

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot prices noticed range –bound to firm tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5182 per quintal, which stood at Rs 5105 previous week. Average price of Lint at Sirsa during the week was Rs. 3800 per maund (of 37.32 Kg each), higher compared to the previous week price of Rs 3713. Cotton fiber (Shankar-6) prices remained firm this week. Average price was Rs 35683 per candy (of 355.6 kg each) during the week, which was Rs 35000 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed higher this week at Rs. 908.50 per maund (of 20 kg each) which was Rs 882.50 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to firm with the price band of Rs. 5100-5300 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3800-3900 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 880-930 per maund (of 20 kg each).

Major Market Highlights: The Telangana government has advised farmers to reduce the cultivation of cotton this season as the producers are not getting remunerative price for the crop. They have been advised to go other crops like pulses and soybean instead of cotton. According to government sources, the area under cotton in 2015 -16 was 17.73 lakh hectares.

Farmers in North India are shifting to other crops mainly pulses amid huge loss made by the farmers in the previous year due to white fly pest attack and leaf curl virus. Sowing of cotton has begun in North India. In Punjab the total acreage under cotton is likely to be around 320,000 hectares compared to 540,000 hectares in the previous season. In Haryana, acreage is likely to decline by 20 per cent compared to 583,000 hectares in the previous season according to officials.

The Centre has withdrawn notification on Bt Cotton guidelines issued few days before. It has put the notification in public domain and has invited comments and suggestions from the stakeholders in the industry.

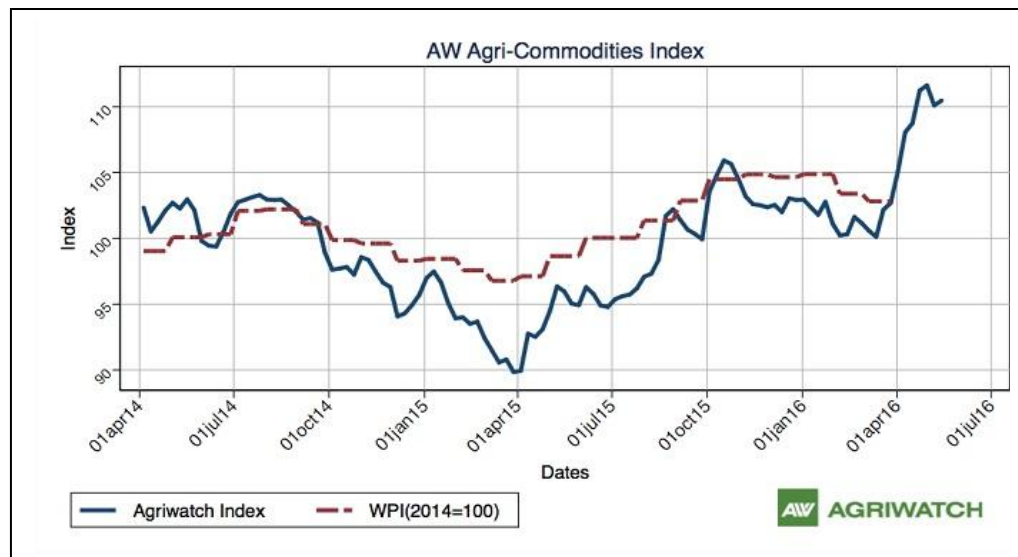
Cotton farmers in Raichur, Karnataka have suffered a loss of Rs.278.72 crore due to failure of Bt Cotton. Bt Cotton was sown in 1.5 lakh acres and the crop has failed in 80% of the area in the previous season.

India exported 0.574 lakh bales of cotton last week (16 -22 May 2016), which was 0.718 lakh bales previous to last week (09 -15 May 2016), according to the data released by IBIS and compiled by Agriwatch.

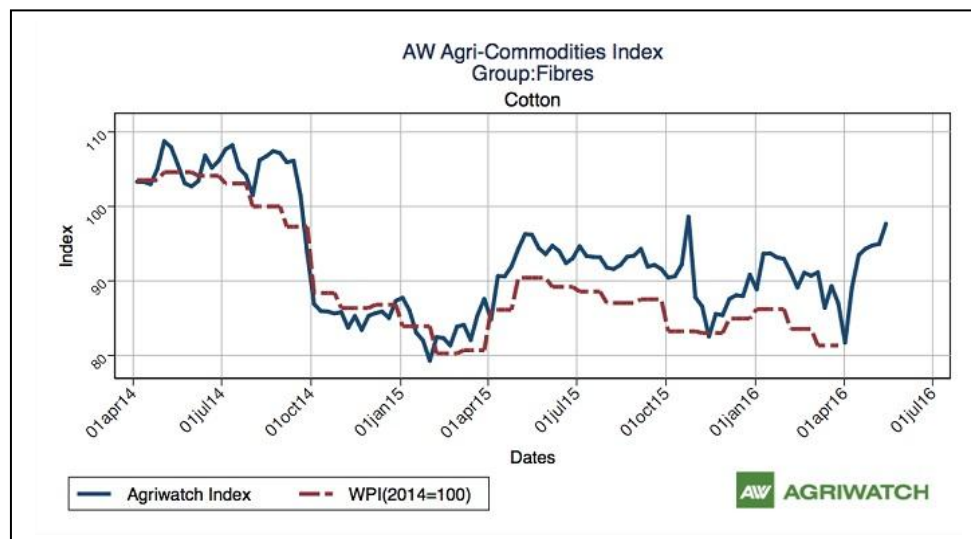
Major importer of Indian cotton during the week (16 -22 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.259 lakh bales of cotton from India in the past week (16 -22, May 2016). Other major importers were China, Vietnam, Pakistan and Indonesia and their imported volumes were 0.119 lakh bales, 0.070 lakh bales, 0.057 lakh bales and 0.023 lakh bales respectively.

