Current Market Outlook

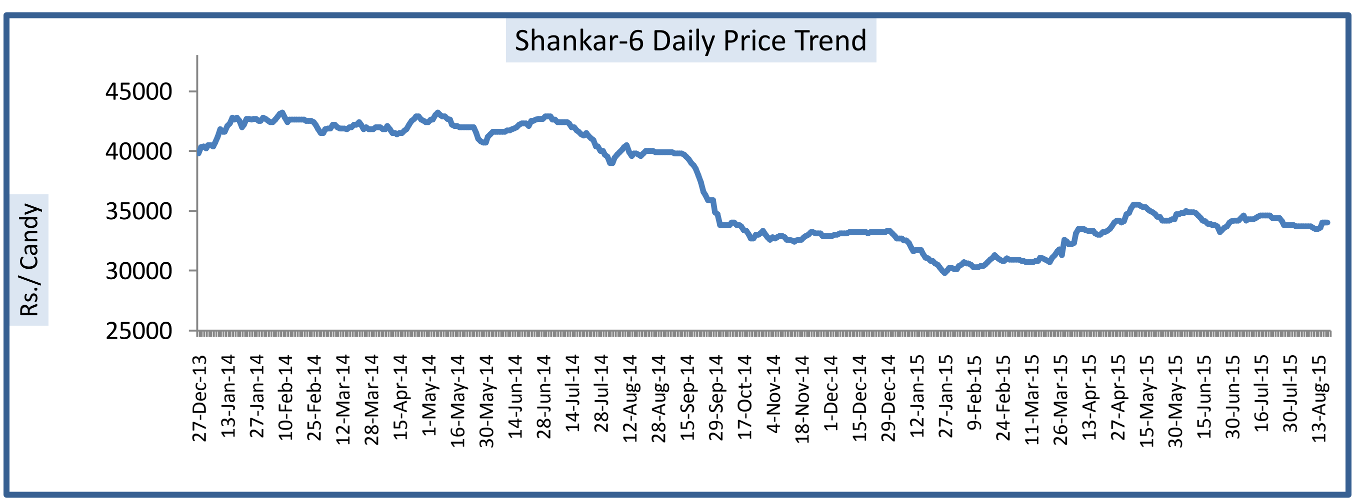
Market Highlight: Department of Agriculture, Ministry of Agriculture (MoA) in its fourth advance estimates, has revised the cotton production estimates upwardly for the season 2014-15 at 354.75 lakh bales (of 170 kg each), which was estimated to be around 353.28 lakh bales in third advance estimates. Production target for the season 2014-15 has been set at 350 lakh bales. Cotton production according to final estimates of DAC for the season 2013-14 was 359.02 lakh bales.

Domestic Weekly Price Outlook: Cotton prices in domestic markets remained slightly firm during the week following the lower production estimates released by USDA. Average price of Kapas at Rajkot during the week was Rs. 4725 per quintal, which stood at Rs 4665 previous week. In the coming week we expect price to remain in range of Rs. 4680-4780 per quintal in the bench mark market. Kapas prices at NCDEX, is expected to hover in the range of Rs.860-890 per maund (of 20 kg each).

Agriwatch Production Estimates 2015-16: Despite the moderate rise in the MSP, cotton acreage is expected to fall by around 7.5% this season.Under the reduced acreage and current rainfall situation cotton production in 2015-16 is likely to be around 368.6 lakh bales, lower as compared tocurrent season. Cotton production in current season ending in September, would stand around 382.75 lakh bales, according to Cotton Association of India (CAI).

Cotton Sowing Progress: Around 108.67 lakh hectares of cotton has been sown so far throughout the country, as on 14 August this year. This is around 7.05% lower than the corresponding sowing progress of last season which was 116.91 lakh hectares, according to Ministry of Agriculture.

Around 98.26% of the cotton sowing has been completed in Gujarat against the normal area under cotton in state, according to State Agriculture Department. Area sown for cotton as on 17 August 2015 stood 26.79 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 29.53 lakh hectares.In Andhra Pradesh, around 76.8% of the cotton planting has been completed so far as against the normal area under cotton in the state. Around 4.49 lakh hectares of cotton has been planted as on 19 August 2015 which is around 23.3% lower when compared to the area sown for cotton during the same period last year.



Domestic Balance Sheet

Supply	2014-15*	2015-16**
Opening Stocks	58.9	73.65
Production	382.75	368.62
Imports	12	12.17
Total Availability	453.65	454.44
Demand		
Mill consumption	274	289.344
Small Mill consumption	26	27.456
Non-Mill consumption	10	10.56
Total consumption	310	327.36
Export	70	82.21
Total Demand	380	409.57
Ending Stock	73.65	44.87

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 73.65 lakh bales due to the weak export in 2014-15.

Cotton acreage is likely to decline by around 7.5% to 117 lakh hectares due to the dull prices cotton fetched during the season 2014-15.

Cotton production is likely to be weaker at around 368.62 lakh bales due to the fall in acreage. Imports, as expected by USDA are likely to increase to 12.17 lakh bales. Consumption is expected to increase this season following the increased demand from RMG industry.

Cotton export, despite the lower production would be on higher side as the major exporter producer China and major importer USA would be producing lesser, which would provide India, an opportunity to export more.

