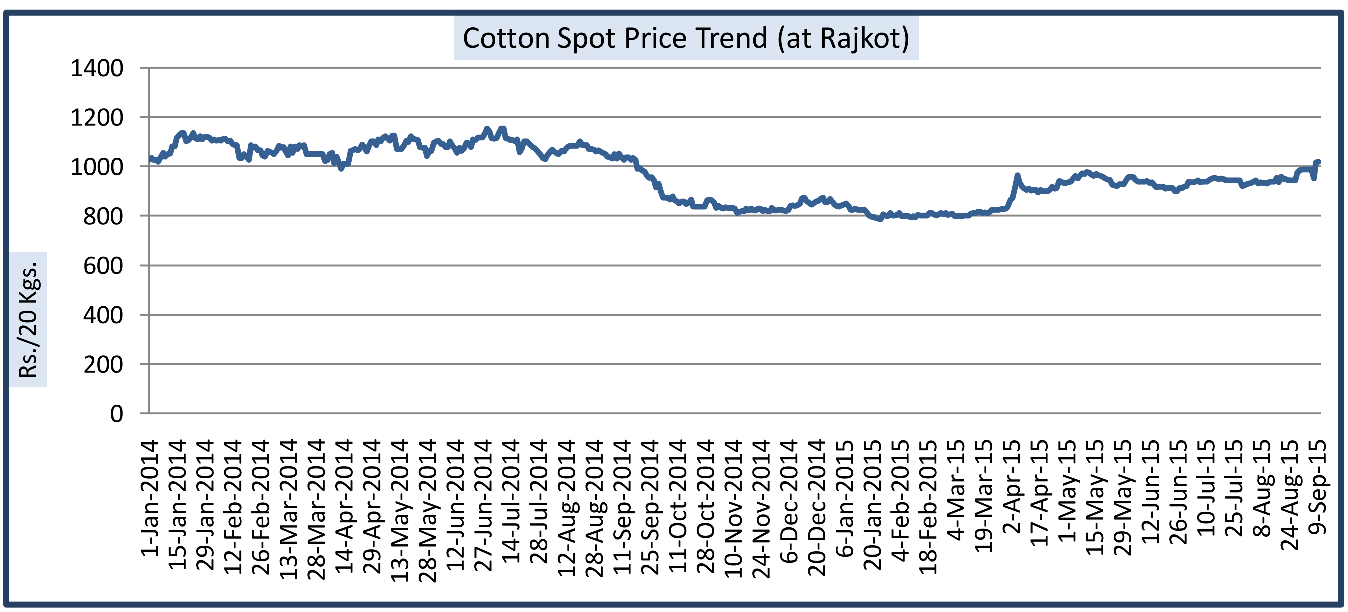
Current Market Outlook

Domestic Market Highlight: According to USDA's FAS (Foreign Agriculture Services), Mumbai, Cotton production in India would be around 37 million bales (of 170 kg each) in the season 2015-16 starting from October. Yield is expected to stand around 524 Kg per hectares against the five year average yield of 527 kg per hectare. The reason for the fall in the yield is the deficient rainfall in the latter half of the monsoon season which has slowed down the boll development and attack of pink bollworm and whitefly on the crop in Gujarat and Punjab respectively.

Around 377.5 lakh bales of cotton has arrived in the market till 27 August 2015 from the 2014-15 crop, which contributes 97 percent of the total production during the season, said Cotton Corporation of India (CCI). CCI has auctioned 54.5 lakh bales (of 170 kg each), which is around 62 percent of the total procurement done by the CCI under the Minimum Support Price (MSP) operation during the season 2014-15.

Domestic Weekly Price Scenario: Cotton market witnessed mixed sentiments this week. Kapas prices remained firm during the week following the good demand of cotton seed. Average price of Kapas at Rajkot during the week was Rs. 4990 per quintal, which stood at Rs.4930 previous week. Prices of Cotton lint has declined due to the weakness in the fiber demand. Lint at Sri-Ganganagar fell to Rs. 3485 per maund (of 37.32 kg each) this week from Rs 3495 per maund previous week. Future market too remained weak.

Cotton Price Outlook: In the coming week we expect Kapas price to remain in sideways to firm with the range of Rs. 4900-5200 per quintal in the bench mark (Rajkot) market. Lint prices at Sri-Ganganagar are expected to remain weak inthe range of Rs 3300-3500 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs.840-870 per maund (of 20 kg each).



Domestic Balance Sheet

Supply	2014-15*	2015-16**
Opening Stocks	58.90	73.65
Production	382.75	379.00
Imports	12.00	12.17
Total Availability	453.65	464.82
Demand		
Mill consumption	274.00	289.34
Small Mill consumption	26.00	27.46
Non-Mill consumption	10.00	10.56
Total consumption	310.00	327.36
Export	70.00	82.21
Total Demand	380.00	409.57
Ending Stock	73.65	55.25

Source:, *CAI Estimates. **Agriwatch Estimates
Export Import 2015-16 Figures sourced from USDA.

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 weaker export in 2014-15. Cotton acreage is likely to decline by around 7% 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 379 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 of cotton from RMG industry.

