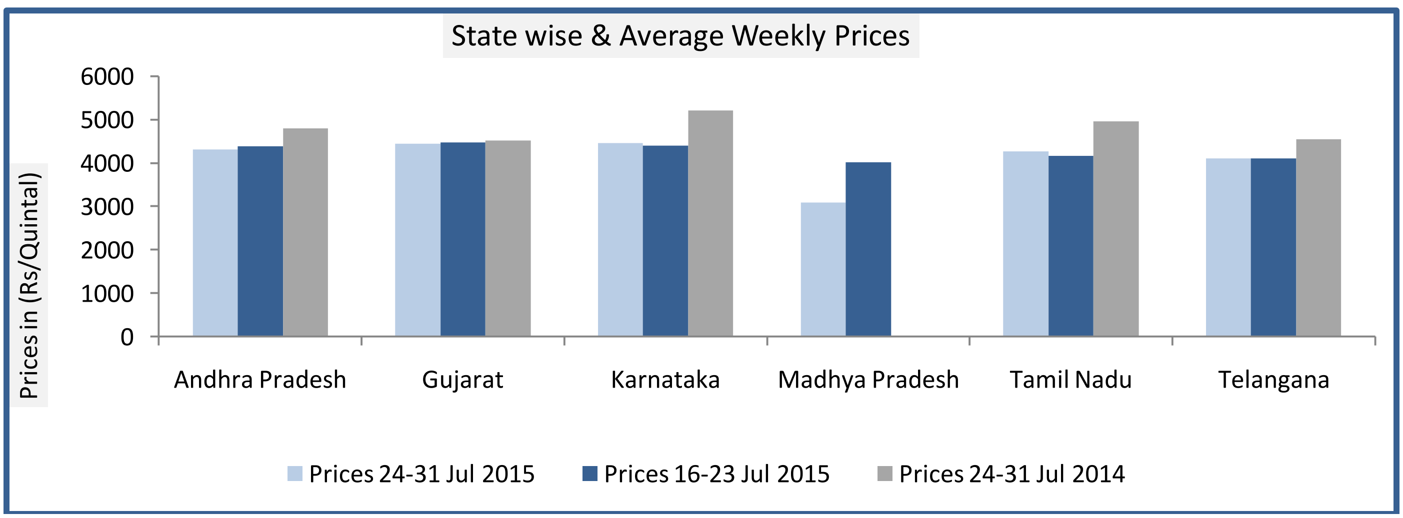
Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		30th July 2015	24th July 2015	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	NA	1830	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	7	-
Fazilika	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	251	349	-98
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	399	456	-57
Guntur	Un-Ginned	5	3	2
Kurnool	Un-Ginned	3	4	-1
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	Unch
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 24-31 Jul 2015	Prices 16-23 Jul 2015	Prices 24-31 Jul 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4312.98	4387.88	4794.63	-1.71	-10.05
Gujarat	4438.24	4473.26	4513.89	-0.78	-1.68
Karnataka	4457.25	4403.65	5210.14	1.22	-14.45
Madhya Pradesh	3091.22	4020	NA	-23.1	__
Tamil Nadu	4266.57	4158.8	4948.76	2.59	-13.79
Telangana	4099.97	4101.78	4547.85	-0.04	-9.85
Average	4111.04	4257.56	7694.21		