The lower production and higher export would make ending stock to fall in 2015-16 as compared to the current year.

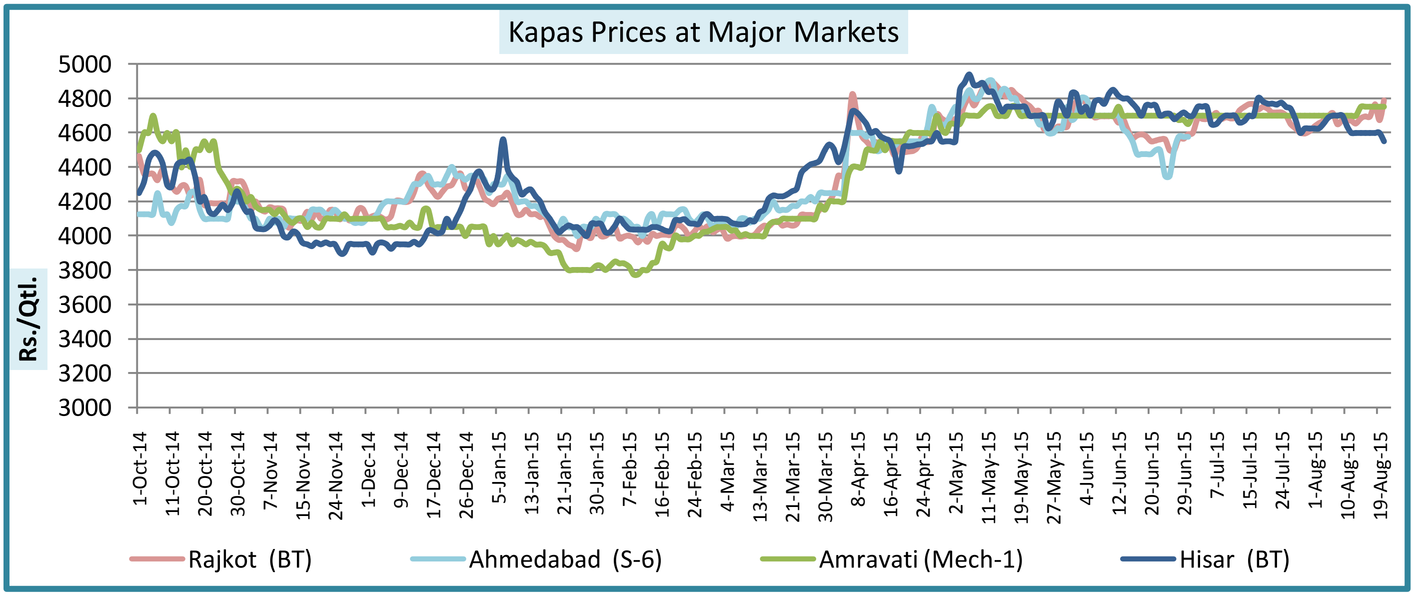
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

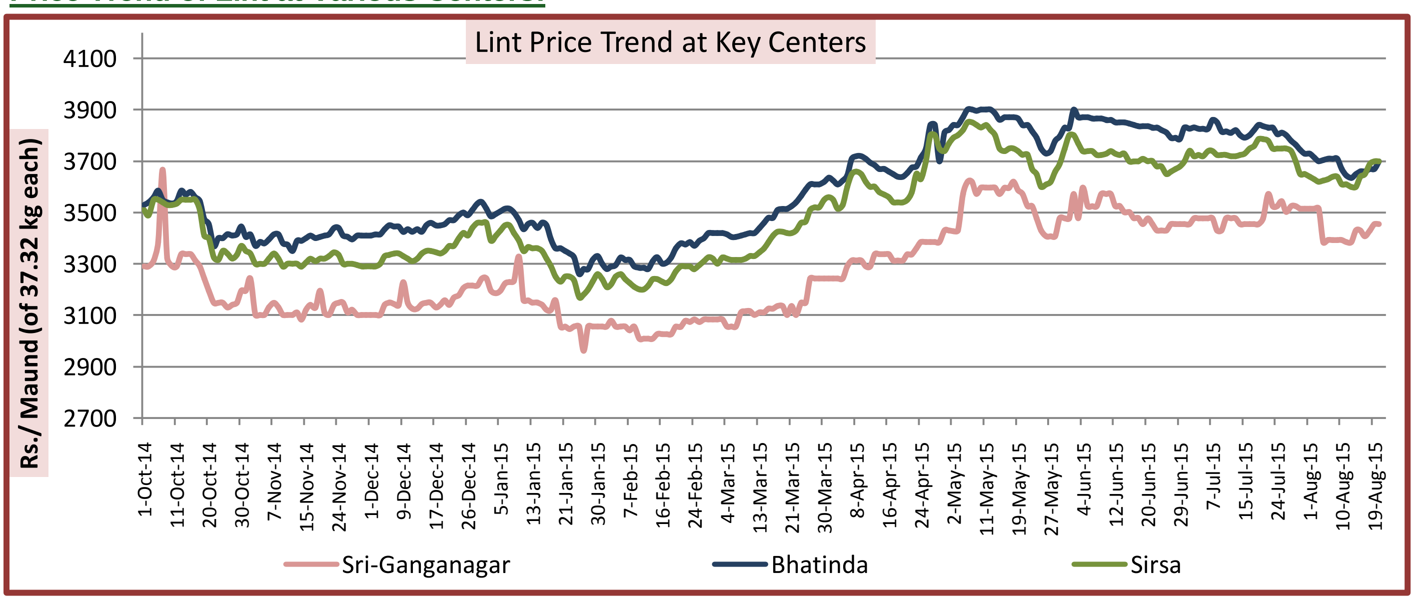
Centre	Variety	Weekly Average Prices as on		Change
		21th August 2015	13th August 2015	
	Kapas	**(Rs./Qtl)**		
Amravati	Mech-1	4750	4708	42
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4725	4667	58
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4500	4528	Unch
Adampur	B.T. Cotton	4590	4640	-50
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	4744	4618	126
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4413	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4561	4367	194
Guntur	Un-Ginned	4050	3981	69
Kurnool	Un-Ginned	4050	4010	40
Krishna	Un-Ginned	4050	3953	97
East Godavari	Un-Ginned	4050	3975	75
	Lint	**(Rs./Maund of 37.32kg each)**		
Abohar	J-34	3704	3678	26
Muktsar	J-34	NA	NA	-

Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3685	3670	15
Sirsa	J-34	3683	3617	66
Sri-Ganganagar	J-34	3440	3399	41

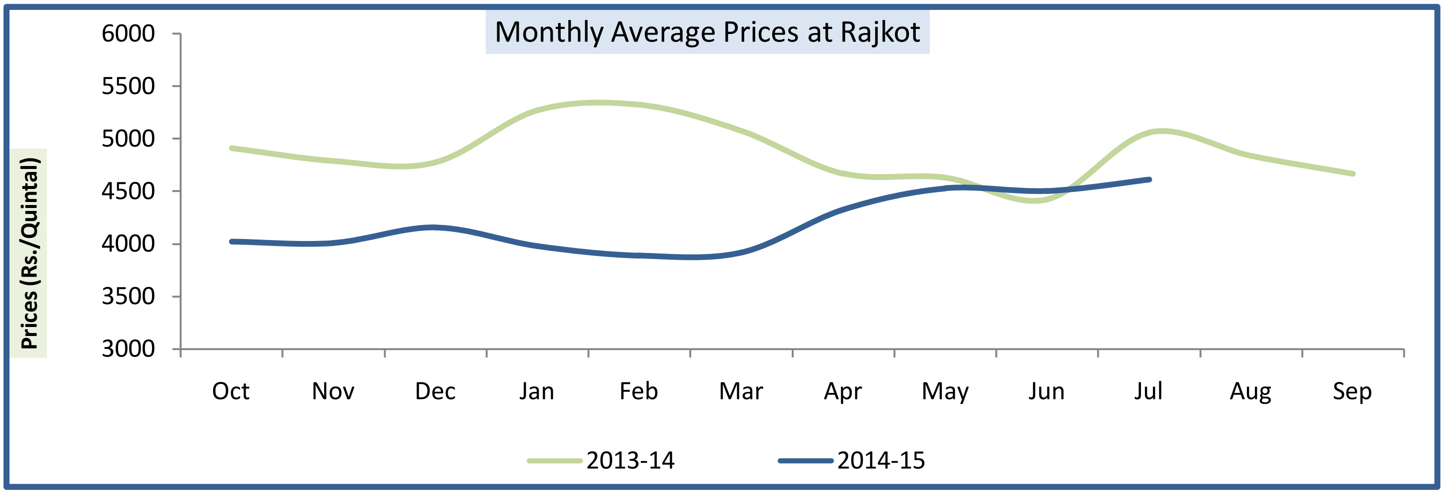
Price Trend of Kapas (Seed Cotton) at Key Centers:



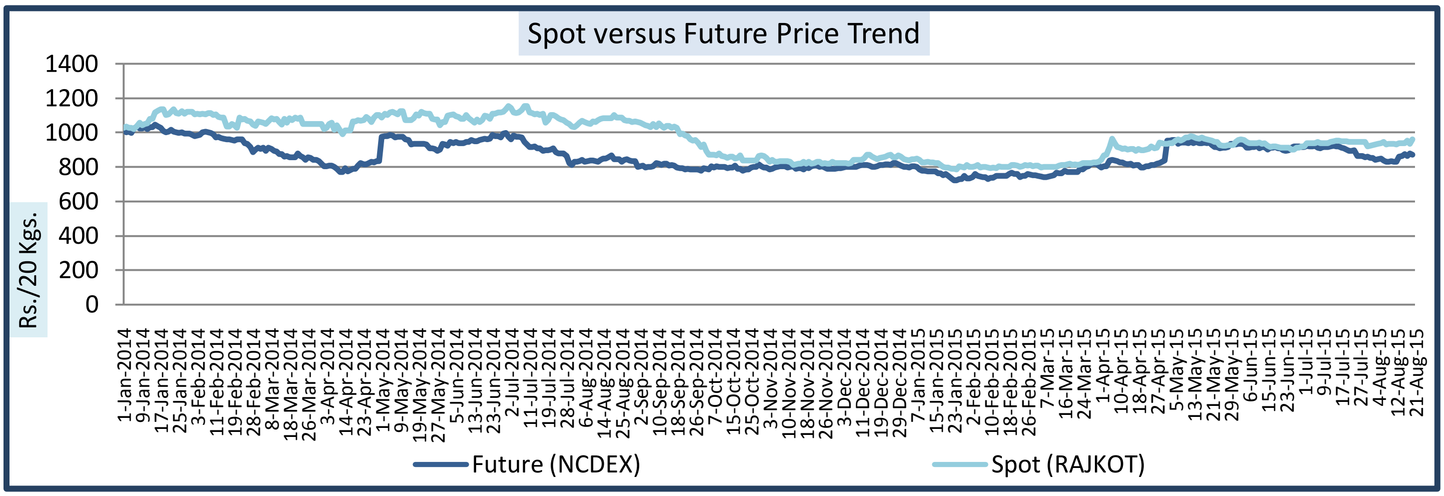
Price Trend of Lint at Various Centers:



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 Prices as on		Change
				20th Aug 2015	13th Aug 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33120	33080	40
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33620	33580	40
J-34(202)	26mm	3.5 - 4.9	23	33380	33020	360
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	31800	31640	160
Shankar-6(105)	29mm	3.5 – 4.9	28	33960	33640	320
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34140	34180	-40
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35140	35180	-40
DCH-32(107)	34mm	3.0 - 3.8	33	42920	42680	240

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

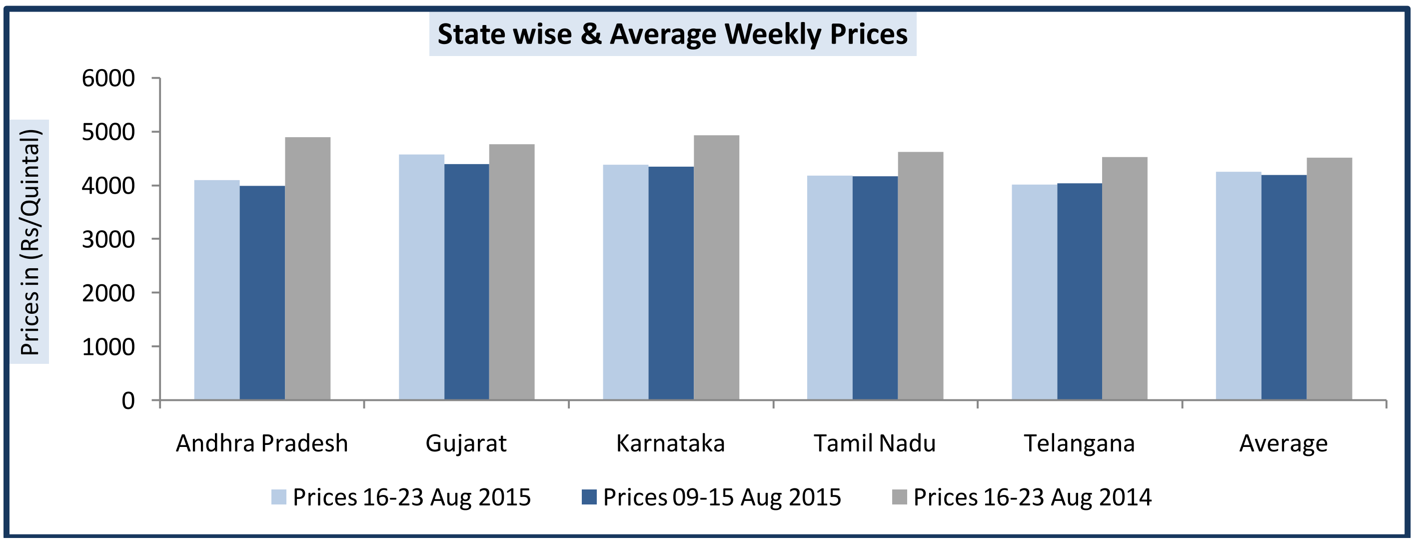
Cotton Arrivals at Key Centers:

Centre	Variety	Weekly Cumulative Arrivals (Qtl)		Change
		21th August 2015	13th August 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	1108	1780	-672
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	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	360	648	-288
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	37	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	75	163	-88
Guntur	Un-Ginned	3	4	-1
Kurnool	Un-Ginned	4	6	-2
Krishna	Un-Ginned	1	2	-1
East Godavari	Un-Ginned	1	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 Aug 2015	Prices 09-15 Aug 2015	Prices 16-23 Aug 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4100.21	3991.07	4896.94	2.73	-16.27
Gujarat	4572.78	4398.35	4763.68	3.97	-4.01
Karnataka	4384.53	4343.42	4929.4	0.95	-11.05
Tamil Nadu	4175.65	4168.78	4614.94	0.16	-9.52
Telangana	4008.39	4041.47	4524.71	-0.82	-11.41
Average	4248.31	4188.62	4512.95		



All India weekly average price of cotton moved northwards during the week following the lower production estimates released by USDA. In all of the major states, except Telangana, cotton remained in uptrend. Weekly price on the domestic front, according to Agmarknet remained at Rs. 4248.31 per quintal around 1.5% higher in comparison to the average price of previous week, which was Rs 4188.62 per quintal.