AW Cotton Index - 15 May. 2016

The Agriwatch Agri Commodities Index edged up 0.33% to 110.46 during the week ended May 14, 2016 from 110.10 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +2.87% week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

Domestic Cotton Prices Scenario

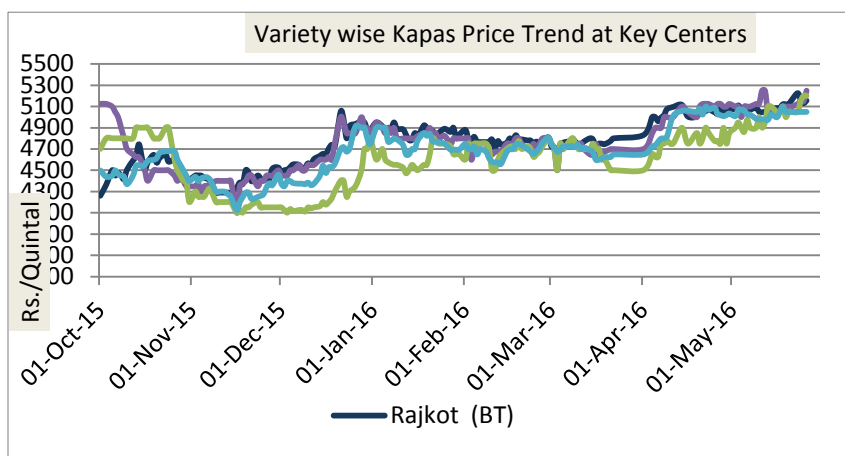
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained firm during the week amid lack of availability in the domestic market. Weekly average price of Kapas at Rajkot remained Rs. 5182 per quintal, fairly higher as compared to previous week price of Rs. 5105 per quintal.

According to attached latest report USDA attaché report, India's 2016/17 cotton production forecast is 28.00 million 480 lb. bales on marginally lower acreage of 11.8

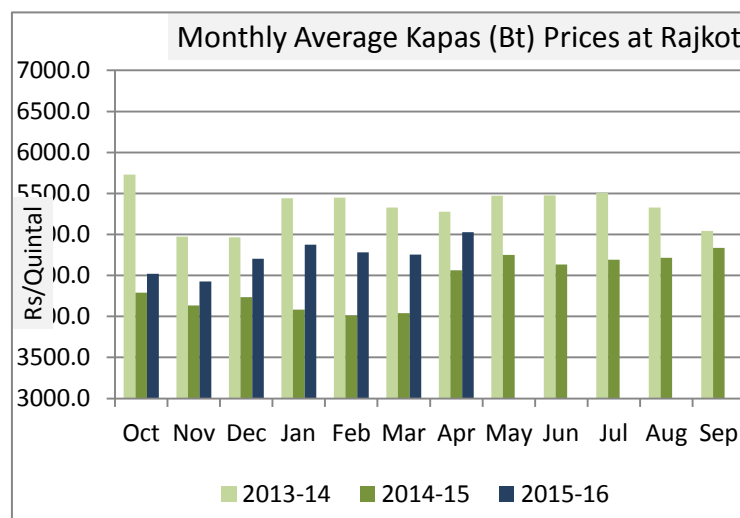
million hectares. Yields are expected higher. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon.

Weekly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5100-5300 per quintal for the coming week.



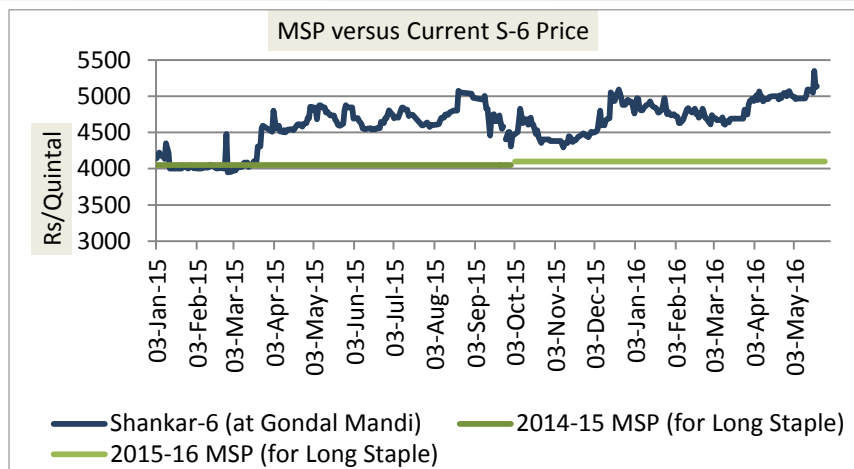
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed firm momentum during the month of April following the lack of availability and good export demand. The cotton price remained firm during April compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.



Spot Price versus MSP

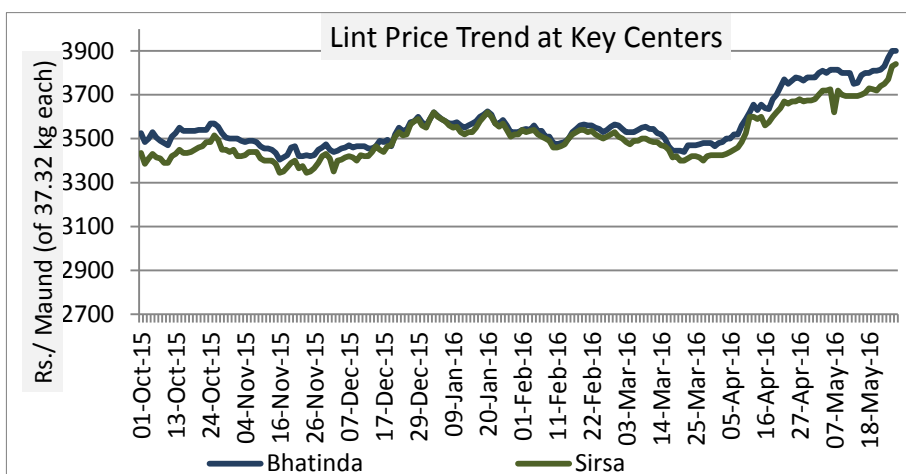
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week due to firm tone in prices. The average gap between the prices was Rs 1037.50 this week compared to Rs 897.50 a week earlier. This indicates prices are increasing.