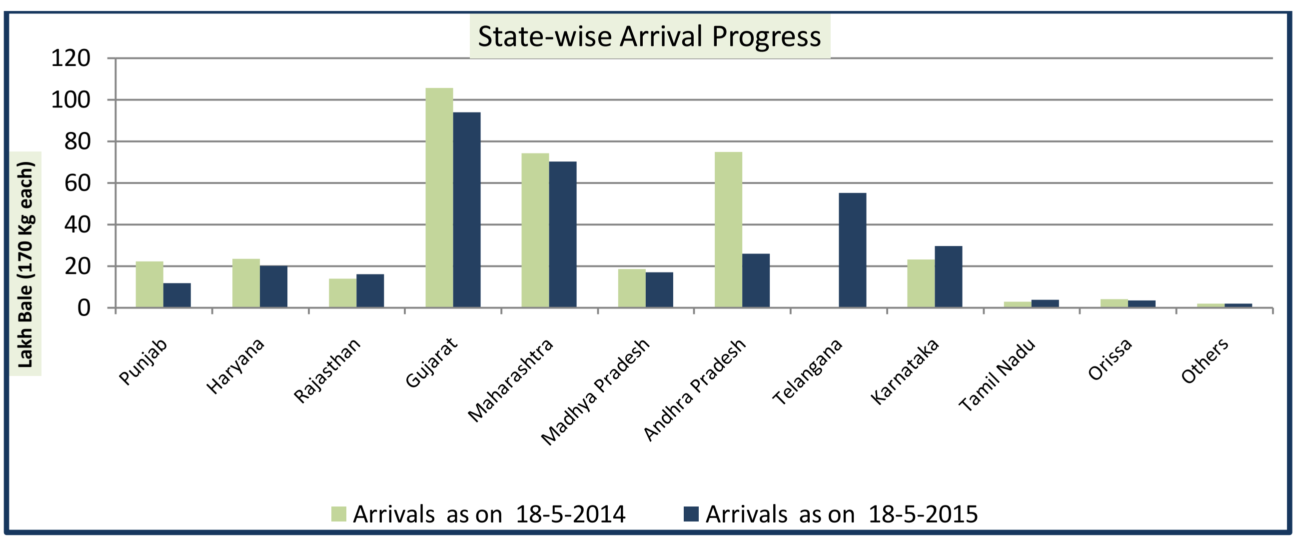


State wise Arrivals (in lakh bales of 170 kgs each):

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**

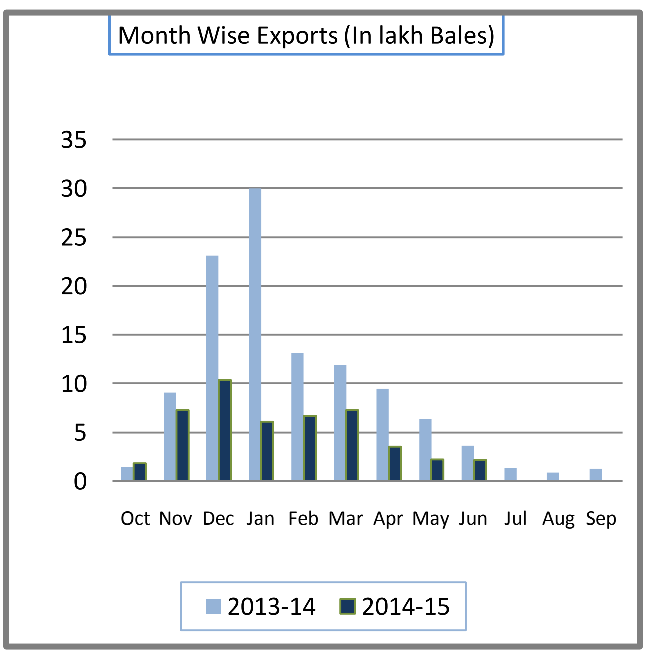
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)