Although the prices have recovered this week as compared to the previous, is still ruling weaker in comparison to the prices during the corresponding period last year. On current basis, cotton prices are around 6% lower when compared to average price of Rs. 4512.95 per quintal during same period last year.

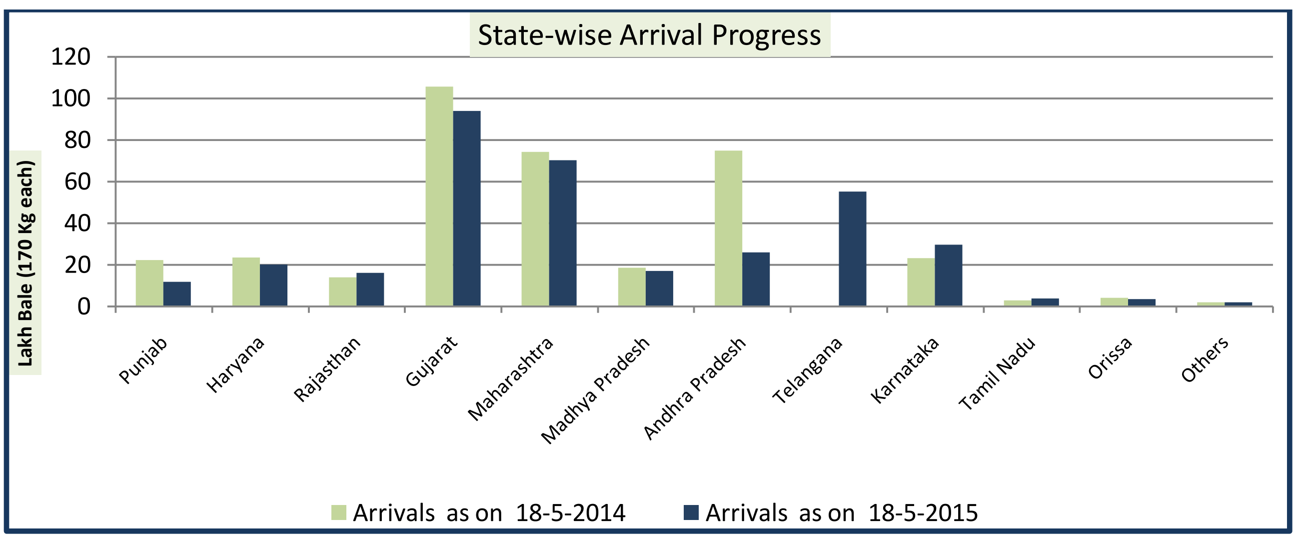
State wise Arrivals (in lakh bales of 170 kgs each):

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

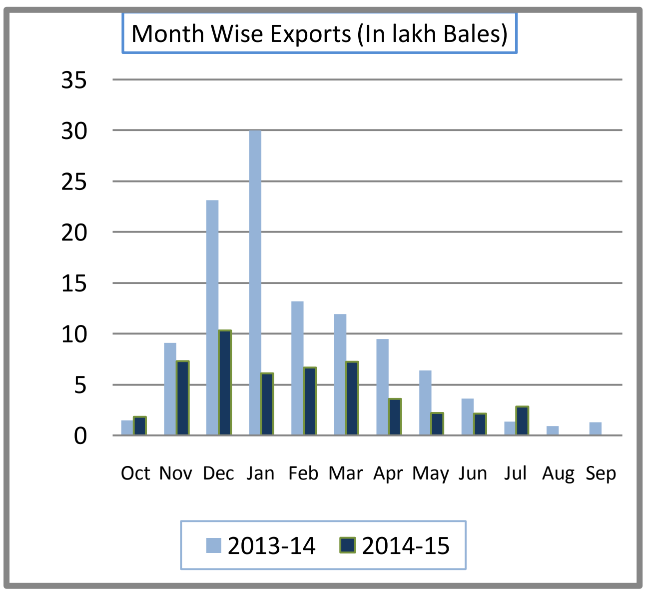
** Quantity in lakh bales (of 170 kgs. each)

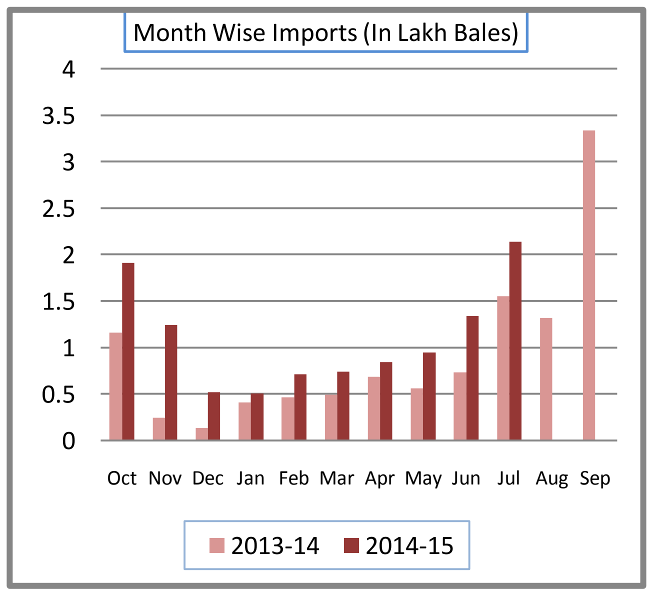


Cotton Export and Import

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	2.813
Aug	0.87	
Sep	1.24	
Total	**111.5**	**50.2**

