

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot prices noticed mostly firm tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5385 per quintal, which stood at Rs 5182 previous week. Average price of Lint at Sirsa during the week was Rs. 3932 per maund (of 37.32 Kg each), higher compared to the previous week price of Rs 3800. Cotton fiber (Shankar-6) prices remained firm this week. Average price was Rs 36600 per candy (of 355.6 kg each) during the week, which was Rs 35683 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed lower this week at Rs. 901.50 per maund (of 20 kg each) which was Rs 908.50 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. 5300-5600 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3900-4100 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 870-920 per maund (of 20 kg each).

Major Market Highlights: Cotton farmers in the sState of Punjab and Haryana have decided to shift their crop to paddy and pulses due to extensive damage caused to their crops by whitefly pest. In Haryana, cotton has been sowed in 4.76 lakh hectares till now, as compared to 5 lakh hectares last year during the same period. Similarly, for Punjab, cotton has been sowed in 2.57 lakh hectares till now, as compared to over 3 lakh hectares sowed last year during the same corresponding period last year.

Government has increased MSP of kapas by Rs 60. After this increase, support price of medium staple kapas and long staple kapas has reached Rs 3860 per quintal and Rs 4160 per quintal respectively. Farmers may get better returns this year as yield may increase due to better monsoon

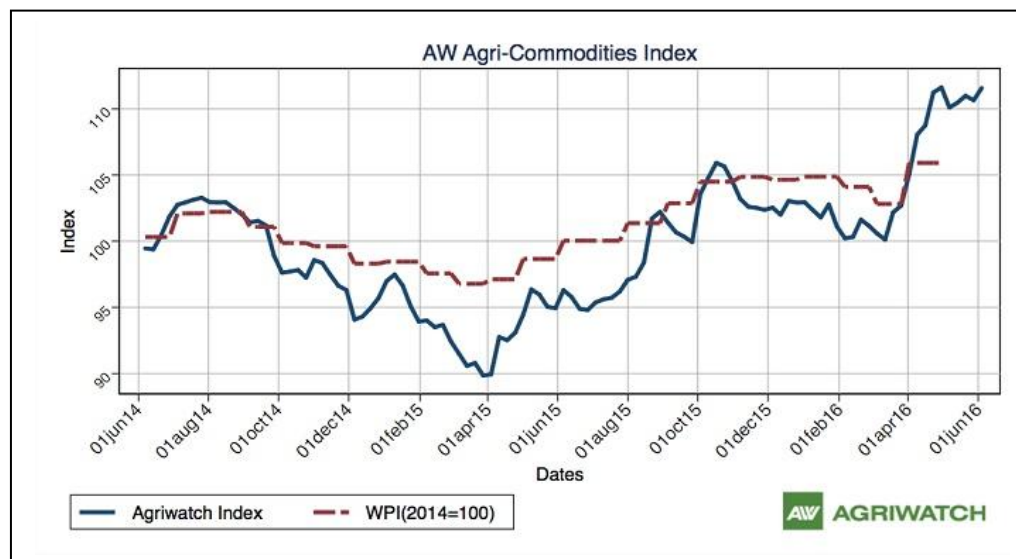
The Centre has withdrawn notification on Bt Cotton guidelines issued few days before. It has put the notification in public domain and has invited comments and suggestions from the stakeholders in the industry.

India exported 0.523 lakh bales of cotton last week (23 -29 May 2016), which was 0.574 lakh bales previous to last week (23 -29 May 2016), according to the data released by IBIS and compiled by Agriwatch.