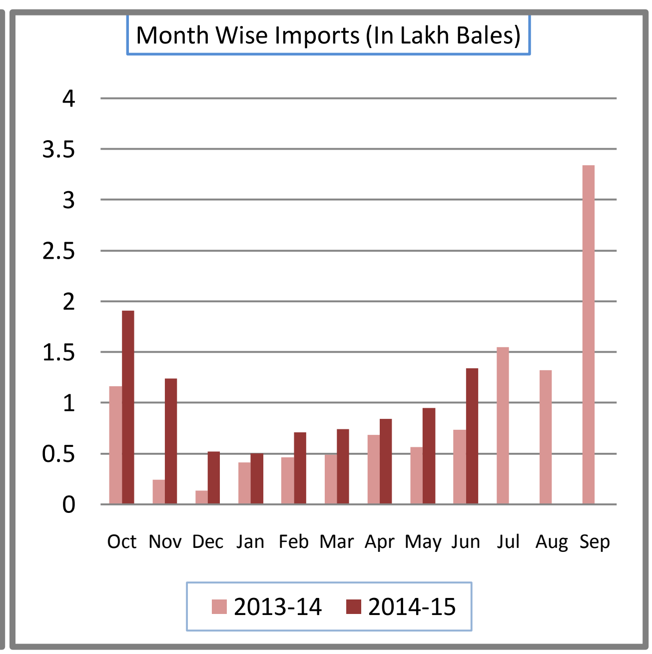


Cotton Export and Import

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**





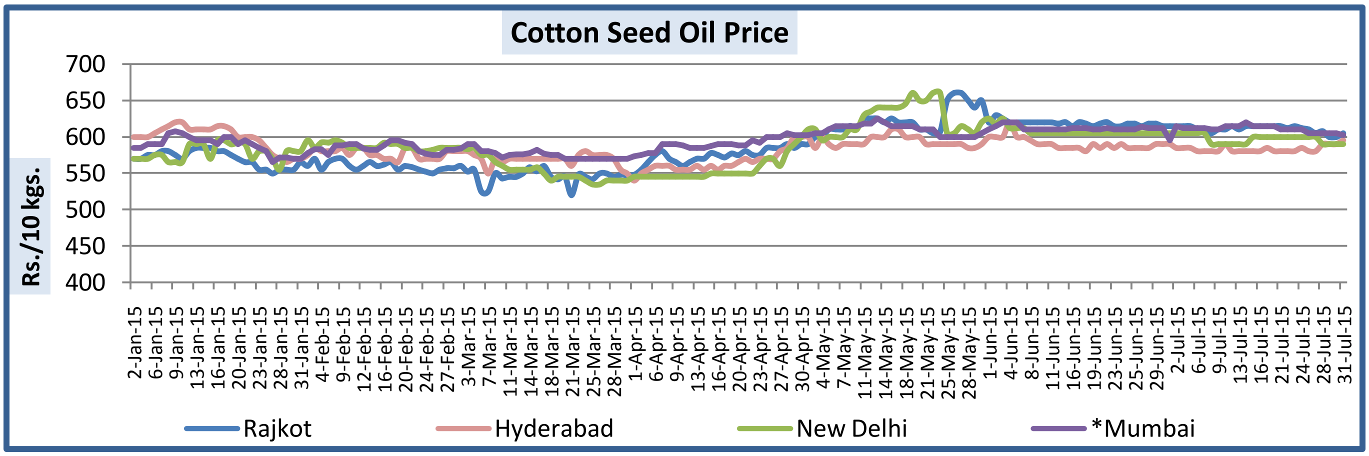
Weekly Export Import Data

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

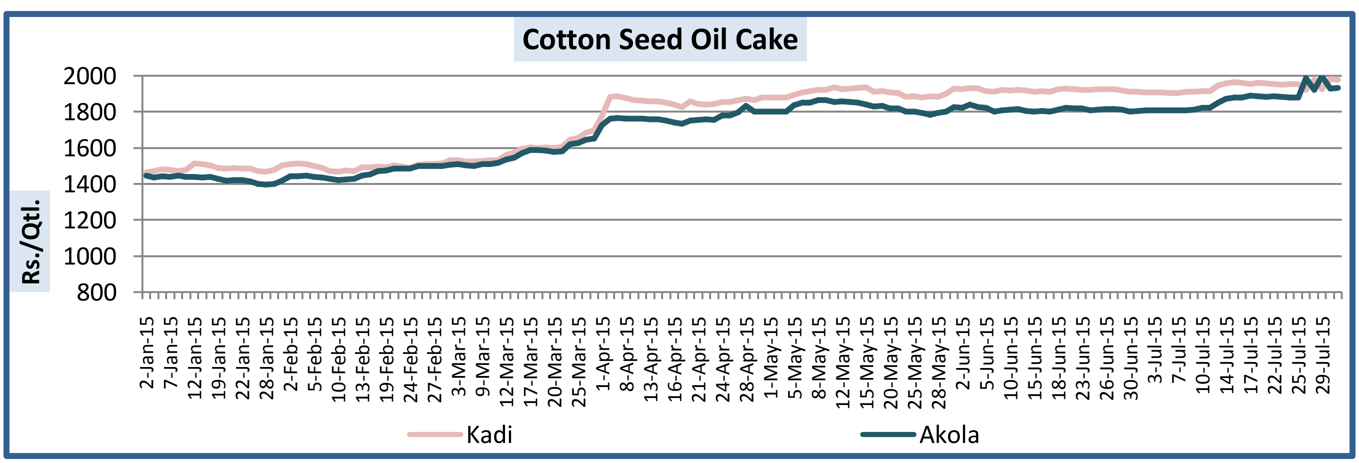
Cotton Seed Oil at Key Centers:

Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	31-July-15	24-July-15	
New Delhi	594	600	-1.00
Rajkot	605	614	-1.47
Hyderabad	587.5	581	1.12
Mumbai*	604.5	612	-1.23
			**Vat Included*



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	31-July-15	24-July-15	
Kadi	1957	1957	0.00
Akola	1940.5	1885	2.94



