

Current Market Outlook

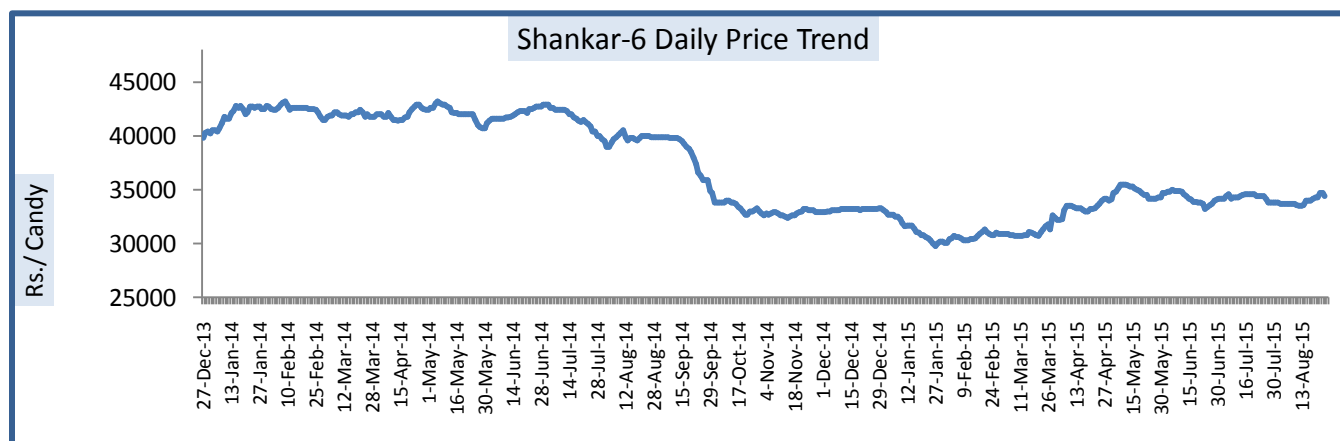
Market Highlight: Cotton Association of India (CAI) has released its first estimates for season 2015-16. According to CAI cotton production in the country would be around 380 lakh bales, and would be majorly contributed by the central zone of the country including the states Gujarat, Maharashtra and Madhya Pradesh. On the better situation of rain, which has boosted the yield, cotton production would stand similar to the current season in 2015-16, despite the fall in acreage. Total supply would be around 470.65 lakh bales where as domestic consumption would be around 325 lakh bales.

Cotton output in central region of the India, including Gujarat, Madhya Pradesh and Maharashtra is likely to be around 203 lakh bales in 2015-16, marginally lower than the current season's output of 204.50 lakh bales, said CAI. In northern zone, which includes Punjab, Haryana and Rajasthan cotton output is expected to surge slightly to 55.50 in 2015 from 53.50 lakh bales in current season. In southern region, including Telangana, Andhra Pradesh, Karnataka and Tamil Nadu cotton production is expected to fall slightly to 115.50 lakh bales in 2015-16 from 118.75 lakh bales in current season.

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. 4770 per quintal, which stood at Rs 4725 previous week. In the coming week we expect price to remain in range of Rs. 4750-4850 per quintal in the bench mark market. Kapas prices at NCDEX, is expected to hover in the range of Rs.855-885 per maund (of 20 kg each).

Cotton Sowing Progress: Around 112.68 lakh hectares of cotton has been sown so far throughout the country, as on 28 August this year. This is around 8% lower than the corresponding sowing progress of last season which was 122.50 lakh hectares, according to Ministry of Agriculture.

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 24 August 2015 stood 27.43 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 29.72 lakh hectares. In Andhra Pradesh, around 83.7% of the cotton planting has been completed so far as against the normal area under cotton in the state. Around 4.89 lakh hectares of cotton has been planted as on 26 August 2015 which is around 22.25% lower when compared to the area sown for cotton during the corresponding 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 lead to a fall in the ending stock in 2015-16 as compared to the current year.