Lint (De-Seeded Cotton) Weekly Price Scenario

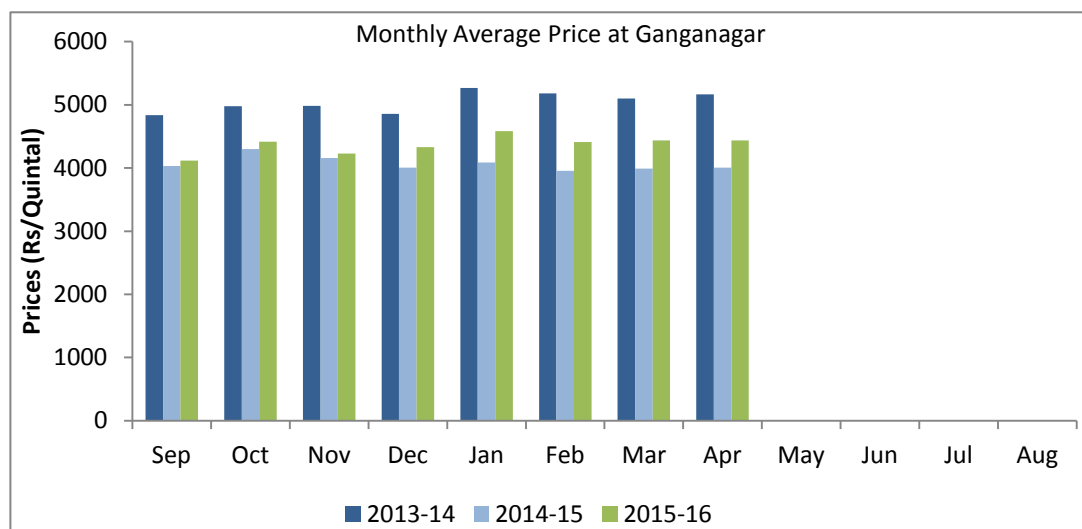
Weekly Price Review: As firm sentiments are prevailing in market, lint prices remained firm during the week. Weekly average price of Lint at Sirsa remained Rs. 3800 per maund of 37.32 kg each higher compared to the previous week price of Rs. 3713 per maund.

Weekly Price Outlook: Lint prices are expected to remain range bound to firm during the week. We expect Lint at Sirsa to remain in range of Rs. 3800-3900 per maund.



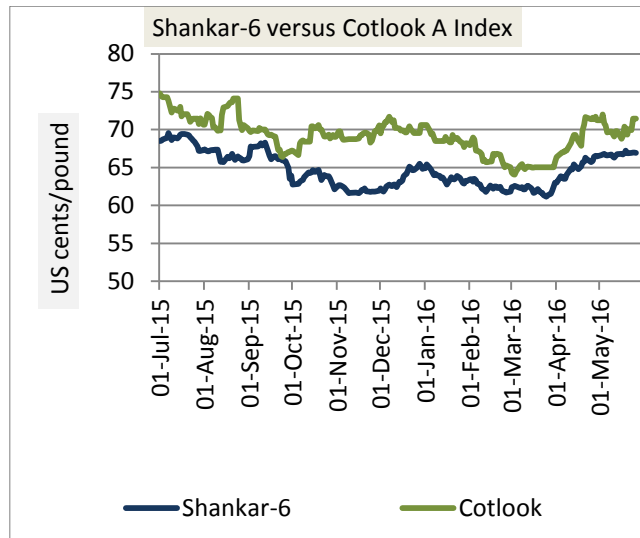
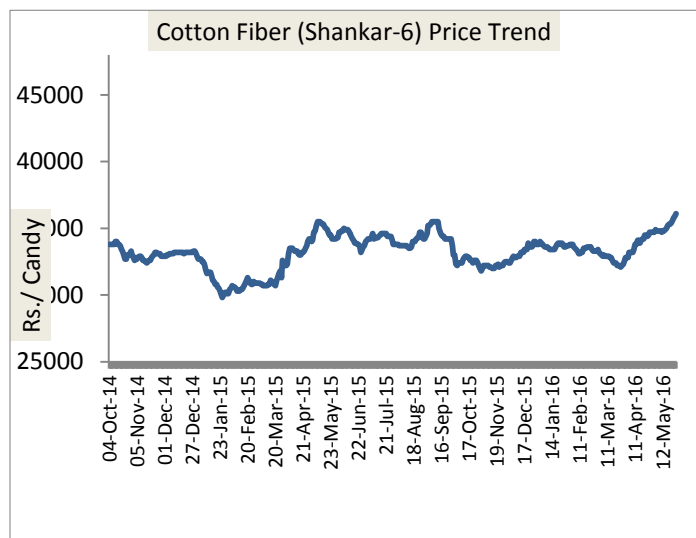
Lint Monthly Y-o-Y Price Scenario

Following the firmness in Kapas prices, lint prices too remained firm during March compared to previous month and it remained firm compared to corresponding month last year. also. In April this year, monthly average price of lint at Sri-Ganganagar remained Rs. 4437 per maund (of 37.32 Kg each) and Rs 4006 during corresponding month previous year.