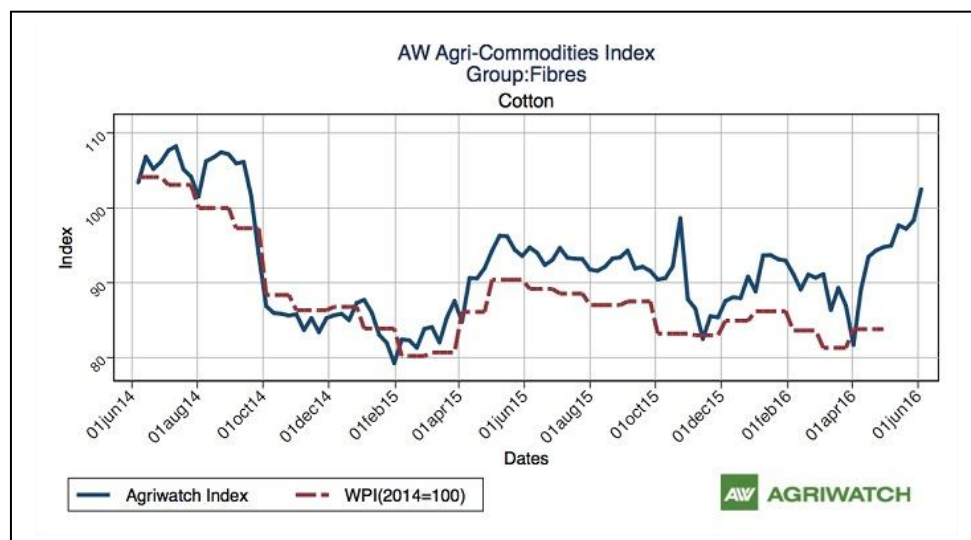
Major importer of Indian cotton during the week (23 -29 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.220 lakh bales of cotton from India in the past week (23 -29, May 2016). Other major importers were Pakistan, China, Vietnam and Indonesia and their imported volumes were 0.088 lakh bales, 0.050 lakh bales, 0.047 lakh bales and 0.042 lakh bales respectively.

AW Cotton Index - 05 June. 2016

Higher cereals, vegetables and cotton prices led the Agriwatch Agri Commodities Index higher by 0.83% to 111.57 during the week ended June 4, 2016 from 110.64 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +4.21% 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

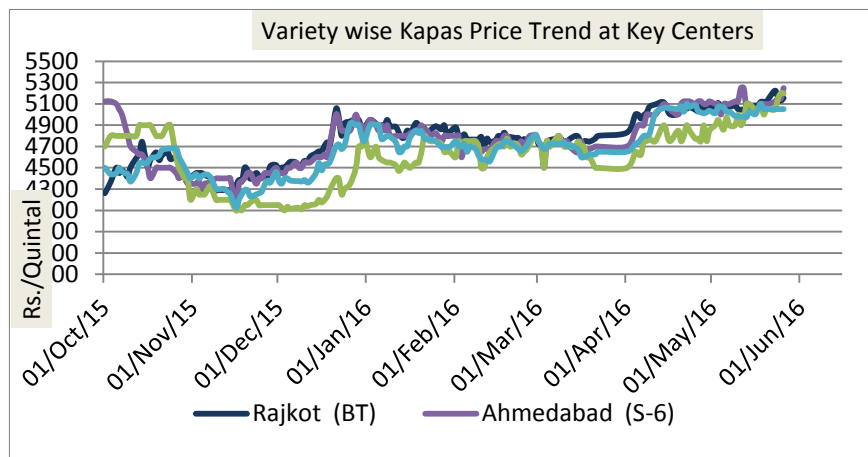
Kapas (Raw Cotton) Weekly Price Scenario

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. 5385 per quintal, fairly higher as compared to previous week price of Rs. 5182 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

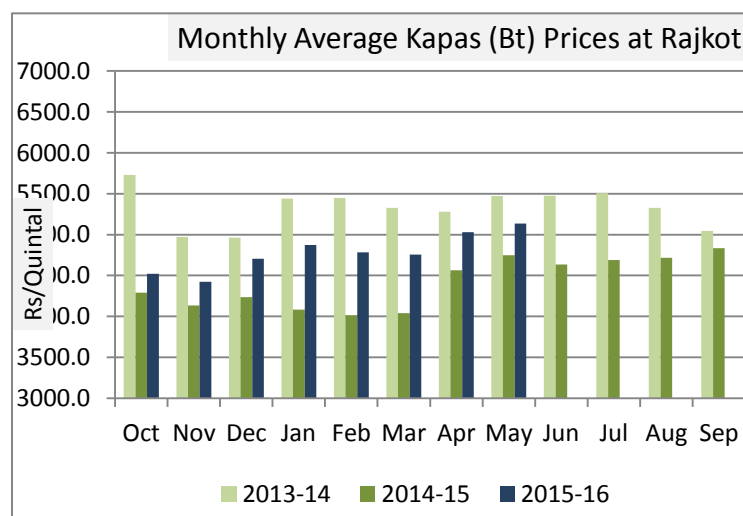
million hectares. Yields are expected higher. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon.

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 5300-5600 per quintal for the coming week.