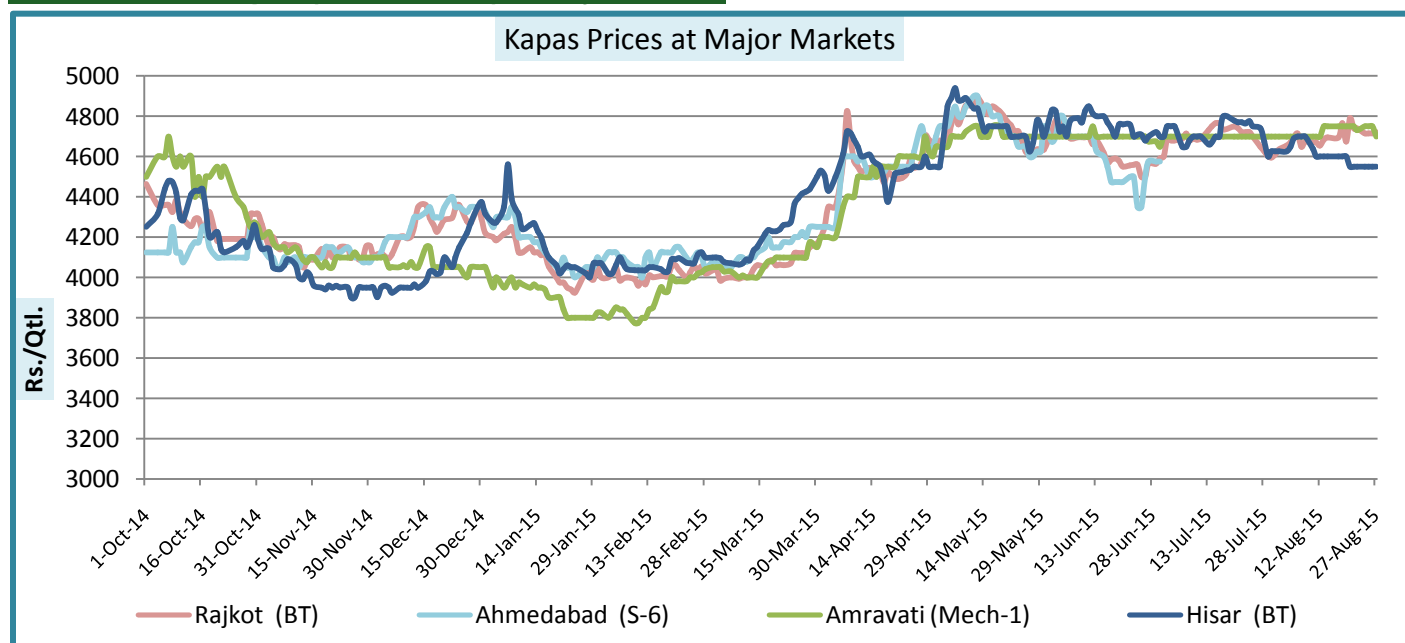
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

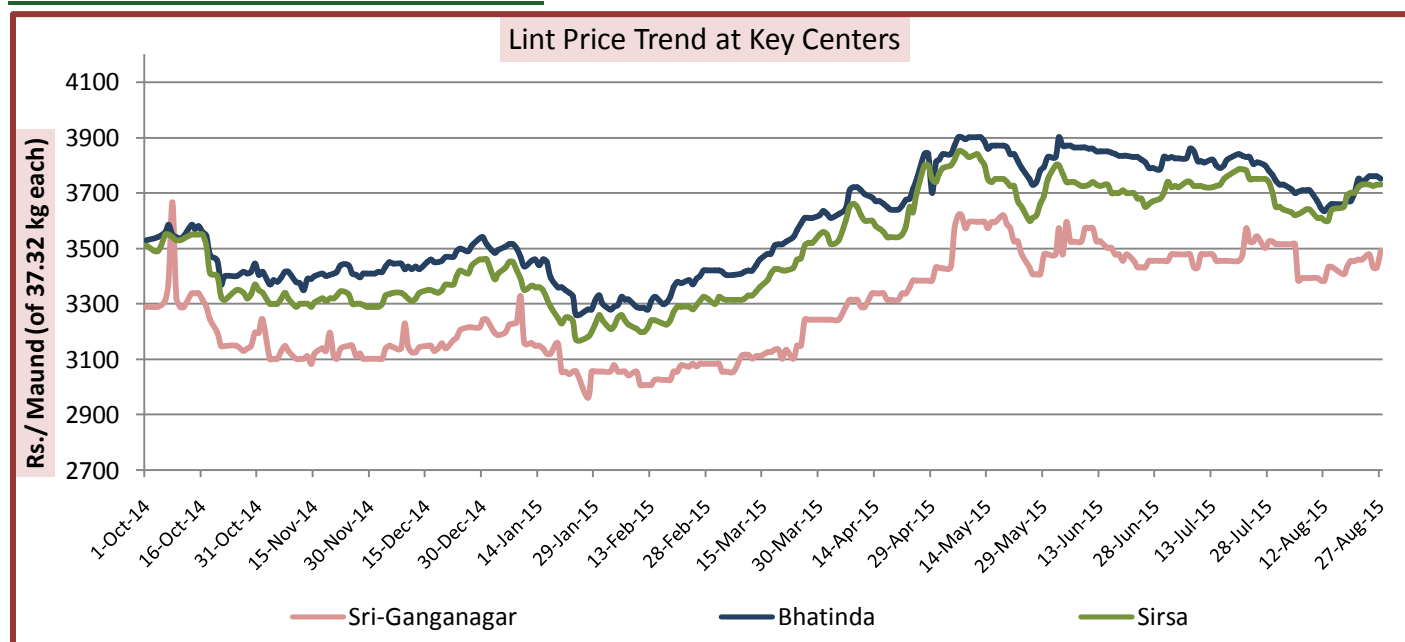
Centre	Variety	Weekly Average Prices		Change
		28th August 2015	21th August 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4730	4750	-20
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4770	4725	45
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4500	4500	Unch
Adampur	B.T. Cotton	NA	4590	-
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)	4700	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4800	4745	55
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4365	4415	-50
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4500	4560	-60
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	4050	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 kg each)		
Abohar	J-34	3770	3705	65

Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3760	3685	75
Sirsa	J-34	3730	3685	45
Sri-Ganganagar	J-34	3455	3440	15

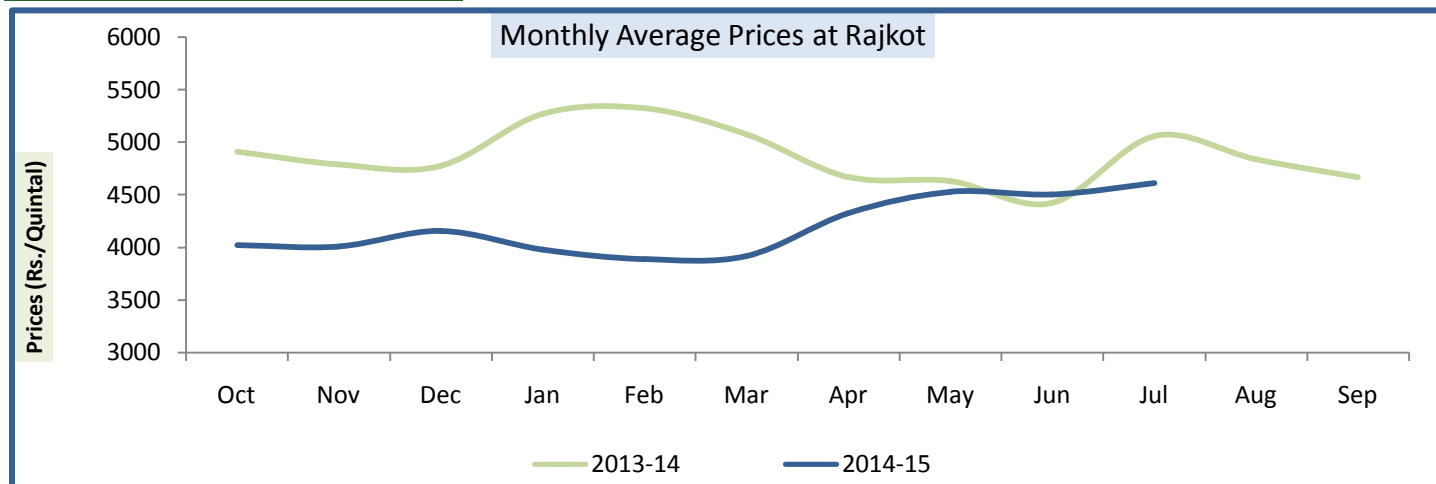
Price Trend of Kapas (Seed Cotton) at Key Centers:



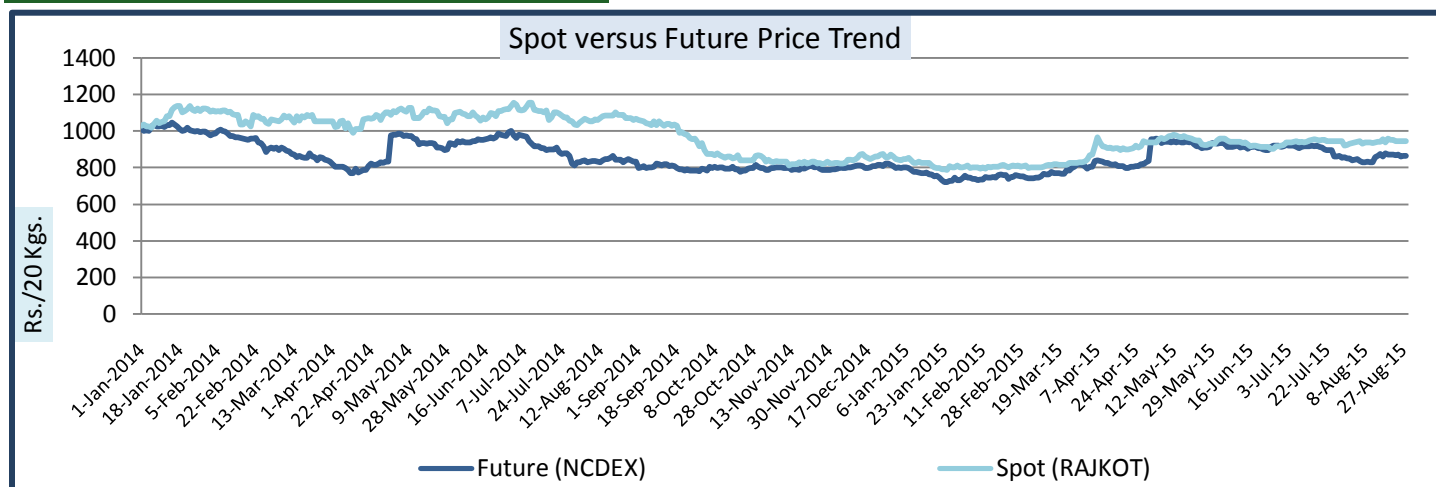
Price Trend of Lint at Various Centers:



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
				27th Aug 2015	20th Aug 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33500	33120	380
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34000	33620	380
J-34(202)	26mm	3.5 - 4.9	23	33850	33380	470
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32350	31800	550
Shankar-6(105)	29mm	3.5 - 4.9	28	34435	33960	475
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34170	34140	30
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35170	35140	30
DCH-32(107)	34mm	3.0 - 3.8	33	42670	42920	-250

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

Cotton Arrivals at Key Centers:

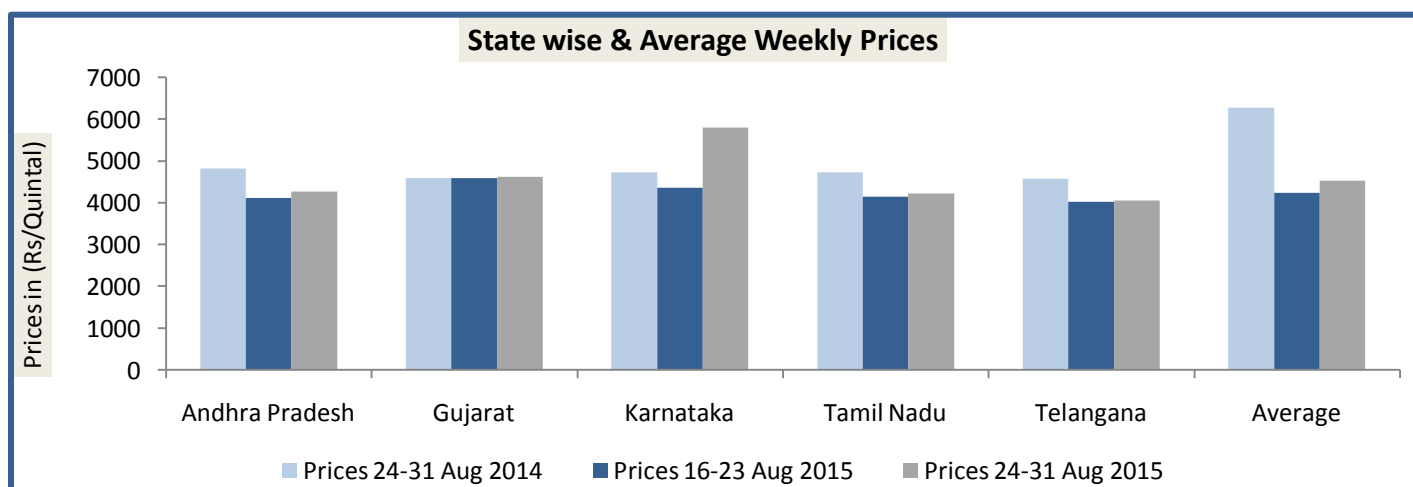
Centre	Variety	Weekly Cumulative Arrivals (In Qtl.)		Change
		28th August 2015	21th August 2015	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	700	1108	-408
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
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)	150	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	23	360	-337
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	830	37	793
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	22	75	-53
Guntur	Un-Ginned	NA	3	-
Kurnool	Un-Ginned	NA	4	-
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	1	-
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 Major States):

State	Prices 24-31 Aug 2015	Prices 16-23 Aug 2015	Prices 24-31 Aug 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4266.4	4116.04	4820.08	3.65	-11.49
Gujarat	4614.12	4578.48	4578.48	0.78	0.78
Karnataka	5787.29	4352.82	4722.08	32.95	22.56
Tamil Nadu	4214.38	4140.1	4726.71	1.79	-10.84
Telangana	4053.92	4013.92	4576.42	1	-11.42
Average	4529.92	4240.27	6270.06		

Prices in Rs per quintal, Source: Agmarknet



All India weekly average price of cotton moved northwards during the week following the lower production estimates released by Cotton Association of India (CAI). Cotton maintained uptrend in all of the major states. Weekly price on the domestic front, according to Agmarknet remained at Rs. 4529.9 per quintal around 6.8% higher in comparison to the average price of previous week, which was Rs 4240.2 per quintal.