Cotton Fiber Weekly Price Scenario

Due to the range-bound movement in Kapas prices, cotton fiber moved northwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 35683 per candy (of 355.6 kg each) compared to the prices of previous week which was Rs. 35000 per candy.

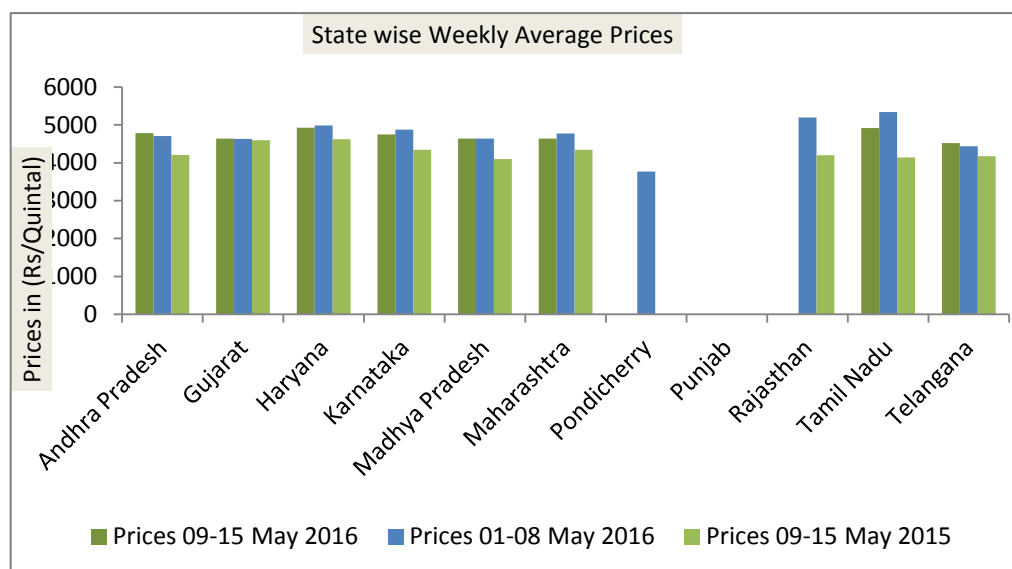


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 70.45 cents/pound, Indian weekly average price stood at 66.94 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 35500-36500 per candy

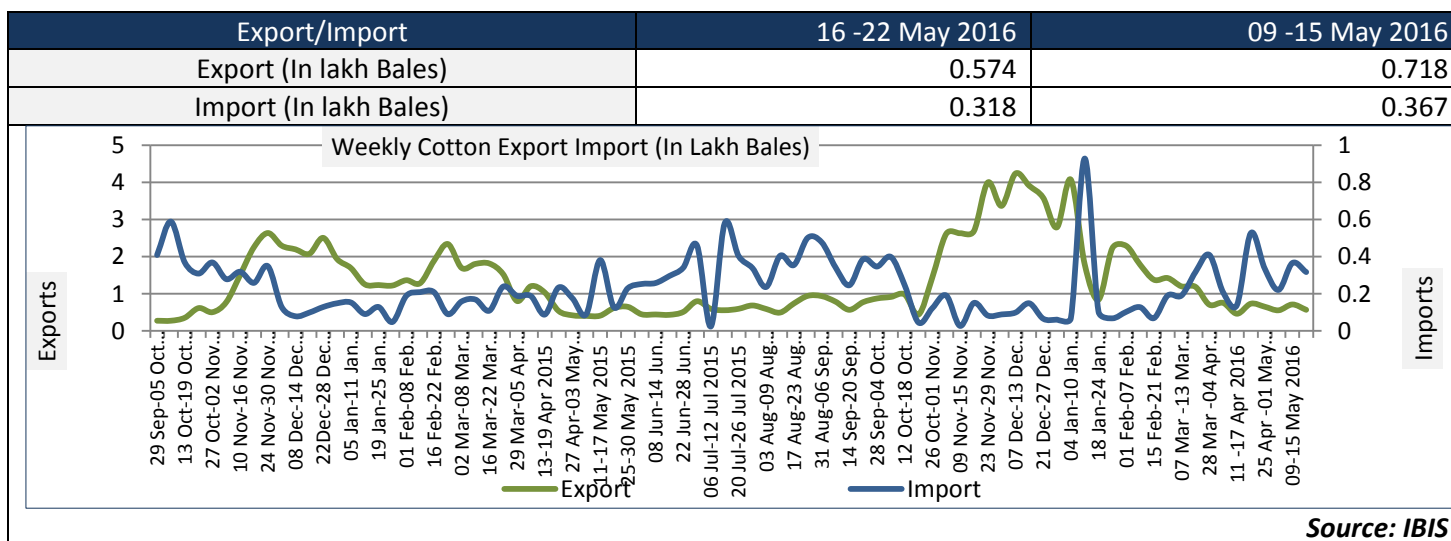
State wise Weekly Price Scenario

On week on week basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Rajasthan followed by Punjab this week and lowest was in Telangana followed by Karnataka. On year on year basis, cotton prices are reflecting uptrend in all of the States. Prices have been summarized in the table given in annexure.