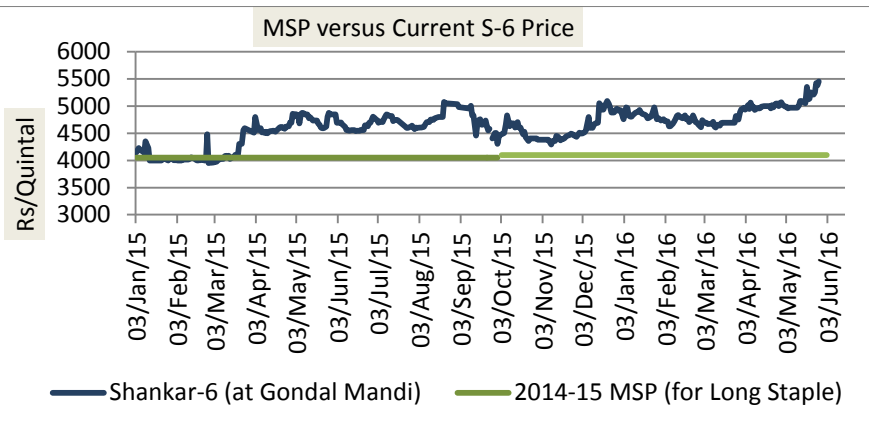
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed firm momentum during the month of May month following the lack of availability and good export demand. The cotton price remained firm during May 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

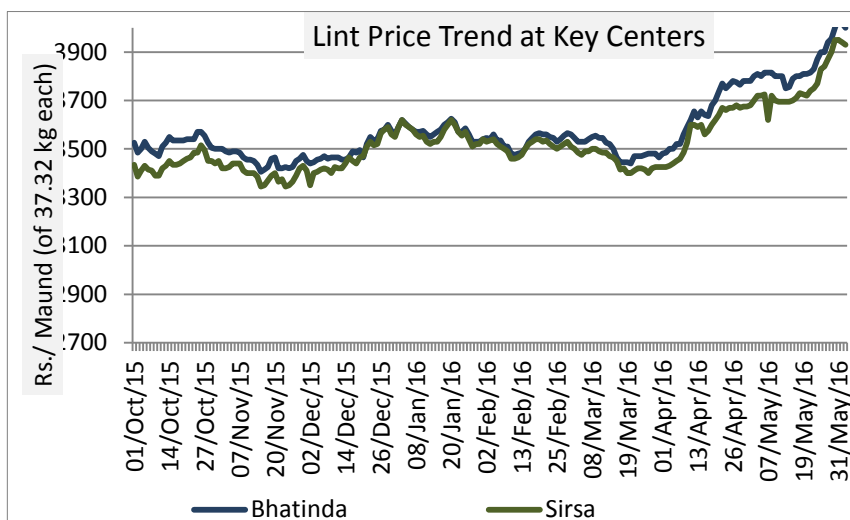
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week due to firm tone in prices. The average gap between the prices was Rs 1229.17 this week compared to Rs 1037.50 a week earlier. This indicates prices are increasing.



Lint (De-Seeded Cotton) Weekly Price Scenario

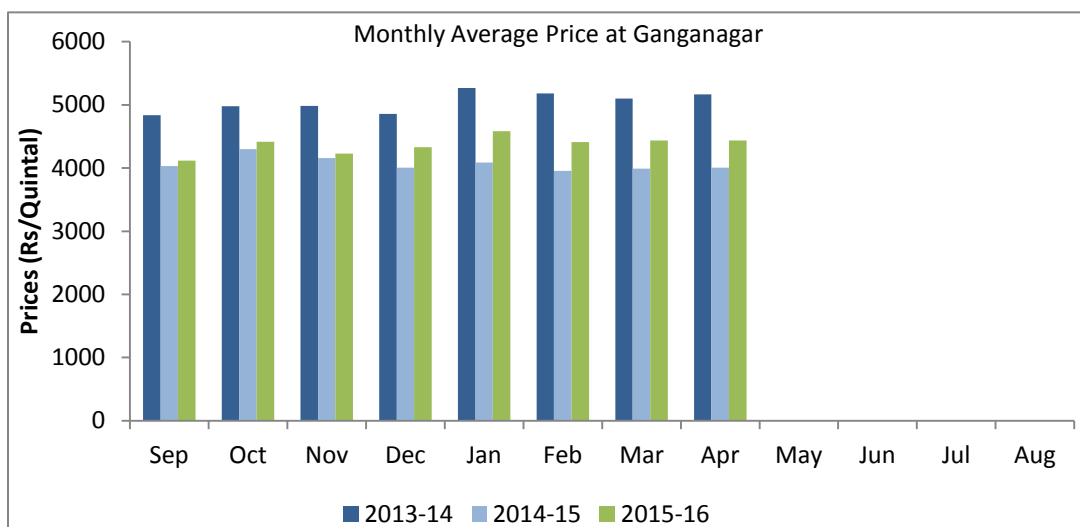
Weekly Price Review: As firm sentiments are prevailing in market, lint prices remained firm during the week. Weekly average price of Lint at Sirsa remained Rs. 3932 per maund of 37.32 kg each higher compared to the previous week price of Rs. 3800 per maund.