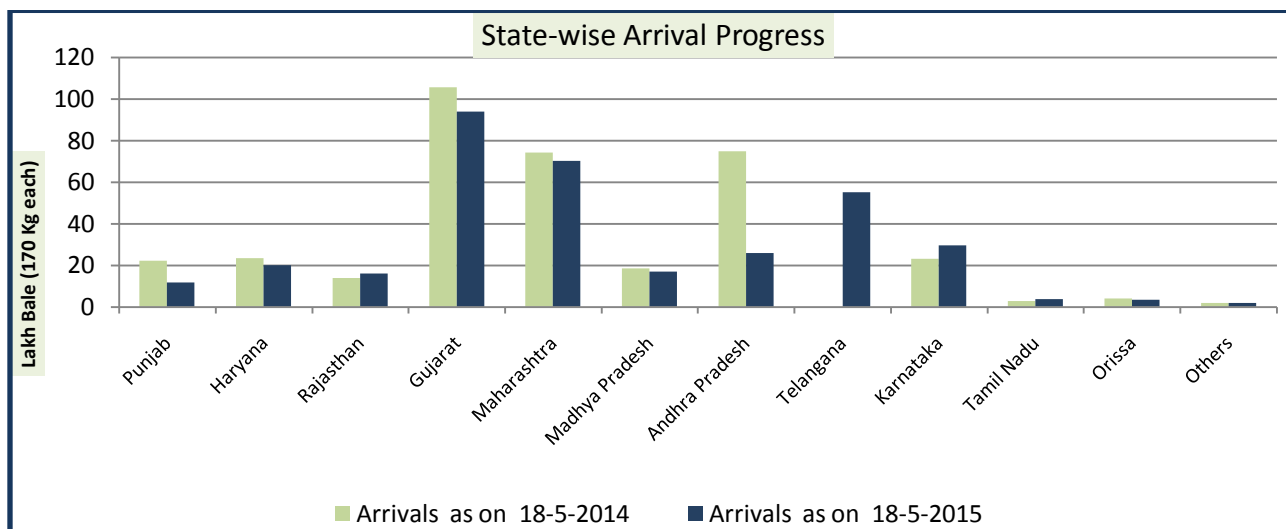
Although the prices have recovered this week as compared to the previous, it is still ruling weaker in comparison to the prices during the corresponding period last year. On current basis, cotton prices are around 27.75% lower when compared to average price of Rs. 6270.06 per quintal during same period 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

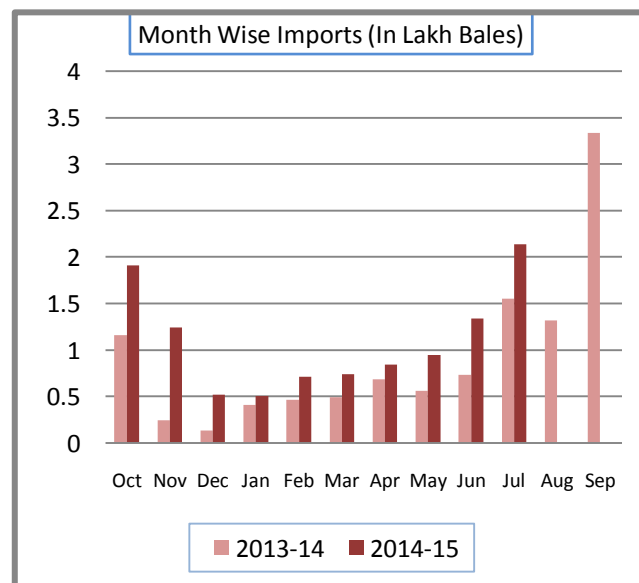
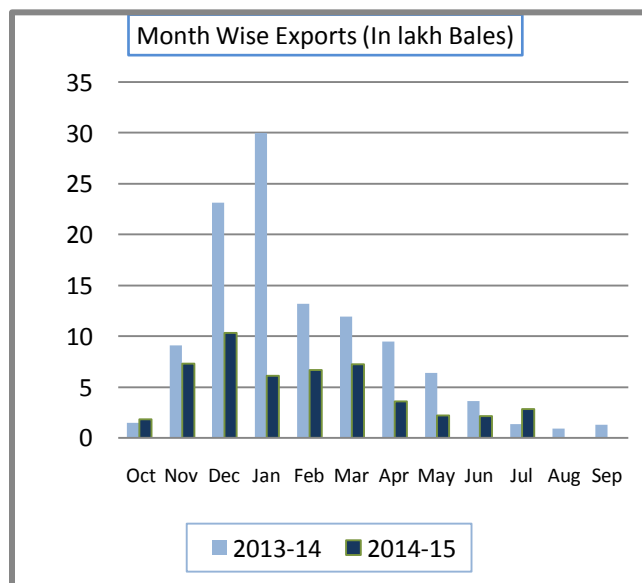
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)