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	2.136
Aug	1.32	
Sep	3.34	
Total	**11.07**	**10.88**





Weekly Export Import Data

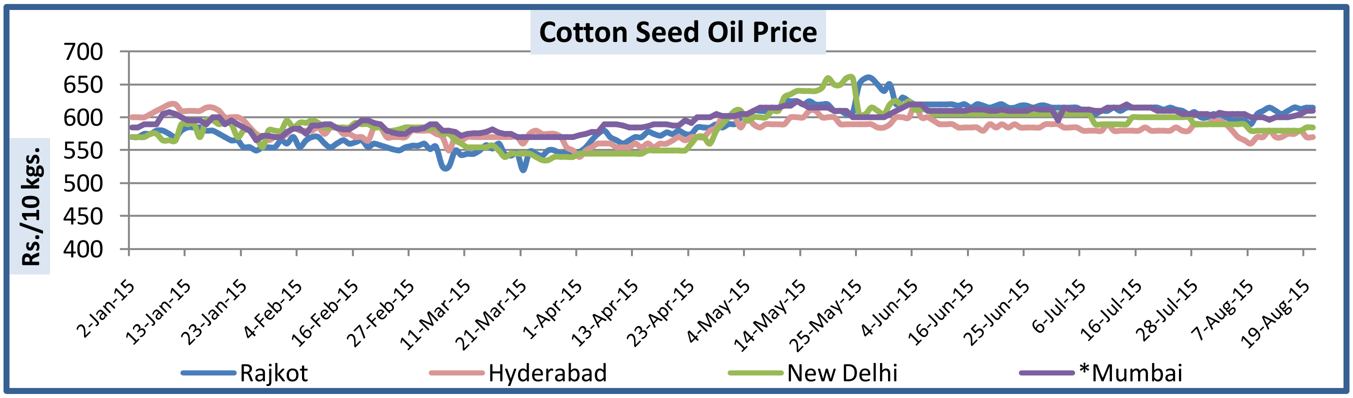
Export/Import	10 Aug to 16 Aug 2015	03 Aug to 09 Aug 2015
Export (In lakh Bales)	0.50	0.60
Import (In lakh Bales)	0.40	0.24
		Source: IBIS

India exported 0.50 lakh bales of cotton last week (10 Aug to 16 Aug 2015), which was 0.60 lakh bales in the previous week (27 July-02 August 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.24 lakh bales last week, which was 0.34 lakh bales in the previous week.

Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil at Key Centers:

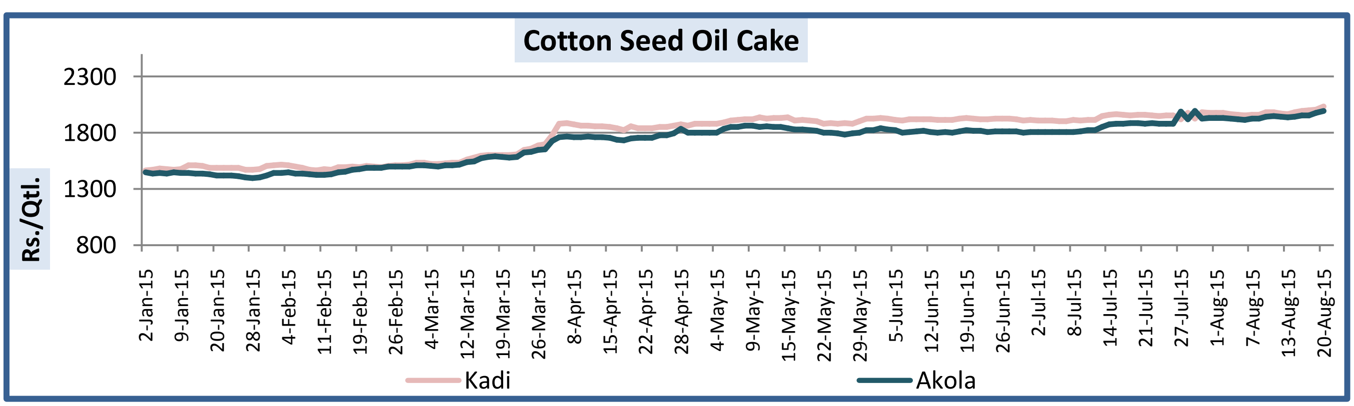
Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	21-August-15	14-August-15	
New Delhi	582	580	0.34
Rajkot	614	606	1.32
Hyderabad	574	570	0.70
Mumbai*	605	599	1.00
			**Vat Included*



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	21-August-15	14-August-15	
Kadi	2004.02	1970.5	1.70
Akola	1965.66	1937.3	1.46

Despite the weak cotton price prevailing in the market, prices of cotton seeds have increased by around 30% in last four year to Rs 23 per kg from Rs 17 per Kg. Demand of de-oiled cotton cake (DOC) and cotton seed oil, which is used as edible oil and illegal mixing with expensive edible oil, has pulledthe cotton seed price upward in the market.