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. 3900-4200 per maund.



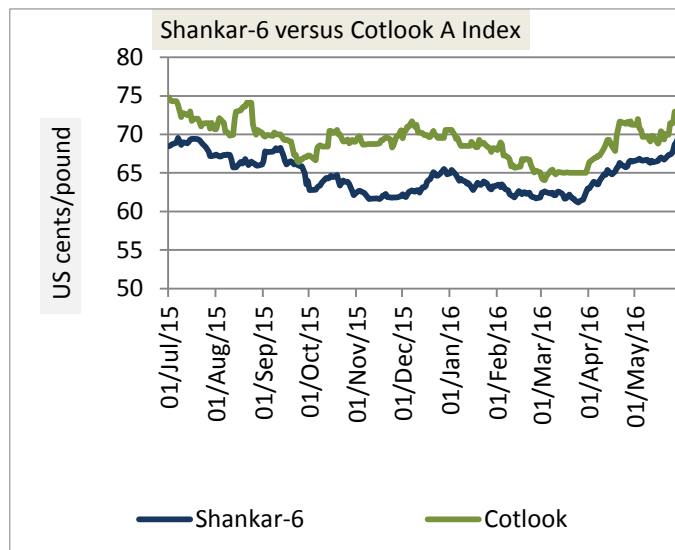
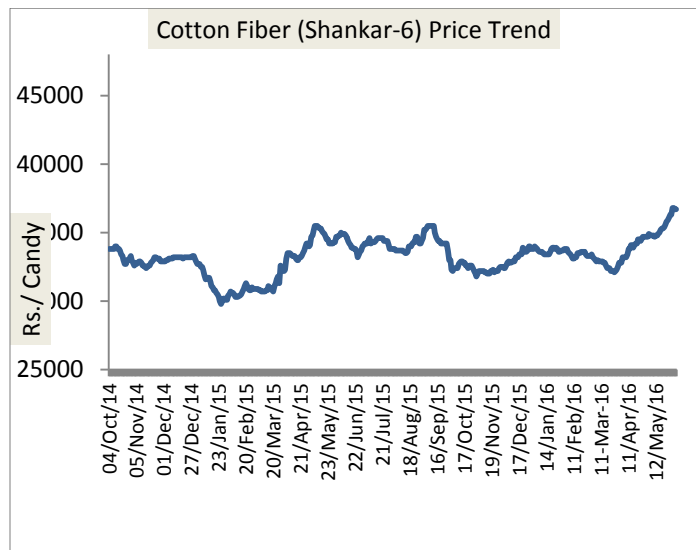
Lint Monthly Y-o-Y Price Scenario

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 36600 per candy (of 355.6 kg each) compared to the prices of previous week which was Rs. 35683 per candy.