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	17 Aug to 23 Aug 2015	10 Aug to 16 Aug 2015
Export (In lakh Bales)	0.75	0.50
Import (In lakh Bales)	0.36	0.40

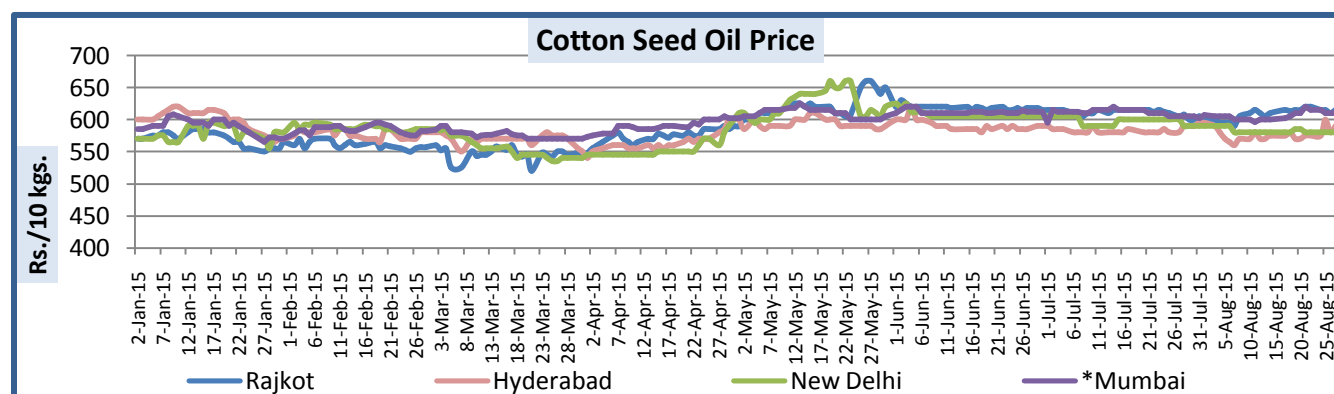
Source: IBIS

India exported 0.75 lakh bales of cotton last week (17 Aug to 23 Aug 2015), which was 0.50 lakh bales in the previous week (10 Aug to 16 Aug 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.36 lakh bales last week, which was 0.40 lakh bales in the previous week.

Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil at Key Centers:

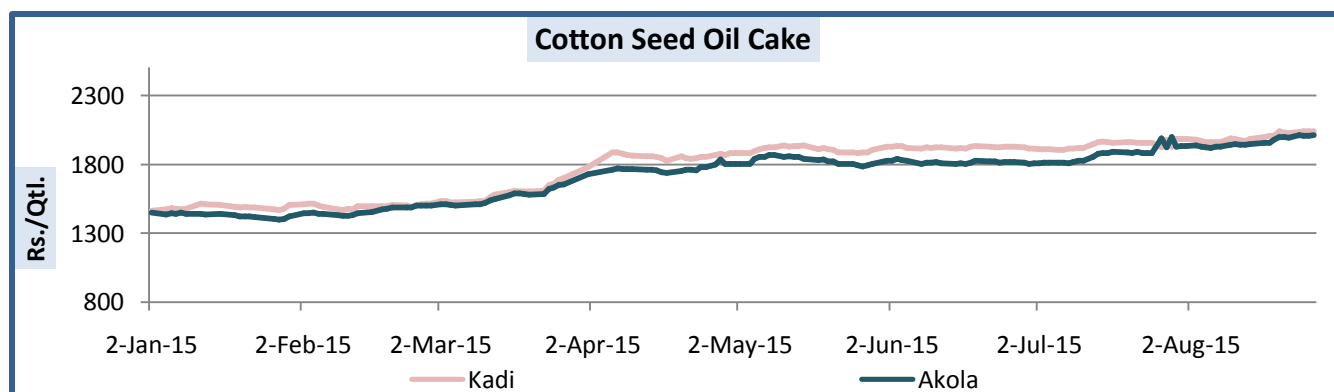
Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	28-August-15	21-August-15	
New Delhi	580	582	-0.34
Rajkot	616	614	0.33
Hyderabad	583	574	1.57
Mumbai*	613	605	1.32
*Vat Included			



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	28-August-15	21-August-15	
Kadi	2032	2004.02	1.40
Akola	2003	1965.66	1.90

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 pulled the cotton seed price upward in the market.