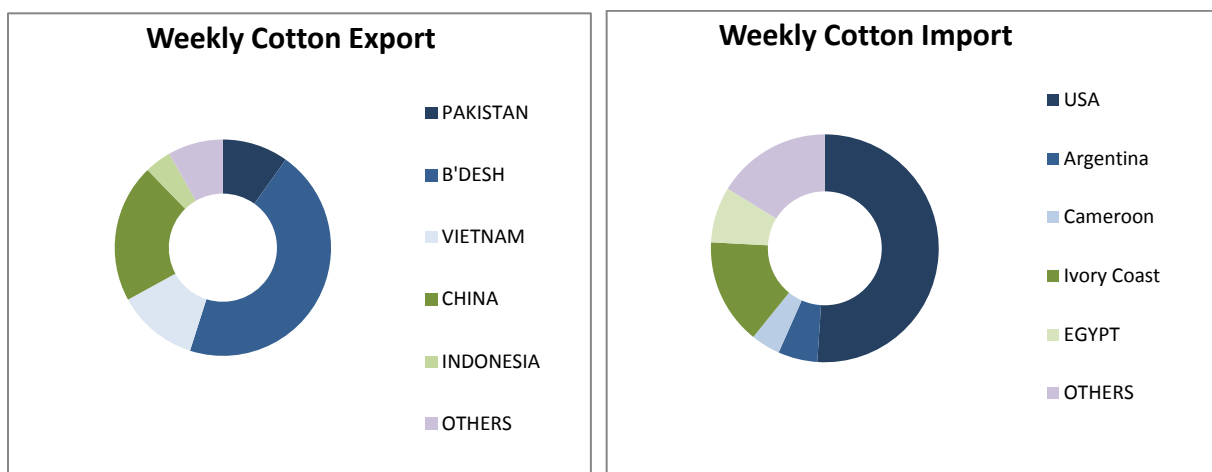


Cotton Weekly Export and Import

India exported 0.574 lakh bales of cotton last week (16 -22 May 2016), which was 0.718 lakh bales during the week before previous to last week (09 -15 May 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.318 lakh bales last week, which was 0.367 lakh bales previous to last week.



Major importer of Indian cotton during the week (16 -22 May 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.259 lakh bales of cotton from India in the past week (16 -22 May 2016). Other major importers were China, Vietnam, Pakistan and Indonesia and their imported volumes were 0.119 lakh bales, 0.070 lakh bales, 0.057 lakh bales and 0.023 lakh bales respectively. India exported 0.574 lakh bales of cotton last week (16 -22 May 2016), which was 0.718 lakh bales previous to last week (09 -15 May 2016), according to the data released by IBIS and compiled by Agriwatch.



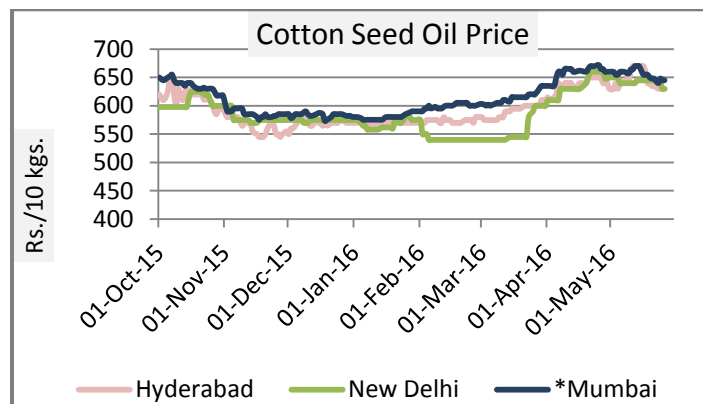
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price ruled weak during the week. Weekly average price in New Delhi remained Rs 638 per 10 Kg, steady as compared to the weekly average price of Rs 645 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	26-May-16	19-May-16	
New Delhi	638	645	-1.03
Rajkot	644	658	-2.03
Hyderabad	632	658	-4.05
Mumbai*	646	659	-2.05

*Vat Included

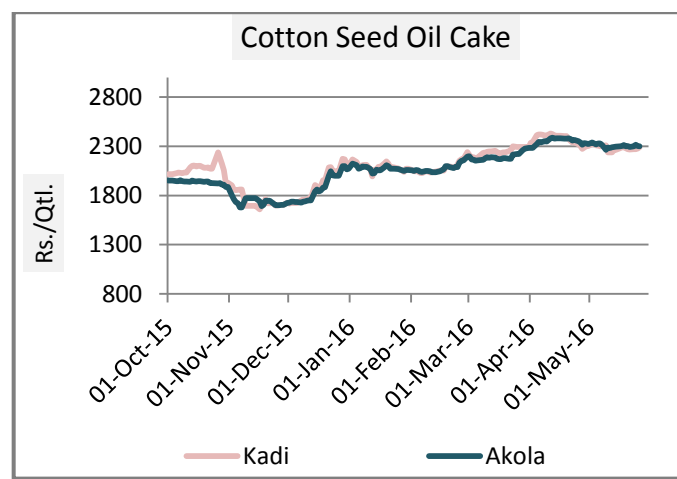


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price remained range -bound during the week. Weekly average price in Akola remained Rs 2303 per quintal, higher compared to the weekly average price of previous week of Rs 2301 per quintal.

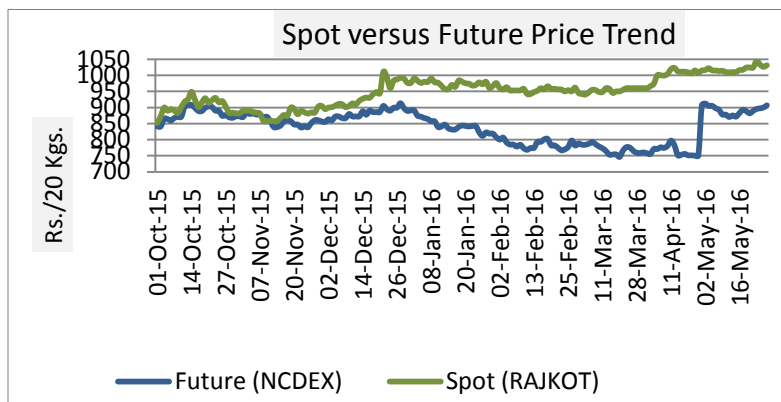
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	26-May-16	19-May-16	
Kadi	2275	2278	-0.14
Akola	2303	2301	0.08