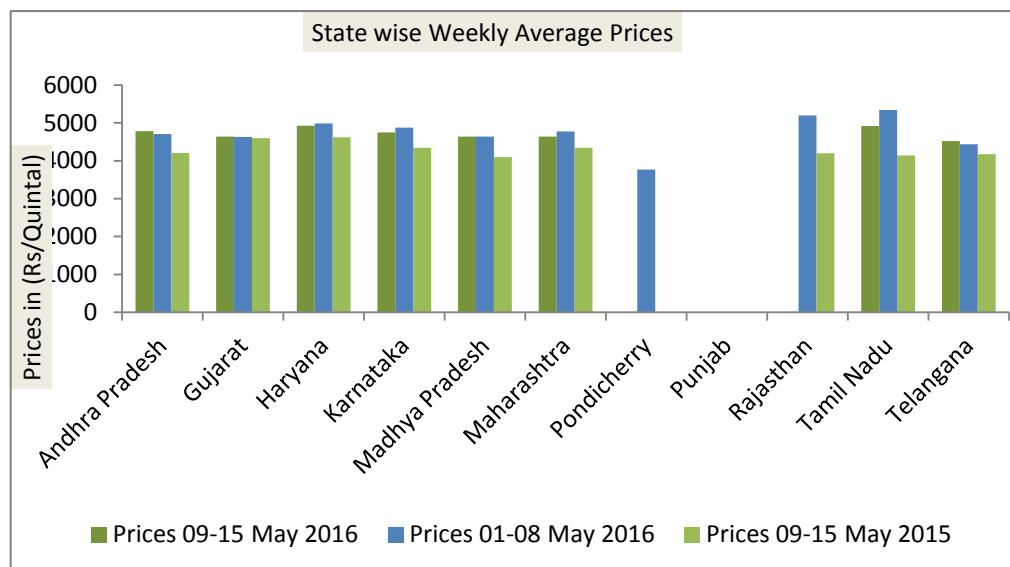


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 72.73 cents/pound, Indian weekly average price stood at 69.39 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 36000-38000 per candy

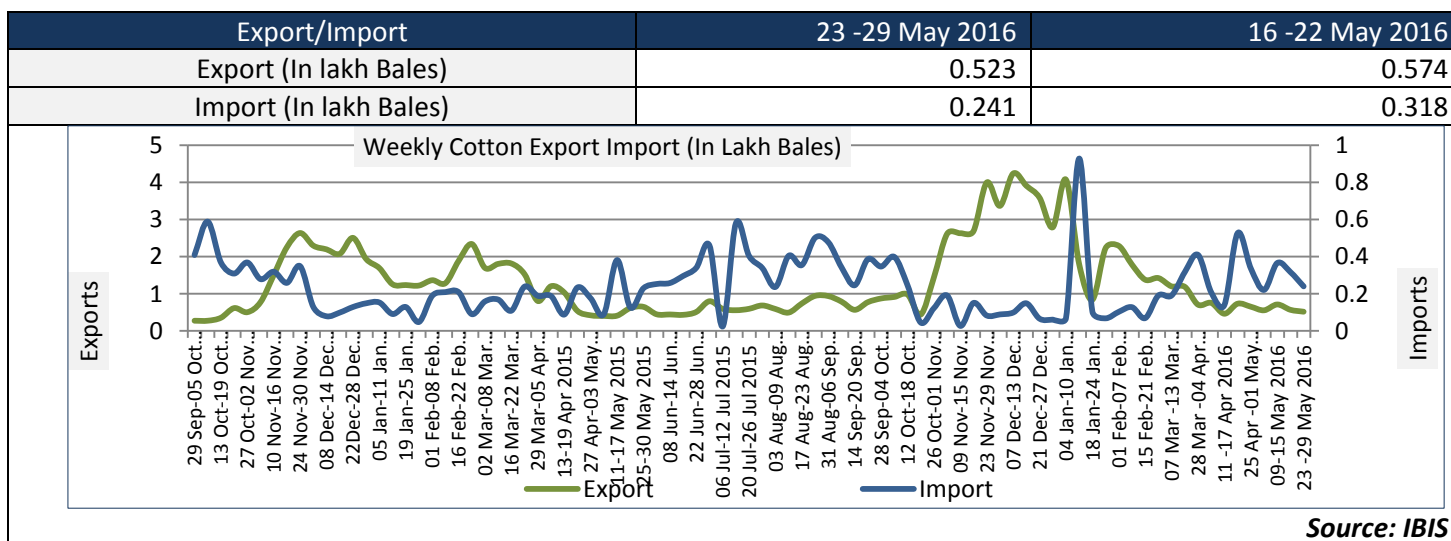
State wise Weekly Price Scenario

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.