*Source: NCDEX

International Market Scenario

International cotton prices moved southwards thisweek. Cotlook A index weekly average stood at 71.99 cents/pound this week, which was 73.34 cents/pound during last week.

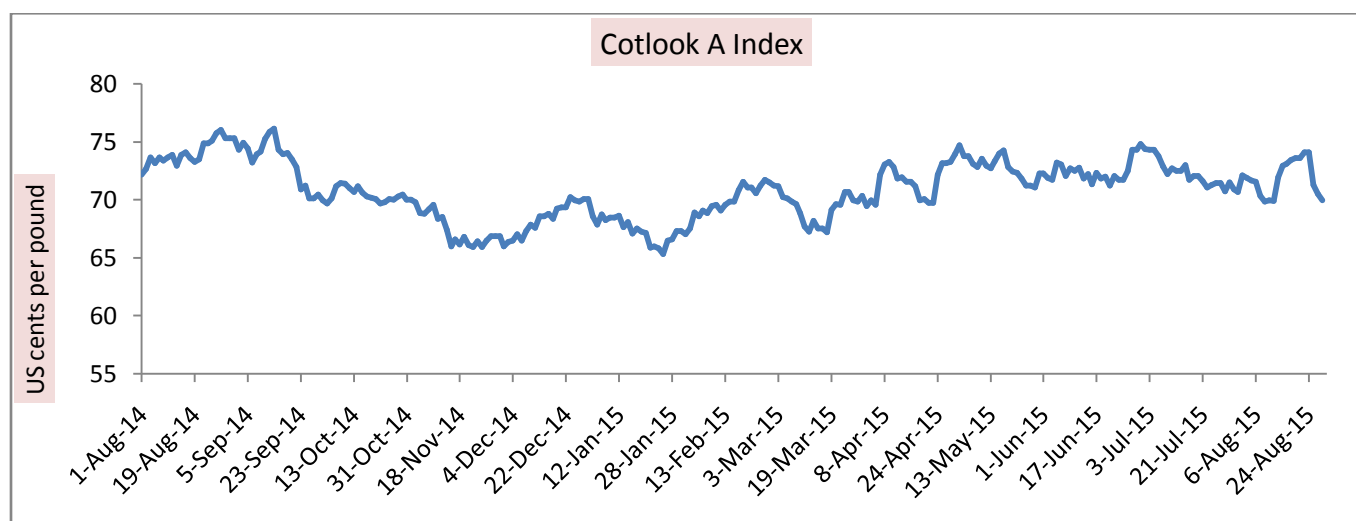
According to China Cotton Association (CCA), the country is likely to produce 5.5 million tonnes of cotton in year 2015-16, slightly lesser than the previous estimates of 5.86 million tons. The production however is likely to stand fairly lower when compared to the production of 6.5 million tons in year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