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'17) closed at Rs 907.00 as on 26 May 2016, compared to 882.00 a week earlier. The gap between the spot and future prices has narrowed. Average gap between the spot and future price during the week was Rs.133.90 which was Rs 134.60 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(April'17 Contract)



Weekly Technical Outlook:

- Candlestick denotes buying interest in the prices.
- RSI is increasing in the neutral region.
- Price closed above 9 and 18 days EMA.
- We expect cotton prices to remain range bound to firm in the coming week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	880-930

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
850	830	930	950

Figures in Rs/20 Kg

International Market Scenario

International cotton prices remained range bound to firm during the week. Cotlook A index weekly average stood at 70.45 cents/pound this week, which was 69.67 cents/pound during last week.

Major Market Highlights: The Chinese government has started the auction of its huge reserves of cotton this month. Stocks of cotton are expected to decline amid decline in Chinese imports and falling domestic production. The US Department of Agriculture has forecast China's cotton stocks to fall by 6% in 2015-16, to 13.9m tons. As expected, prices have started declining recently with the unloading of stocks.

Bangladesh is set to export textiles and jute products to Uganda with the two countries having almost finalised a trade deal.

Cotton gins are declining as Arkansas farmers abandon cotton for more profitable crops. The number of gins in the state has declined from 86 to 26 in the past 15 years according to the Arkansas Democrat-Gazette.

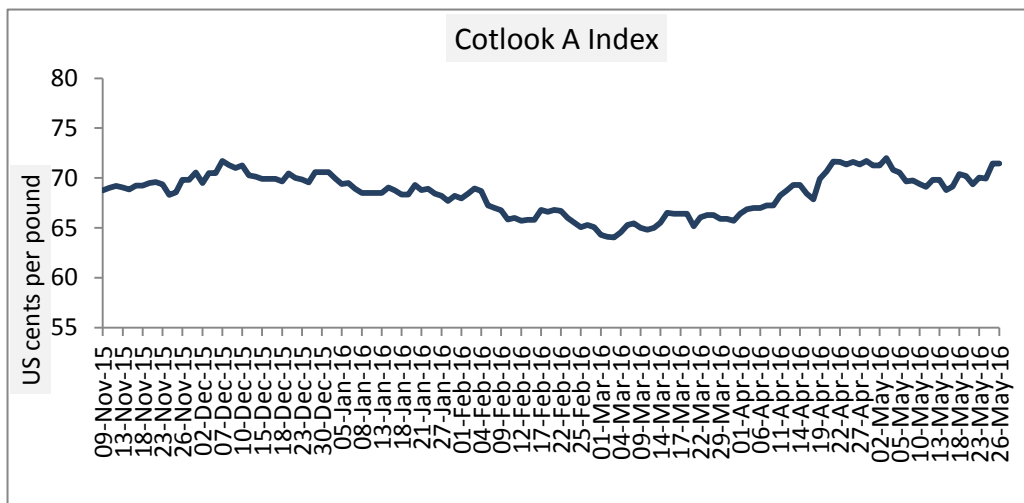
According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 99.8 million bales, 16 per cent below last season. World ending stocks are now projected at 102.84 million bales. For India, production is forecast at 26.8 million bales, same as previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

Cotlook A Index

Cotlook A index remained range bound to firm during the week following good demand in the market.

Global cotton consumption is likely to be around 23.86 million tons in season 2015-16, which was estimated to be around 24.15 million tons a month earlier. In the earlier estimates by USDA, consumption was

expected to rise but considering the current figures, cotton consumption would be standing at around 0.6% lower compared to the previous season.



Cotlook A Index	Weekly Average Price as on		% Change
	26-May-16	19-May-16	
Prices	70.45	69.67	1.1
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

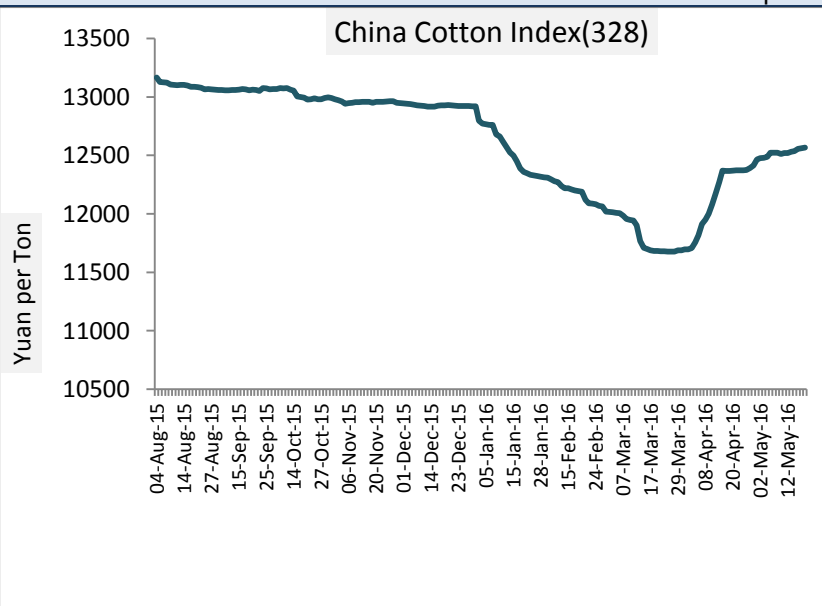
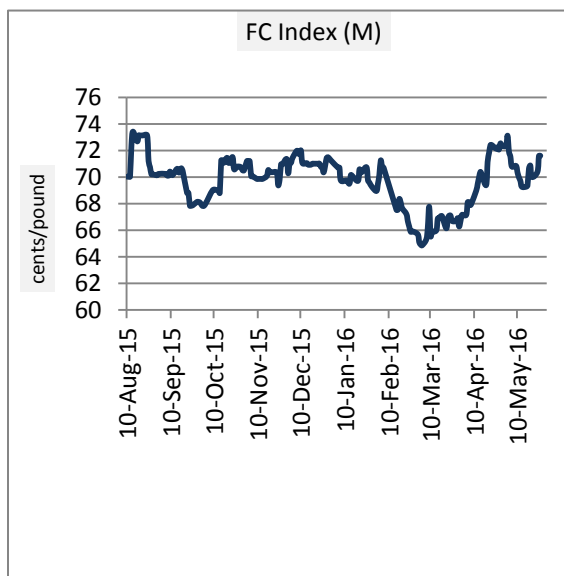
China is likely to import 1.08 million tons of cotton in 2015-16, around 9% lower compared to the estimates of 1.19 million tons previous month and around 39% lower compared to the imports of 1.80 million tons during previous season, which were 1.80 million tons, according to USDA.