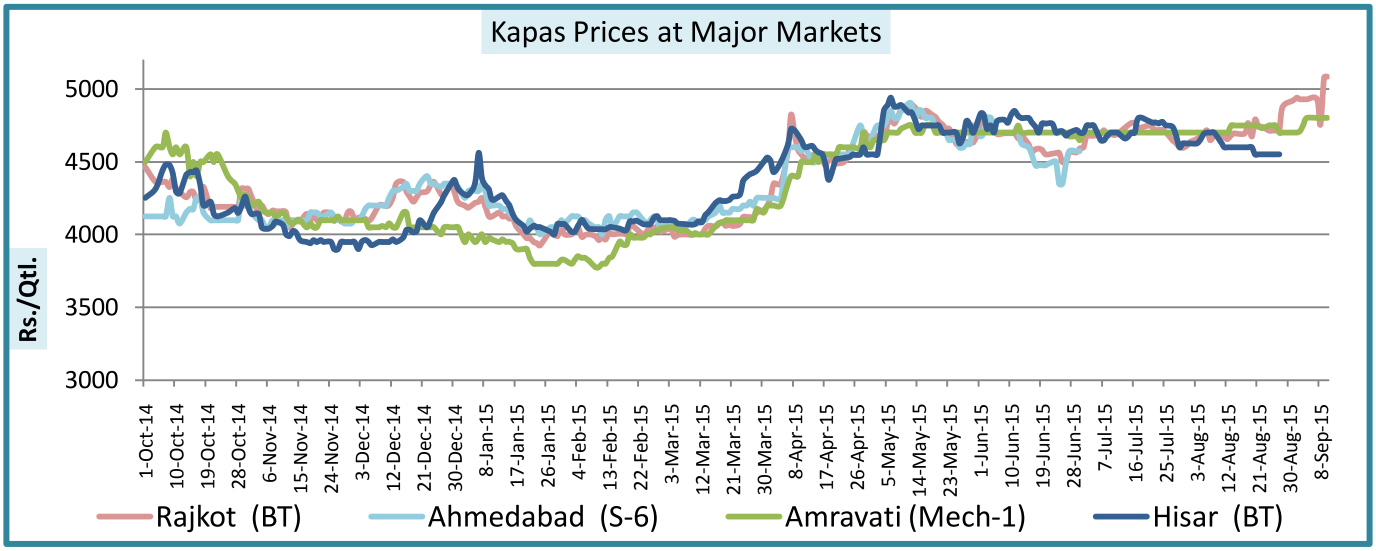
Cotton export, despite the lower production would be on higher side as the major exporter, USA and major consumer, China would be producing lesser providing India, an opportunity to export more.

The lower production and higher export would result in lower ending stock in 2015-16 as compared to the current year. Ending stocks is likely to be around 55.25 lakh bales in 2015-16 as compared to 73.65 lakh bales in current season.

Domestic Cotton Prices Scenario

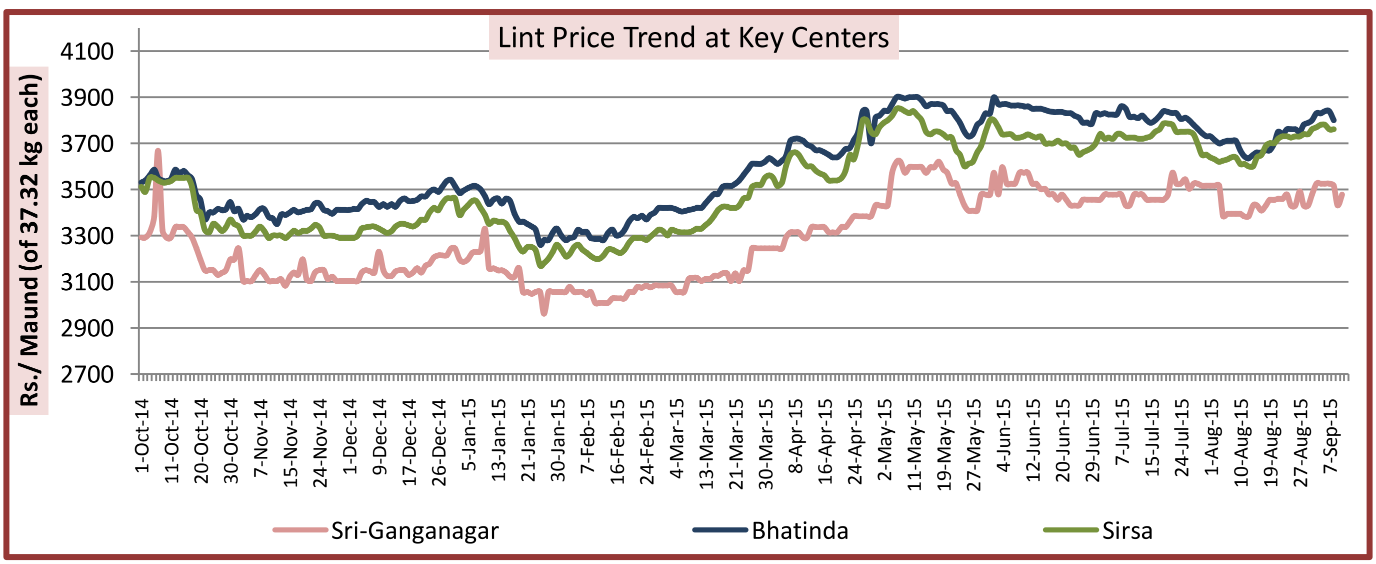
Kapas (Raw Cotton) Weekly Price Scenario:

Kapas price remained firm during the week due to the amplified demand of cotton seed. Weekly average price at Rajkot remained Rs. 4990 per quintal, fairly higher when compared to previous week price of Rs. 4930 per quintal.