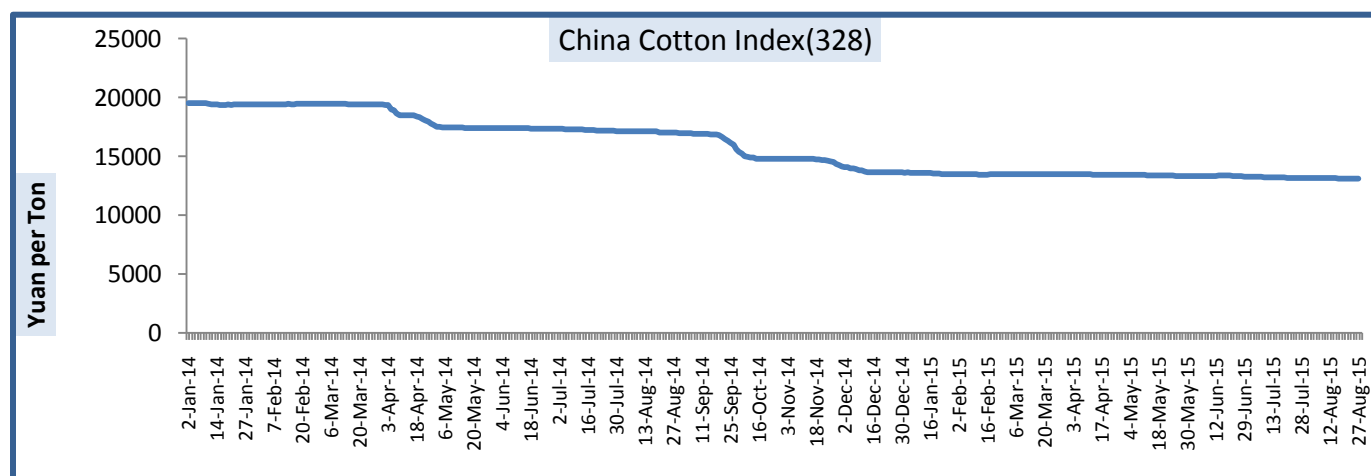
USDA in its August estimates has revised the world cotton imports estimates for season 2015-16 upwardly at 7.52 million tons as compared to the July estimates of 7.413 million tons, due to the expectation of higher consumption anticipated in current season i.e. 2015-16. However the imports would still 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
	28-August-15	21-August-15	
CC Index(229)	13692	13705	-0.09
CC Index(328)	13093	13107	-0.11
CC Index(527)	11975	12006	-0.26
Prices in Yuan per Ton			

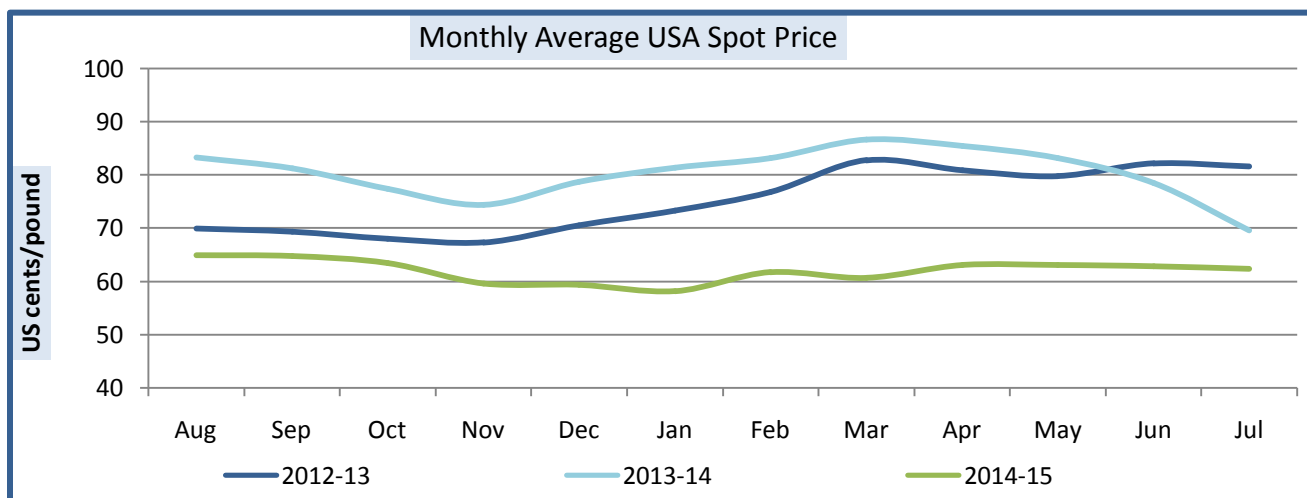


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	28-August-15	21-August-15	
Prices	71.99	73.34	-1.84
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	28-August-15	21-August-15	
Prices	61.48	64.11	-4.10
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	27-Aug-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-15	63.83	67.66	64.31	68.3	-5.66	-0.75	-6.54
Dec-15	63.35	66.93	63.80	--	-5.35	-0.71	--
Mar-16	63.13	66.33	63.78	--	-4.82	-1.02	--
May-16	63.59	66.47	64.08	--	-4.33	-0.76	--
Jul-16	64.04	66.48	64.38	--	-3.67	-0.53	--
Oct-16	63.75	65.87	65.11	--	-3.22	-2.09	--

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 bound momentum in market.
- RSI is moving flat in neutral region.
- Prices closed above the 18 days EMA.
- MACD denotes timid signal line 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	855-885

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
850	840	890	900

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 4, 9 and 18 days SMA.
- MACD centerline and signal line are showing negative movements.
- We expect cotton pricesto remain weak.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bearish Momentum	61.60-63.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
61.00	60.40	64.20	65.00

Figures in US cents per pound

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2015 Indian Agribusiness Systems Pvt Ltd.