*Source: NCDEX

International Market Scenario

International cotton prices remained firm during thisweek. Cotlook A index weekly average stood at 73.34 cents/pound this week, which was 70.4 cents/pound during last week.

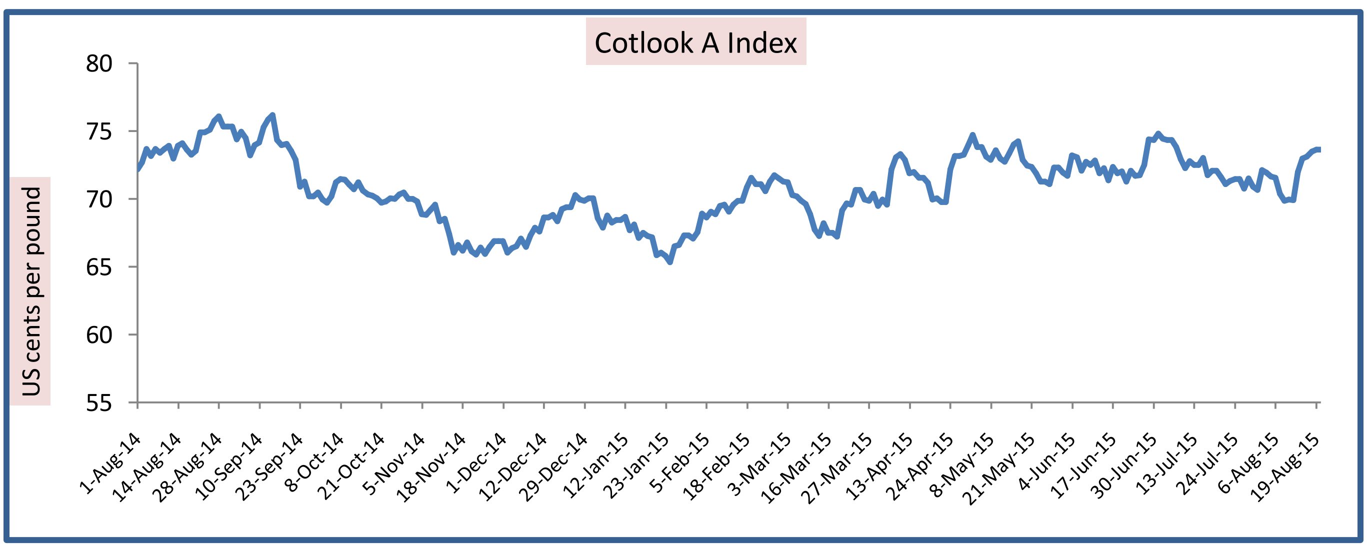
According to China Cotton Association (CCA), the country is likely to produce 5.5 million tonnes of cotton in year 2015-16, slightly lesser than the previous estimates of 5.86 million tons. The production however is likely to stand fairly lower when compared to the production of 6.5 million tons in year 2014-15.

World cotton production in 2015-16 is likely to stand lowest in last five years, said USDA. Cotton output on global front is likely to be around 23.73 million tons, as per the latest estimates by USDA, around 2.2% lower as compared to the estimates of previous month for the current season, and around 8.3% lower when compared to production of previous season of 25.906 million tons.

World cotton export according to the latest USDA estimates would be around 7.51 million tonsin 2015-16, around 1.37% higher when compared to the estimates of previous month for the same season and around 2.8% lower when compared to actual export of previous season which was 7.73 million tons.

USA cotton export expectation for the season 2015-16 has been further lowered by USDA at 2.17 million in August, which was estimated to be around 2.35 million tons a month earlier, due to the lower crop expectation. It should be noted that USA cotton exports could fall by around 11% this season as compared to previous season's figures of 2.43 million tons, said USDA.

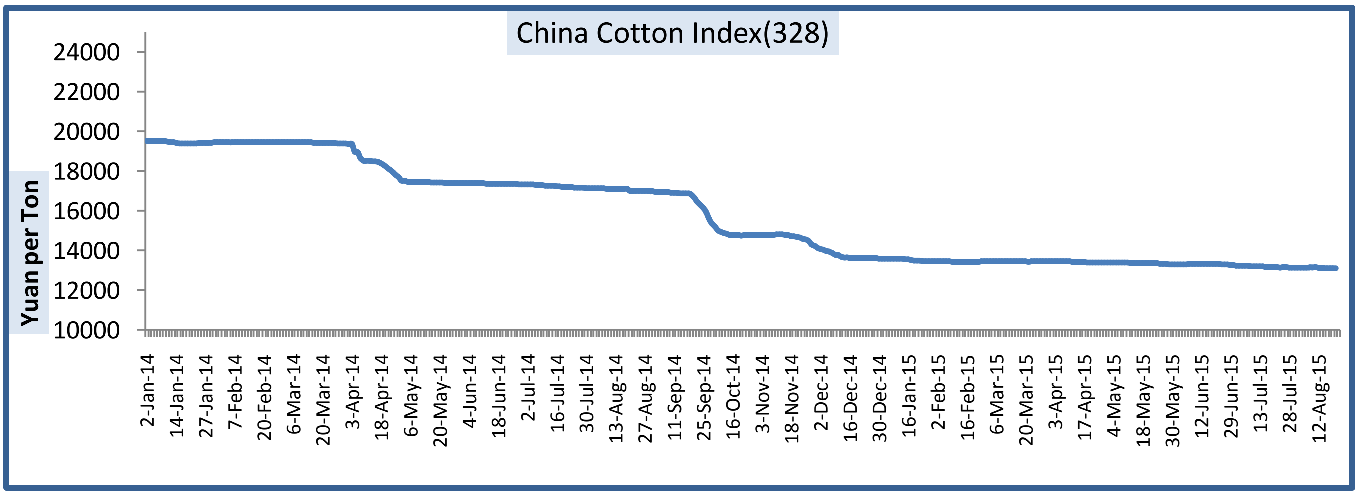
USDA in its August estimates has revised the world cotton imports estimates for season 2015-16 upwardly at 7.52 million tons as compared to the July estimates of 7.413 million tons, due to the expectation of higher consumption anticipated in current season i.e. 2015-16. However the imports would still be lower by 4.3% when compared to the previous season imports of 7.865 million tons.