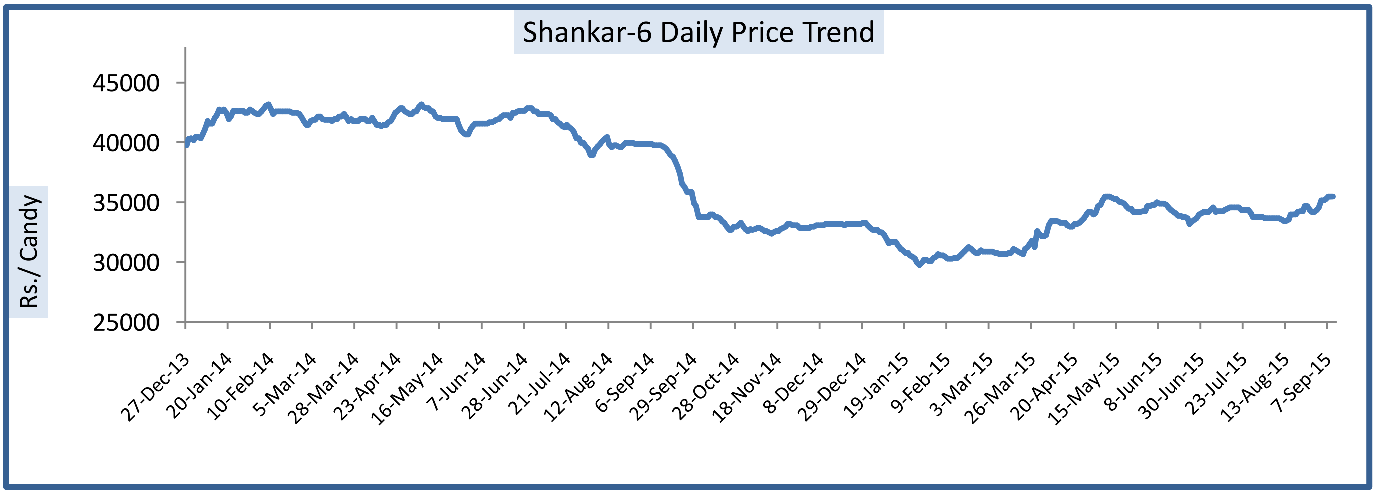
Lint (De-seeded Cotton) Weekly Price Scenario:

Weekly average price of Lint at Sri-Ganganagar remained weak with the weekly average of Rs. 3485 per maund (of 37.32 kg each) around 0.2% lower when compared to previous week price of Rs. 3495 per maund.

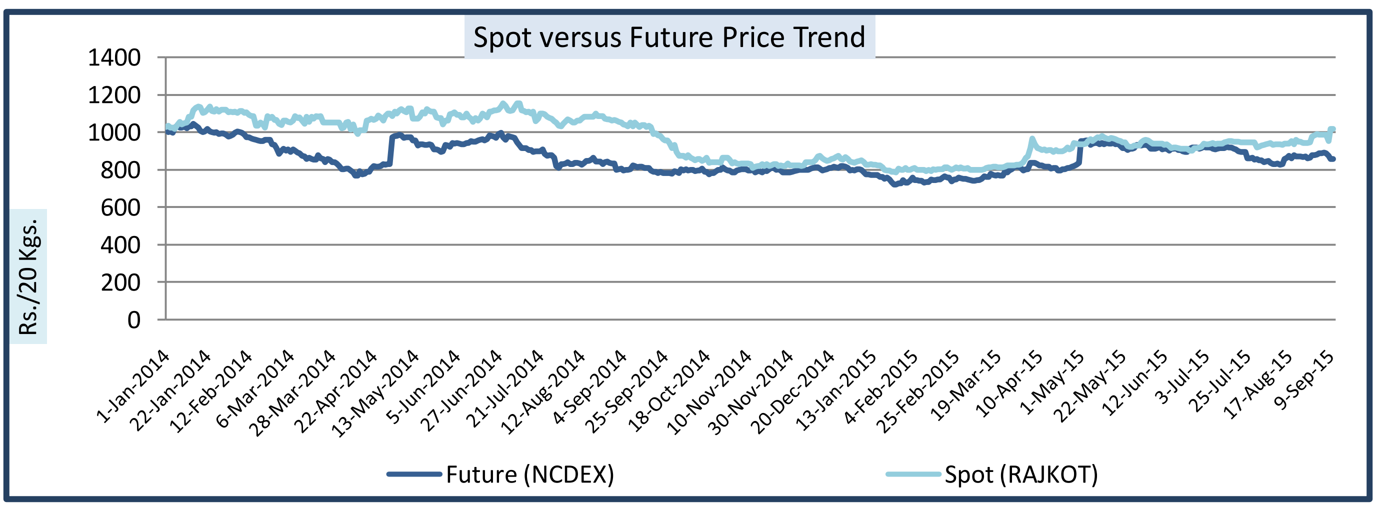


Cotton Fiber Weekly Price Scenario:

As Kapas prices are ruling firm, cotton fiber remained in uptrend during the week. Weekly average price of cotton price (Shankar-6) at Mumbai remained Rs 35460 per candy (of 355.6 kg each) around 2.1% higher when compared to the prices of previous week which was Rs. 34720 per candy.



Spot versus Future Price Comparison:



Domestic Cotton Prices and Arrivals

Weekly Cotton Prices at Key Spot Centers:

Following are the weekly average prices at various centers this week with the price of previous week. Prices were not reported in most of the market due to non-arrival on end of season. In Punjab and Haryana new crop arrival has started in most of the markets.