*Source: NCDEX

International Market Scenario

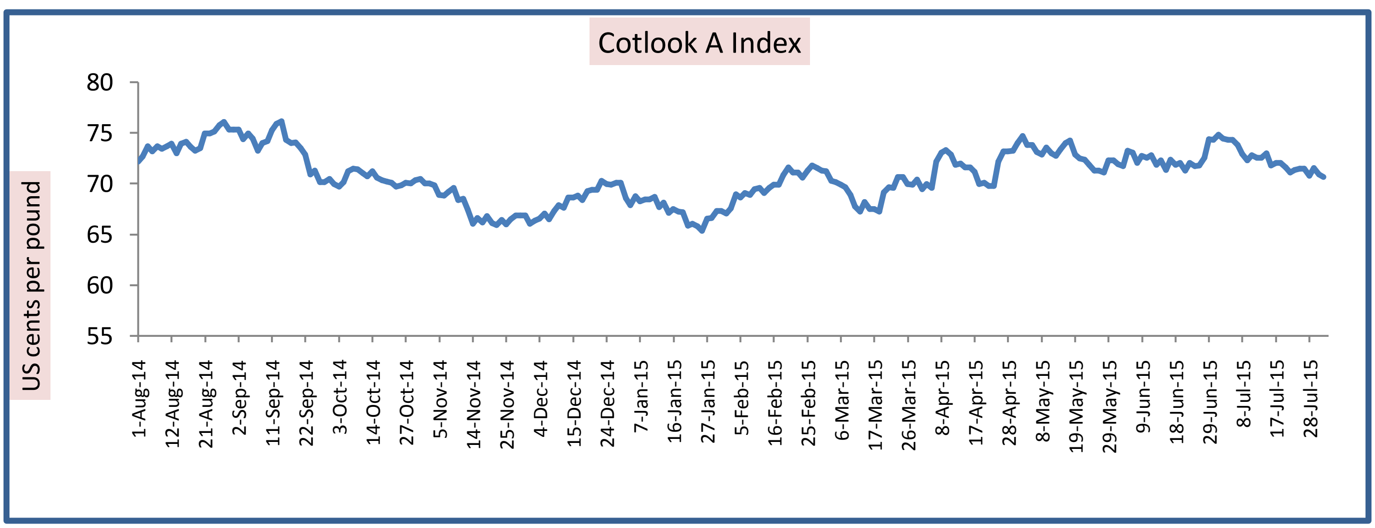
International cotton prices remained weak during thisweek. Cotlook A index weekly average stood at 71.12 cents/pound this week, which was 71.61cents/pound during last week.

USDA estimated cotton imports to be around 7.41 million tons in 2015-16, around 1.5% lower when compared to the imports in the current season i.e. 2014-15. It should be noted that 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 tons 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 in the current year, all the major producing countries will witness fall in production in season 2015-16.

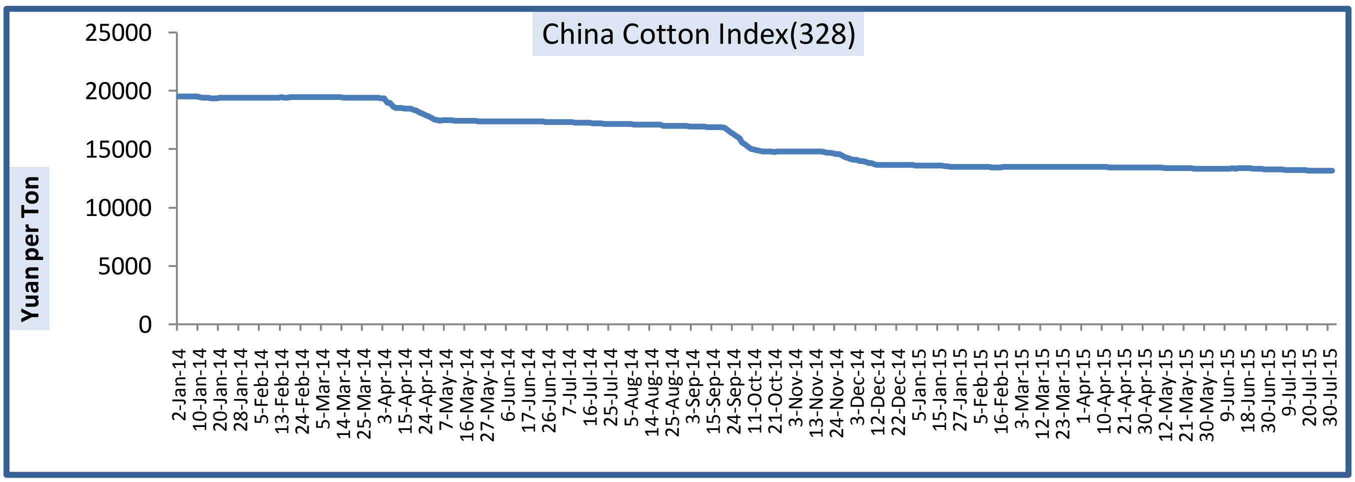
USDA has slashed the cotton acreage estimates for the country. In its June estimates, USDA gave the estimate of 8.998 million acre to be planted cotton, which was projected at 9.549 million acres in March and the trade estimate for the same was 9.429 million acre. It should be noted that the actual area 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
	31-July-15	24-July-15	
CC Index(229)	13790	13810	-0.14
CC Index(328)	13148	13162	-0.11
CC Index(527)	12043	12069	-0.22
Prices in Yuan per Ton			