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	21-August-15	14-August-15	
CC Index(229)	13705	13750	-0.33
CC Index(328)	13107	13146	-0.30
CC Index(527)	12006	12050	-0.37
			Prices in Yuan per Ton

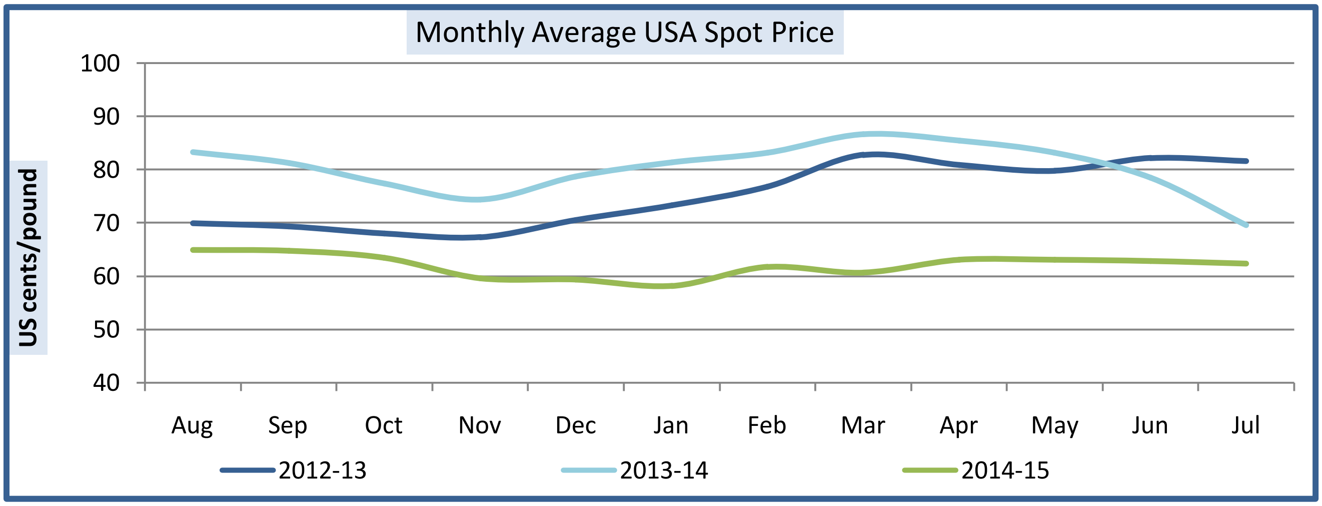


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	21-August-15	14-August-15	
Prices	73.34	70.4	4.18
			Prices in US cents per Pound

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	21-August-15	14-August-15	
Prices	64.11	60.94	5.20
			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	72.35	-13.70

Cotton Futures (ICE):

Contracts	20-Aug-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-15	67.66	67.15	65.85	67.74	0.76	2.75	-0.12
Dec-15	66.93	65.79	64.67	--	1.73	3.49	--
Mar-16	66.33	64.99	64.61	--	2.06	2.66	--
May-16	66.47	64.97	64.72	--	2.31	2.70	--
Jul-16	66.48	64.91	64.93	--	2.42	2.39	--
Oct-16	65.87	64.5	65.11	--	2.12	1.17	--

Figures in US cents per pound

Cotton Futures Price Outlook

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

Weekly Technical Outlook:

- Candlesticks denote range boundmomentum inmarket.
- RSI is moving high in neutral region.
- Prices closed above the 9 and 18 days EMA.
- MACD denotes bullish centerline movement.
- We expect prices to remain sideways to firm.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range Bound to Bullish Momentum	860-890

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
850	845	900	915
Figures in Rs. per 20Kgs.			

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

Weekly Technical Outlook:

- Candlesticks denote firm momentum in the future market.
- RSI is moving high in the neutral region.
- Prices are hovering above the 4, 9 and 18 days SMA.
- MACD centerline and signal line are showing positive movements.
- We expect cotton pricesto remain firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	65.80-67.60

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
65.00	64.40	68.00	68.60
Figures in US cents per pound			