Centre	Variety	Weekly Average Prices as on		Change
		11th September 2015	04th September 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4800	4725	75
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4990	4930	60
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton*	4200	NA	-
Fazilika	B.T. Cotton*	4500	NA	-
Bhiwani	B.T. Cotton*	4550	4340	210
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton*	4205	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	3883	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	5055	4800	255
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4280	4225	55
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4080	4415	-335
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	4050	Unch

East Godavari	Un-Ginned	4050	4050	Unch
	Lint	**Rs/Maund (of 37.32 Kg each)**		
Abohar	J-34*	3665	3830	-165
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34*	3660	3820	-160
Sirsa	J-34*	3665	3765	-100
Mansa	J-34*	3525	NA	-
Sri-Ganganagar	J-34	3485	3495	-10

*New Crop Prices

Cotton Fibre Spot Rates(As released by Cotton Association of India):

Following are the weekly average prices of cotton fiber this week, as released by Cotton Association of India (CAI) with the price prevalent previous week.

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices as on		Change
				10 Sept 2015	03 Sept 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34140	33700	440
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34640	34200	440
J-34(202)	26mm	3.5 - 4.9	23	34700	34520	180
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33260	32680	580
Shankar-6(105)	29mm	3.5 – 4.9	28	35460	34720	740
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34160	40
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35160	40
DCH-32(107)	34mm	3.0 - 3.8	33	42500	42500	Unch
Prices in Rs/candy (of 355.6 kg each)						

Weekly Cotton Arrivals at Key Centers:

Following table is showing weekly total arrival at various centers in during the current week with comparison of previous week.

Centre	Variety	Weekly Cumulative Arrivals (In Qtl) as on		Change
		11th September 2015	04th September 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	710	320	390

Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton*	25	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	170	NA	-
Bhiwani	B.T. Cotton	5100	575	4525
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton*	10	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)*	180	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	772	191	581
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	6400	4150	2250
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	30	780	-750
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34*	468	NA	-
Bhatinda	J-34*	1870	NA	-
Sirsa	J-34*	70	NA	-
Mansa	J-34*	250	NA	-
Sri-Ganganagar	J-34	NA	NA	-

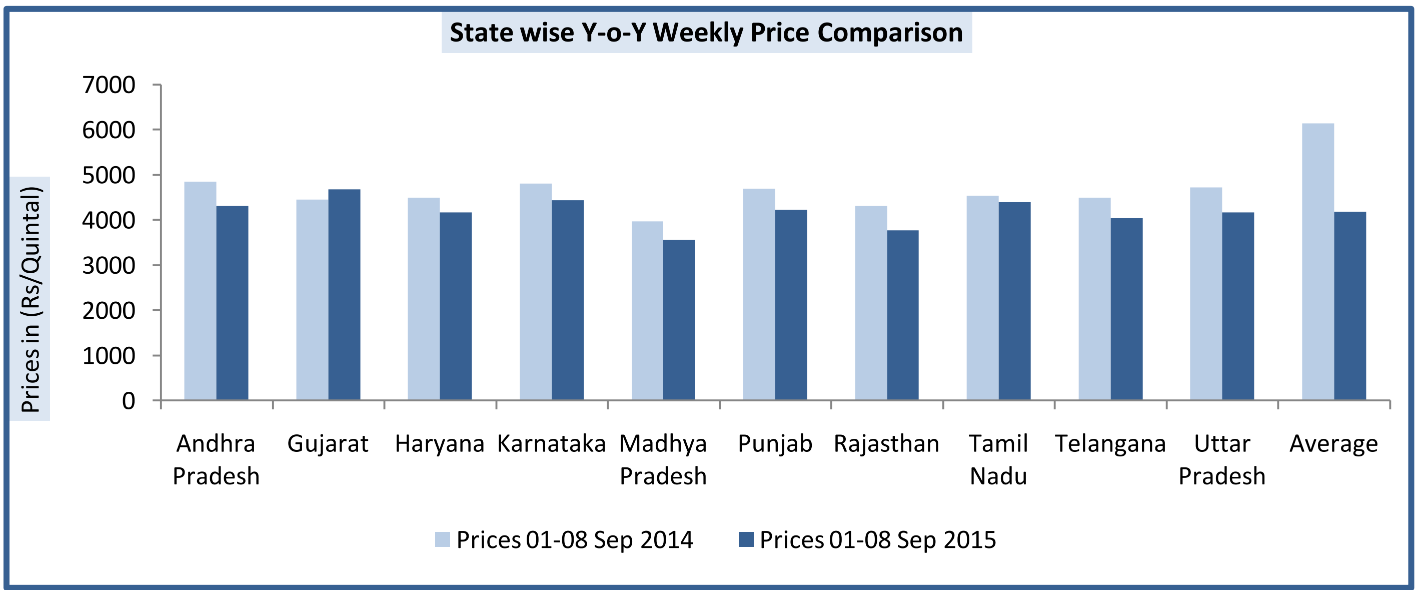
*New Crop Prices

State wise Scenario

State wise Weekly Prices (at MajorStates):