China cotton imports have moved to 9 years low, according to the calculation of Reuters. The country imported 188,200 tons of cotton in December, around 28.85 per cent lower compared to the volume in the corresponding month of previous year. However till December the total volume for the calendar year stood at 1.48 million tons, the lowest level in last nine years, according to Reuters.

Cotton Index	Weekly Average Price as on		% Change
	26-May-16	19-May-16	
FC (S)	73.73	72.70	1.41
FC (M)	70.90	69.88	1.46
FC (L)	68.59	67.24	2.00
Prices in US cents per Pound			

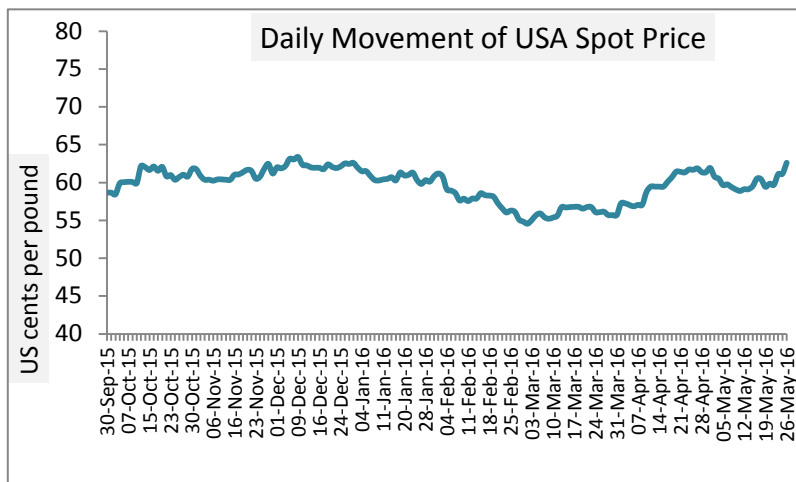
China Index remained firm during the week. CC Index (328) remained 11563 Yuan per ton during the week. Average was 11477 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	26-May-16	19-May-16	
CCIndex(229)	12550	12519	0.24
CCIndex(328)	11563	11477	0.75
CCIndex(527)	12881	12855	0.20
Prices in Yuan per ton			



USA Spot Prices

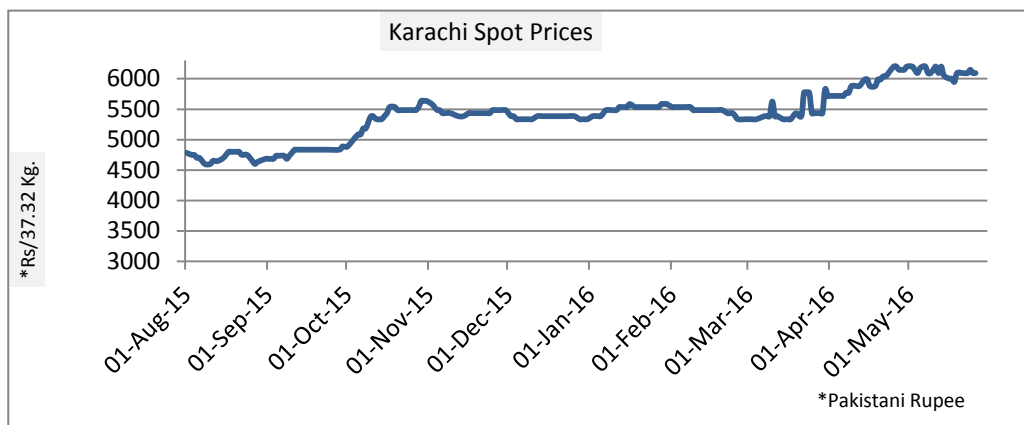
According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. Production in India and Pakistan is estimated to be lower, in India and Pakistan, based on arrivals at gins, but higher in European Union. The 1.0-million-bale reduction in India's crop reflects an early withdrawal of monsoon rainfall combined with pest damage in the northern States. World ending stocks are now projected at 103.3 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	26-May-16	19-May-16	
Prices	60.90	59.94	1.60
Prices in US cents per Pound			