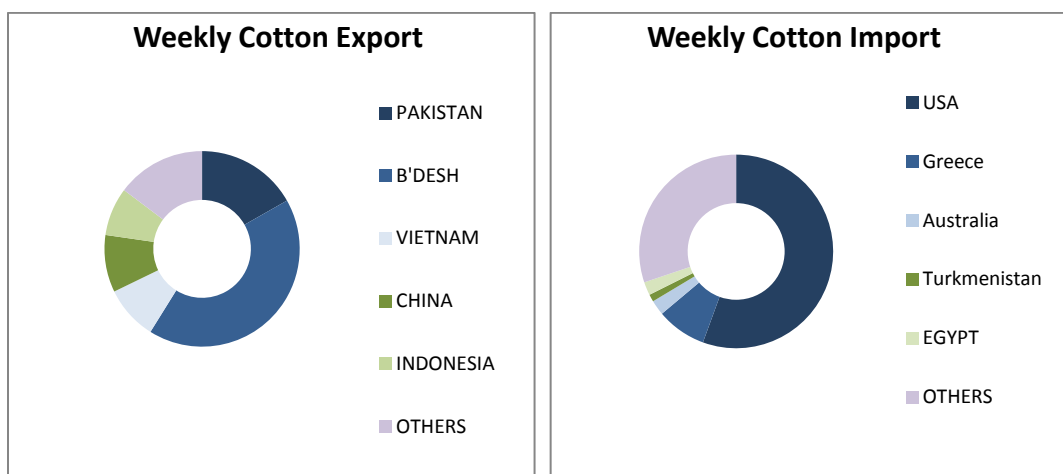


Cotton Weekly Export and Import

India exported 0.523 lakh bales of cotton last week (23 -29 May 2016), which was 0.574 lakh bales during the week before previous to last week (16 -22 May 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.241 lakh bales last week, which was 0.318 lakh bales previous to last week.



Major importer of Indian cotton during the week (23 -29 May 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.220 lakh bales of cotton from India in the past week (23 -29 May 2016). Other major importers were Pakistan, China, Vietnam and Indonesia and their imported volumes were 0.088 lakh bales, 0.050 lakh bales, 0.047 lakh bales and 0.042 lakh bales respectively. India exported 0.523 lakh bales of cotton last week (23 -29 May 2016), which was 0.574 lakh bales previous to last week (16 -22 May 2016), according to the data released by IBIS and compiled by Agriwatch.



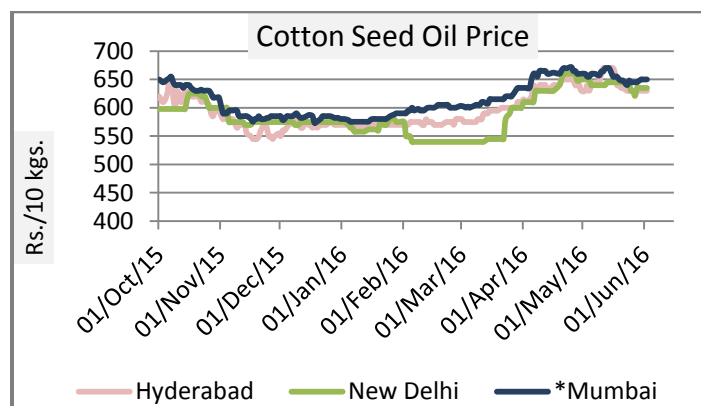
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed range –bound movement during the week. Weekly average price in New Delhi remained Rs 633 per 10 Kg, steady as compared to the weekly average price of Rs 638 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	02-June-16	26-May-16	
New Delhi	633	638	-0.89
Rajkot	655	644	1.60
Hyderabad	630	632	-0.26
Mumbai*	648	646	0.41

**Vat Included*

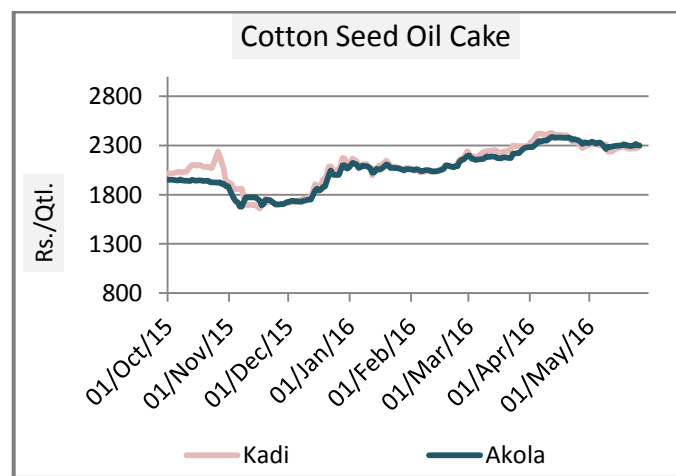


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price remained firm during the week. Weekly average price in Akola remained Rs 2358 per quintal, higher compared to the weekly average price of previous week of Rs 2303 per quintal.