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	4313.98	4246.69	4861.7	1.58	-11.27
Gujarat	4691.19	4615.93	4455.98	1.63	5.28
Haryana	4169.89	NA	4495.36	__	-7.24
Karnataka	4446.12	5178.75	4807.1	-14.15	-7.51
Madhya Pradesh	3559.72	NA	3981.21	__	-10.59
Punjab	4237.75	4025	4693.23	5.29	-9.71
Rajasthan	3779.78	3800	4321.93	-0.53	-12.54
Tamil Nadu	4402.51	4293.44	4540.03	2.54	-3.03
Telangana	4044.83	4054.76	4499.03	-0.24	-10.1
Uttar Pradesh	4173.68	4294.09	4728.35	-2.8	-11.73
Average	4181.94	4313.58	6148.54		

Prices in Rs per quintal, Source: Agmarknet



Cotton price remained in mixed trend on the state level basis. Prices remained firm in few of the States whereas in others it declined. On year on year basis, prices of cotton are standing lower. Weekly price on the domestic front, according to Agmarknet remained at Rs. 4181.94 per quintal around 3% lower in comparison to the average price of previous week, which was Rs 4313.58per quintal.

Cotton prices are ruling weaker in comparison to the prices during the corresponding period last year. On current basis, cotton prices are around 32% lower when compared to average price of Rs. 6148.54per quintal during same period last year.

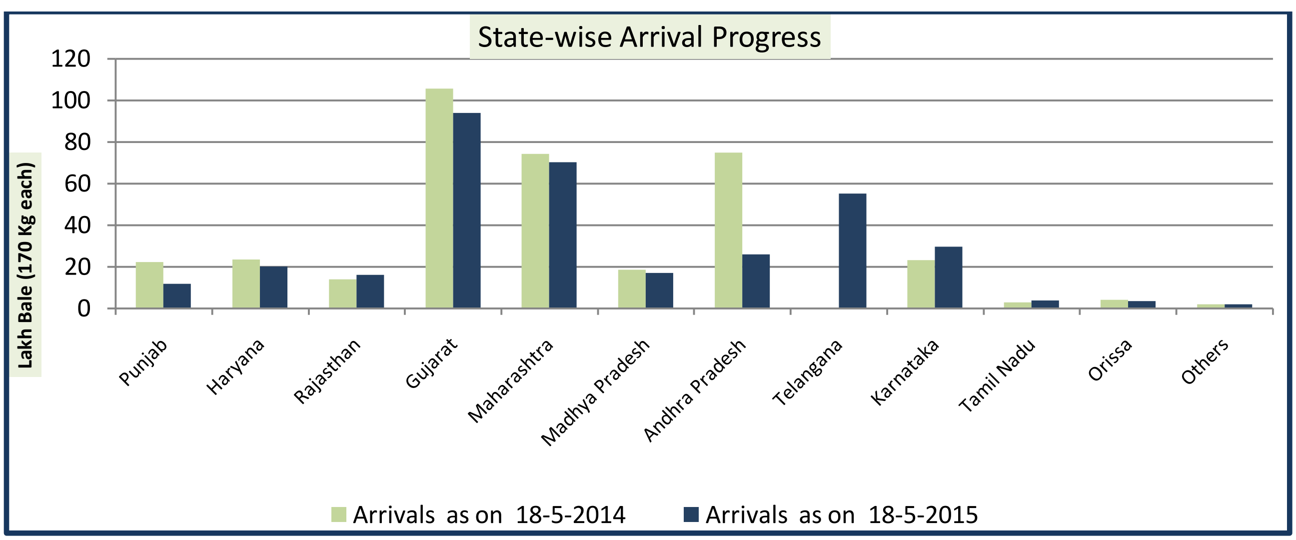
State wise Arrivals (in lakh bales of 170 kgs each):

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

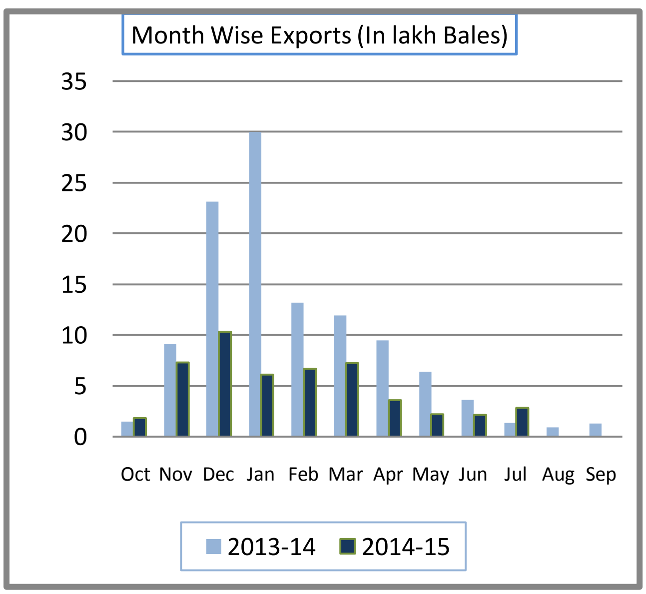
** Quantity in lakh bales (of 170 kgs. each)