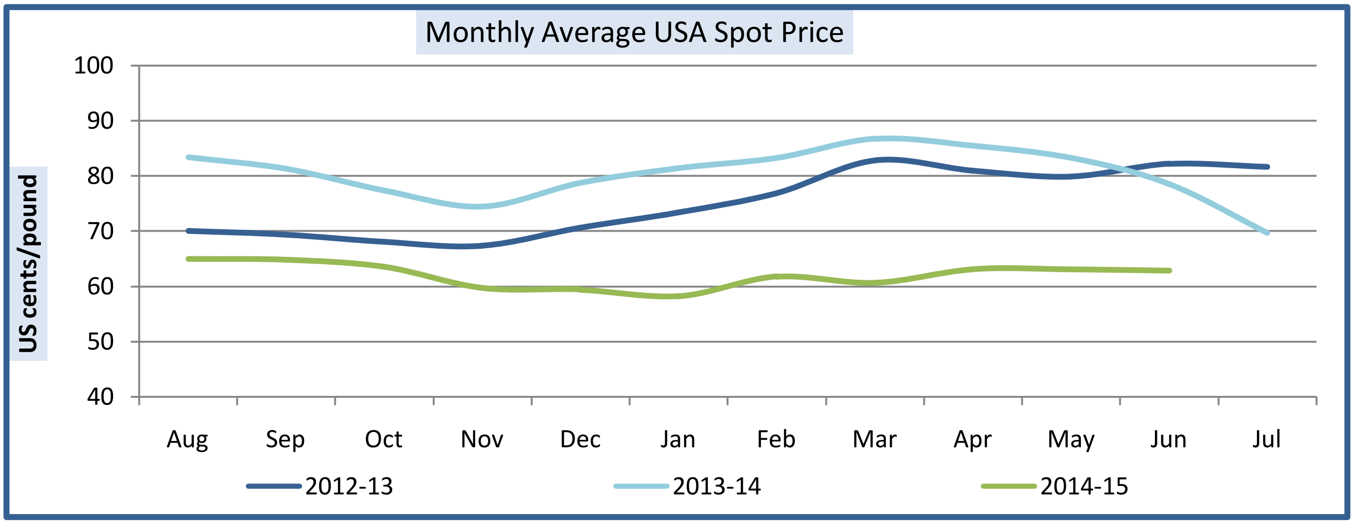


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	31-July-15	24-July-15	
Prices	71.12	71.61	-0.68
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	31-July-15	24-July-15	
Prices	60.86	62.53	-2.67
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	30-July-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-15	63.66	65.92	68.91	68.46	-3.43	-7.62	-7.01
Dec-15	63.55	64.74	67.91	--	-1.84	-6.42	--
Mar-16	63.57	64.54	67.29	--	-1.50	-5.53	--
May-16	63.86	64.68	66.90	--	-1.27	-4.54	--
Jul-16	64.18	64.88	66.41	--	-1.08	-3.36	--
Oct-16	64.37	64.93	--	--	-0.86	--	--

Figures in US cents per pound

Cotton Futures

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

Weekly Technical Outlook:

- Candlesticks denote weak momentum in the future market.
- RSI is moving 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	835-865

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
860	850	870	880
Figures in Rs. per 20Kgs.			

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

Weekly Technical Outlook:

- Candlesticks denoteweak 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	62.60-65.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.00	61.40	65.60	66.00
Figures in US cents per pound			