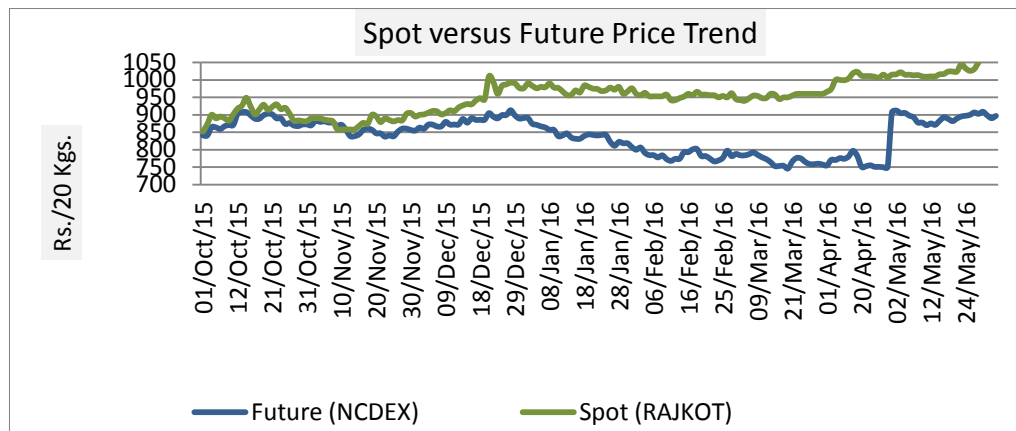
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	02-June-16	26-May-16	
Kadi	2380	2275	4.59
Akola	2358	2303	2.39

**Source: NCDEX*



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs 901.50 as on 03 June 2016, compared to 907.00 a week earlier. The gap between the spot and future prices has widened. Average gap between the spot and future price during the week was Rs.174.00 which was Rs 133.90 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 steady 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	870-920

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 72.73 cents/pound this week, which was 70.45 cents/pound during last week.

Major Market Highlights: Cotton production in Pakistan has fallen from an estimated 15.5 million bales to 10.9 million bales this year. This fall in production is mainly due to irregular rainfall and poor seed quality. Weather has not only affected the quantity but the quality as well. All this hasve led to a fall in ginning yield and increase in production cost.

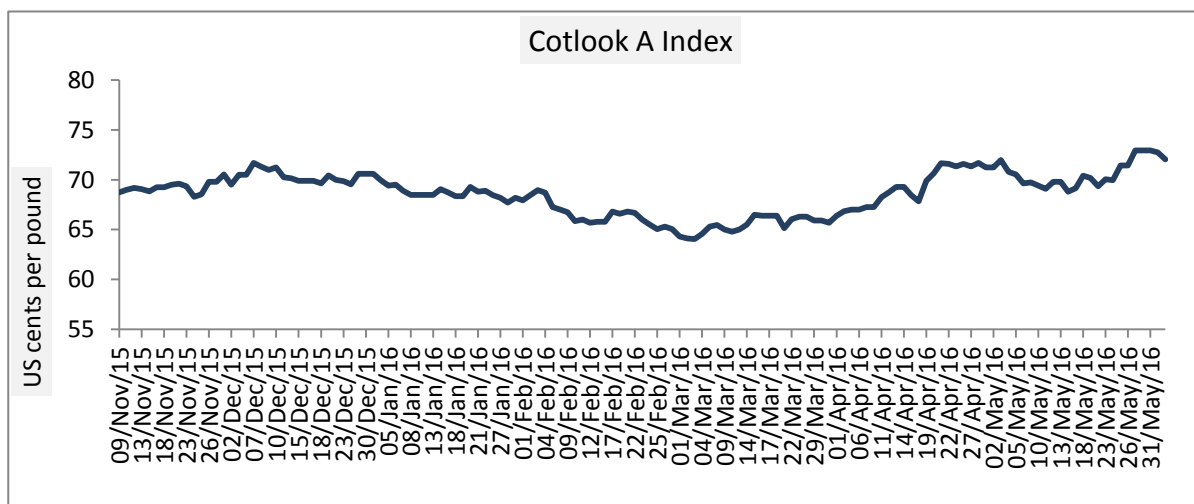
According to USDA's economic research reserve, world cotton consumption is expected to reach 110.8 million bales for marketing year 2016-17 which is slightly higher as compared to last year. World cotton production is expected to be 104.4 million bales. Humble growth in global economy and comparatively low cotton prices are expected to support mill use in most countries.