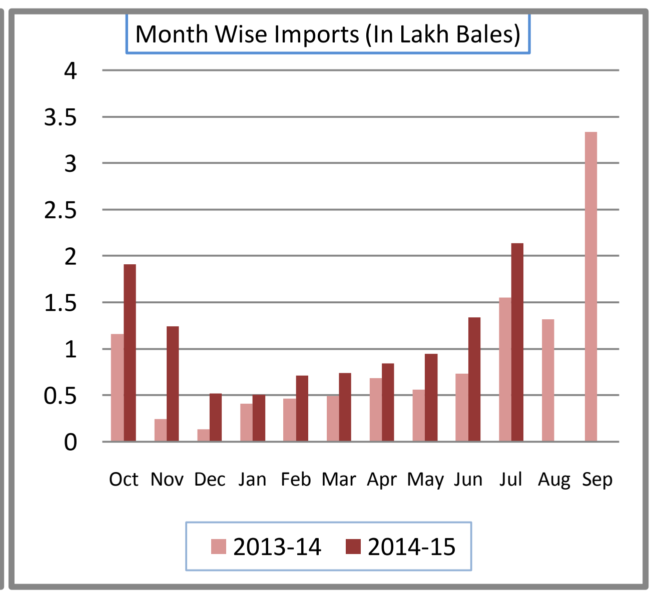


Cotton Export and Import

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

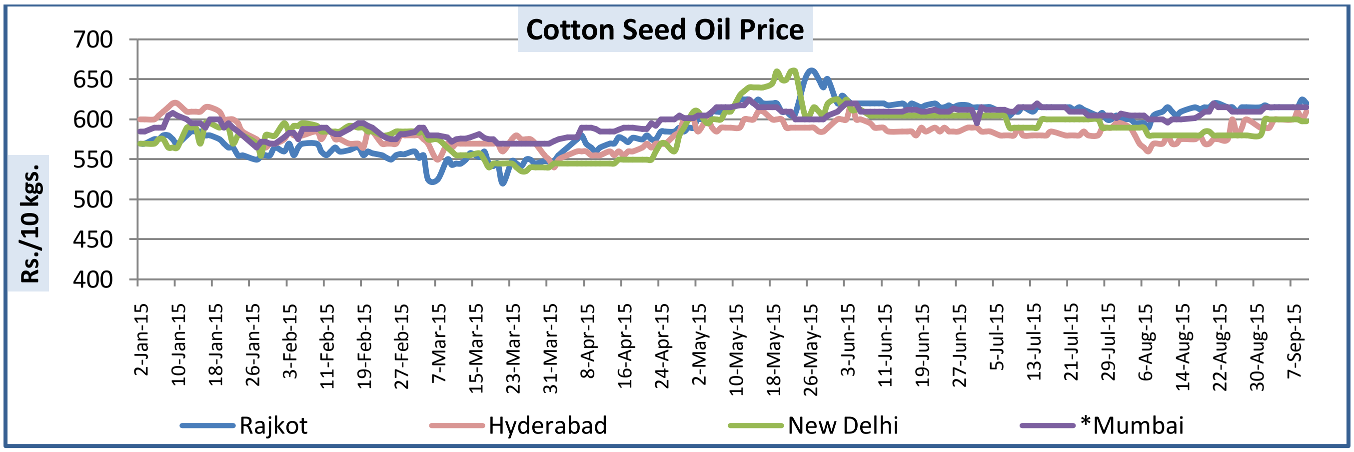
Export/Import	24 Aug to 30 Aug 2015	17 Aug to 23 Aug 2015
Export (In lakh Bales)	0.95	0.75
Import (In lakh Bales)	0.50	0.36
		Source: IBIS

India exported 0.95 lakh bales of cotton last week (24 Aug to 30 Aug 2015), which was 0.75 lakh bales in the previous week (17 Aug to 23 Aug 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.56 lakh bales last week, which was 0.36 lakh bales in the previous week.

Cotton Seed Oil and Cotton Seed Oil Cake

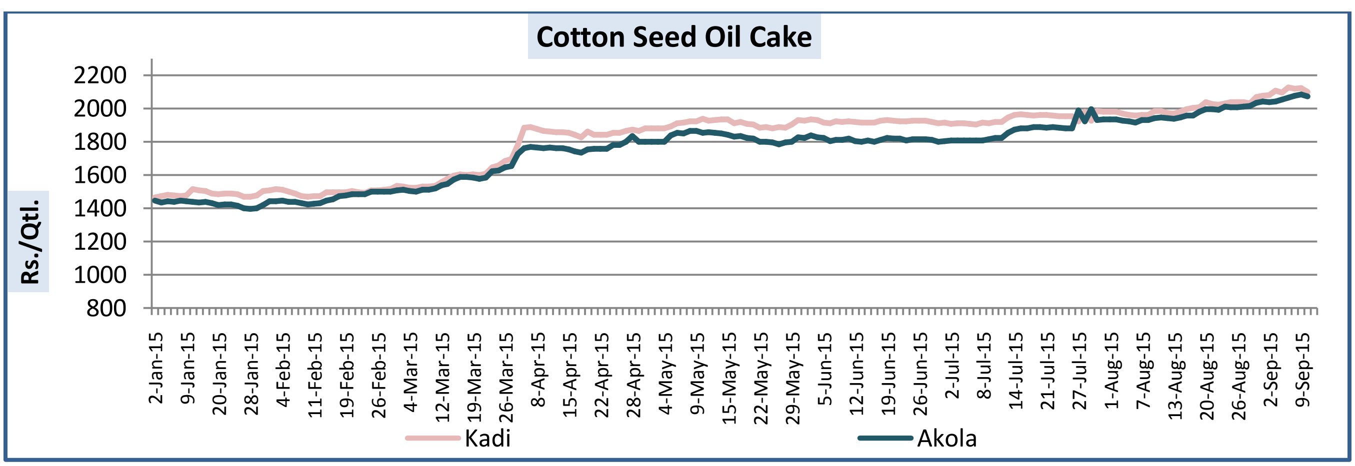
Cotton Seed Oil at Key Centers:

Centers	Weekly Average Price as on (Rs./10 kgs.)		% Change
	11-September-15	04-September-15	
New Delhi	600	590	1.69
Rajkot	618	616	0.32
Hyderabad	604	594	1.68
Mumbai*	615	613	0.33
			*Vat Included



Cotton Seed Oil Cake at Key Centers:

Centers	Weekly Average Price as on (Rs./Qtl.)*		% Change
	11-September-15	04-September-15	
Kadi	2112	2066	2.23
Akola	2070	2030	1.97



*Source: NCDEX

International Market Scenario

International cotton prices remained range bound to weak this week. Cotlook A index weekly average stood at 69.97 cents/pound this week, which was 70.06cents/pound during last week.

According to ICAC (International cotton advisory committee) world cotton production is likely to be around 23.70 million tons around 9.5% lower when compared to the estimated production of 26.19 million tons in 2014-15.

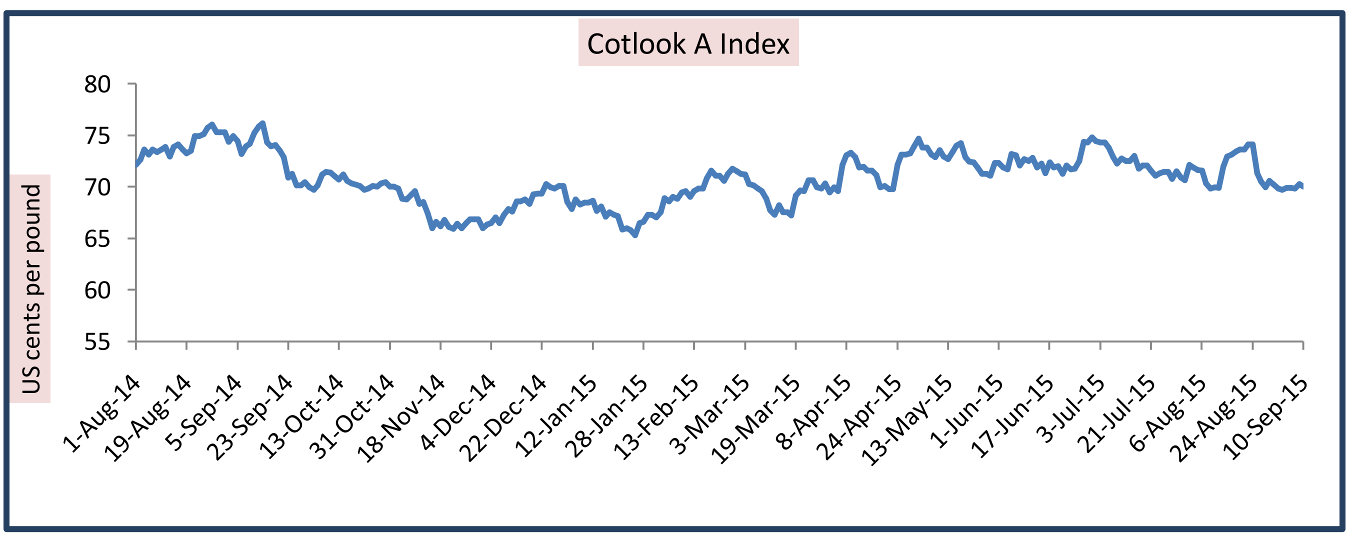
World cotton acreage would be standing lower this season by around 7% to 30.96 million hectares from 33.25 million hectares in 2014-15, said ICAC.

The International benchmark price i.e. Cotlook A Index in 2015-16 is expected to hover in the range of 59-89 US cents per pound with the midpoint of 72 US cents, according to ICAC. It should be noted that Cotlook A Index stood 70.78 US cents as yearly average price of season 2014-15.

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 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.

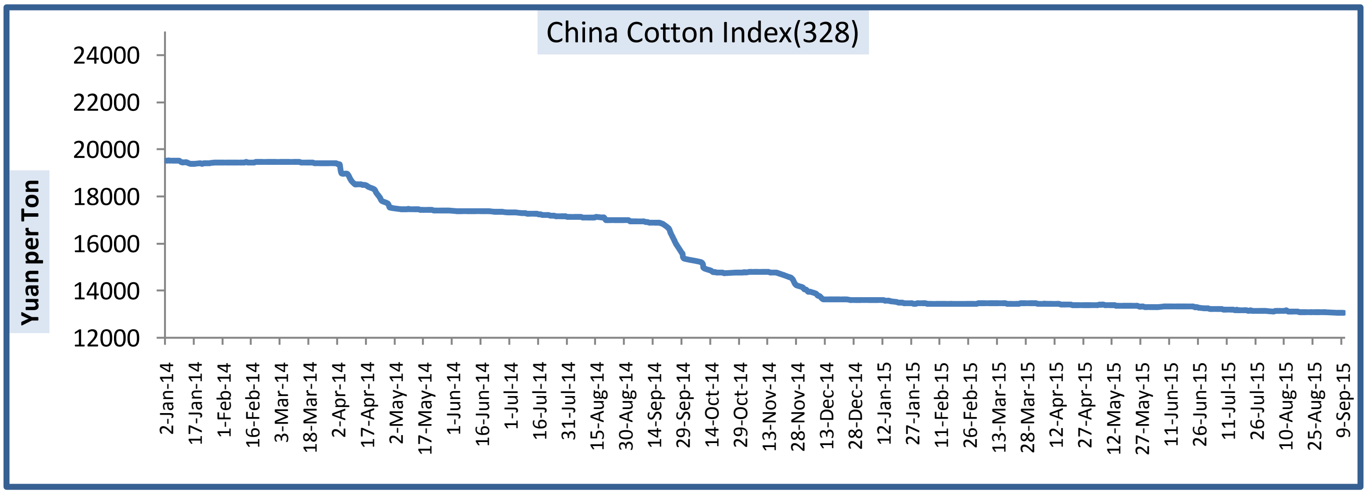
USDA in its August estimates has revised the world cotton imports estimates for season 2015-16 upwardly at 7.52 million tons as compared to the July estimates of 7.413 million tons, due to the expectation of higher consumption anticipated in current season i.e. 2015-16. However the imports would still 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
	10-September-15	03-September-15	
CC Index(229)	13660	13673	-0.10
CC Index(328)	13065	13080	-0.11
CC Index(527)	11960	11967	-0.06
Prices in Yuan per Ton			