Pakistan Spot Prices

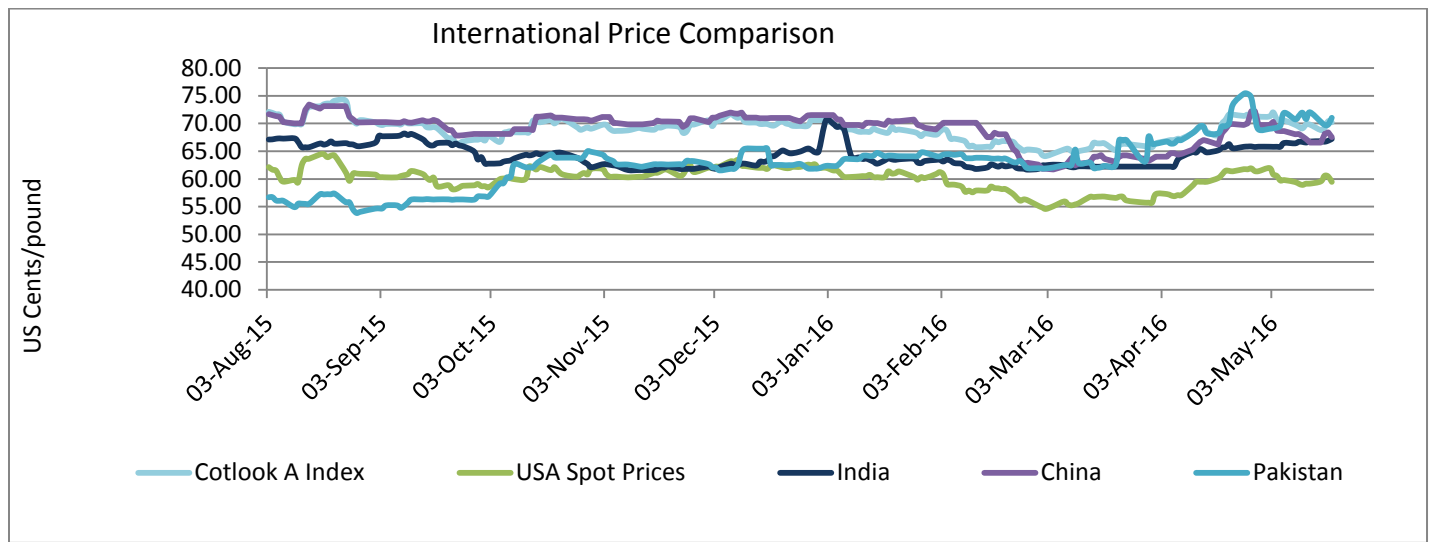
Pakistan has lowered the cotton production target for the season 2016-17 to 141.01 lakh bales. The country has had set the target of 154.9 lakh bales for the season 2015-16 a year earlier which has been revised thrice and is now expected to be around 96.87 lakh bales due to the severe crop loss of 34%



due to pest attack. The lower production in the country may open channels for the more exports from India, as Pakistan would import to fulfill its domestic demands.

Karachi Spot Prices	Weekly Average Price as on		% Change
	26-May-16	19-May-16	
Prices	6104	6050	0.89
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (July'16 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote firm tone in the prices.
- Volume and Open Interest are increasing.
- We expect cotton prices to remain range bound to firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	63.00-67.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
60.30	58.60	65.30	67.10
Figures in US cents/pound			

Cotton Future Prices at ICE

Contracts	26-May-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
May-16	64.33	61.07	63.69	63.31	5.34	1.00	1.61
Jul-16	64.63	61.75	63.03	64.98	4.66	2.54	-0.54
Oct-16	63.94	60.86	62.52	64.08	5.06	2.27	-0.22
Dec-16	64.22	61.23	62.84	NA	4.88	2.20	NA
Mar-17	64.54	61.67	63.18	NA	4.65	2.15	NA
May-17	64.8	62.07	NA	NA	4.40	NA	NA

Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	21st to 27th May.16	14th to 20th May.16	
Gujarat	Ahmedabad	Shankar-6	5171	5075	96
	Gondal	Shankar-6	5164	4955	209
	Rajkot	B.T. Cotton	5182	5105	77
	Patan	B.T. Cotton	5068	5063	6
	Kadi	B.T. Cotton	5225	5158	67
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5090	4994	96
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5104	5118	-14
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	5150	5045	105
	Fatehabad	B.T. Cotton	5086	5021	65
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	5100	4980	120
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5062	5040	22
Maharashtra	Amravati	Mech-1	5158	5058	100
	Jamner	Medium Staple	NA	4837	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	4283	4283	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	4500	-400
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5361	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5284	5200	84
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	21st to 27th May.16	14th to 20th May.16	
Punjab	Bhatinda	J-34	3876	3791	85
	Abohar	J-34	3882	3798	84
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3800	3713	87
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	21st to 27th May.16	14th to 20th May.16	
Gujarat	Ahmedabad	Shankar-6	93500	124100	-30600
	Gondal	Shankar-6	5089	3134	1955
	Rajkot	B.T. Cotton	6545	4940	1605
	Patan	B.T. Cotton	1740	5524	-3784
	Kadi	B.T. Cotton	56500	77500	-21000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	221	311	-90
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	2200	2900	-700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	1190	-935
	Fatehabad	B.T. Cotton	120	260	-140
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-

Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	550	530	20
Maharashtra	Amravati	Mech-1	8300	14500	-6200
	Jamner	Medium Staple	NA	127	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5030	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	989	1657	-668
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	21st to 27th May.16	14th to 20th May.16	
Punjab	Bhatinda	J-34	NA	170	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				20th to 26th May.16	13th to 19th May.16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32350	32050	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32850	32550	300
J-34(202)	26mm	3.5 - 4.9	23	35200	34500	700
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	35233	34400	833
Shankar-6(105)	29mm	3.5 - 4.9	28	35683	35000	683
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37683	37250	433
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38133	38000	133
DCH-32(107)	34mm	3.0 - 3.8	33	50500	49583	917

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