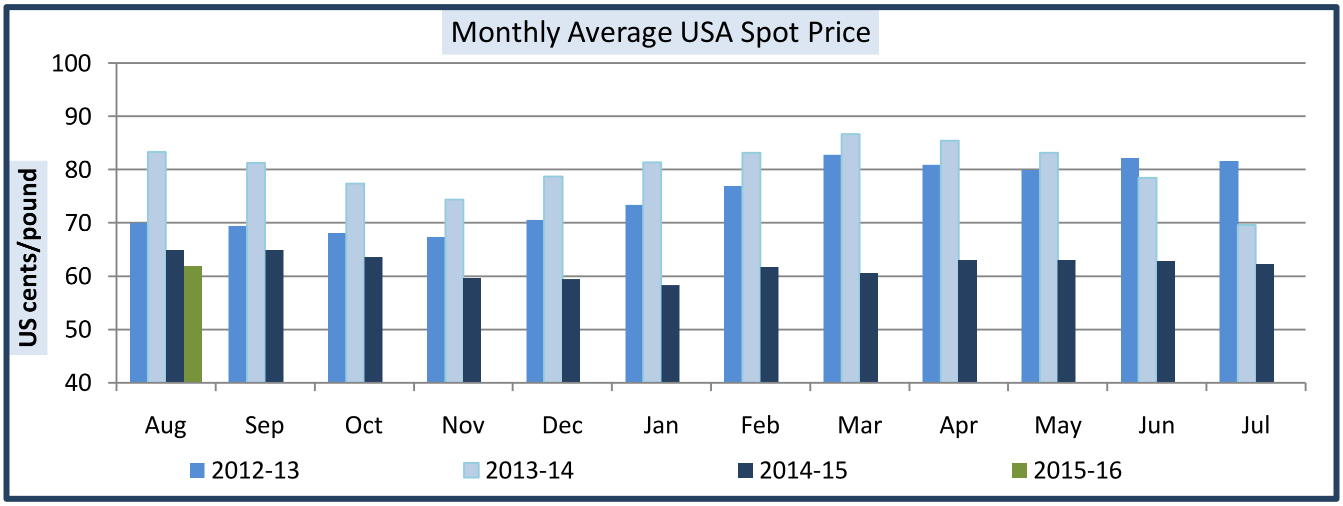


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	10-September-15	03-September-15	
Prices	69.97	70.06	-0.13
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	10-September-15	03-September-15	
Prices	60.56	60.70	-0.23
Prices in US cents per Pound			



World Monthly Average Cotlook A Index (FE) in US cents per Pound:

Month	2013-14	2014-15	2015-16	M-o-M %Change	Y-o-Y % Change
August	92.71	74	71.82	-0.73	-2.95
September	94.6	73.38			
October	89.35	70.34			
November	84.65	67.56			
December	87.49	68.3			
January	90.96	67.35			
February	94.05	69.84			
March	96.95	69.35			
April	94.2	71.7			
May	92.71	72.86			
June	90.9	72.35			
July	83.84	72.35			

Cotton Futures (ICE):

Contracts	10-Sep-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-15	63.48	63.12	63.12	67.97	0.57	0.57	-6.61
Dec-15	63.05	62.76	61.96		0.46	1.76	
Mar-16	62.8	62.5	61.95		0.48	1.37	
May-16	63.14	62.75	62.41		0.62	1.17	
Jul-16	63.34	62.93	62.84		0.65	0.80	
Oct-16	61.94	62.56	62.95		-0.99	-1.60	

Figures in US cents per pound

Cotton Futures Price Outlook

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

Weekly Technical Outlook:

- Candlestick denotes the steep fall in the prices.
- RSI is moving low in neutral region.
- Prices closed below the9 and 18 days EMA.
- MACD denotes weakness in signal line and centerline movement.
- We expect prices to remain sideways to weak.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways to Bearish Momentum	840-870

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
835	825	880	895
Figures in Rs. per 20Kgs.			

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

Weekly Technical Outlook:

- Candlesticks denoterange bound momentum in the future market.
- RSI is moving low in the neutral region.
- Prices are hovering below the 18 days SMA.
- MACD centerline and signal line are showing negative movements.
- We expect cotton pricestosideways to weak.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Sideways to Bearish Momentum	61.60-63.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
61.00	60.40	64.40	65.00
Figures in US cents per pound			