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
	02-June-16	26-May-16	
Prices	72.73	70.45	3.2
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

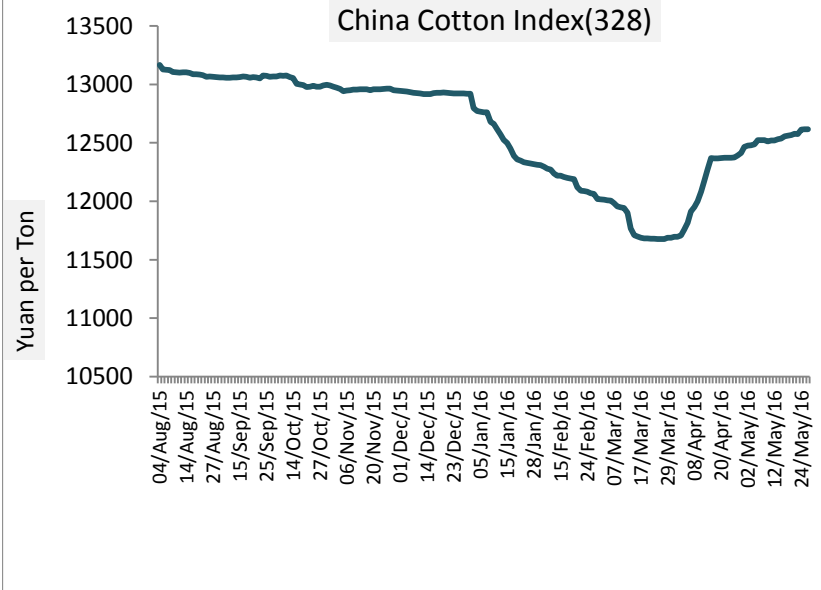
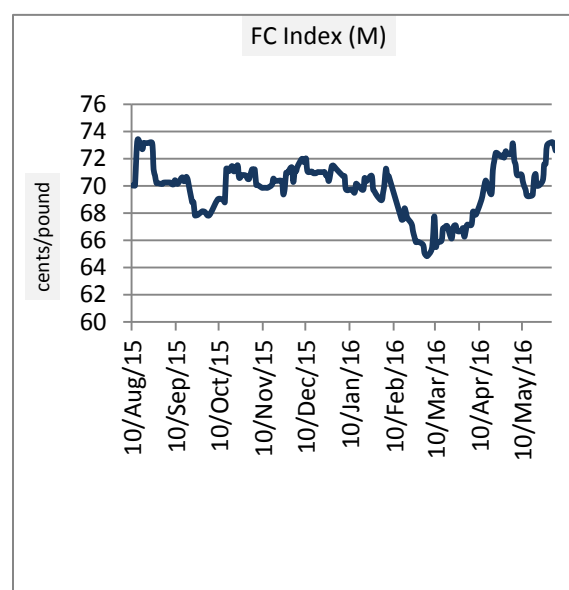
China is likely to import 1.08 million tons of cotton in 2015-16, around 9% lower compared to the estimates of 1.19 million tons previous month and around 39% lower compared to the imports of 1.80 million tons during previous season, which were 1.80 million tons, according to USDA.

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
	02-June-16	26-May-16	
FC (S)	75.73	73.73	2.71
FC (M)	72.99	70.90	2.94
FC (L)	70.43	68.59	2.68
Prices in US cents per Pound			

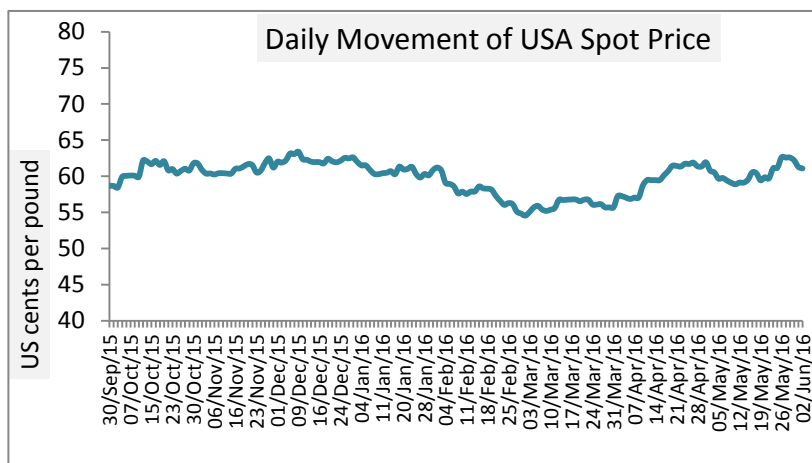
China Index remained firm during the week. CC Index (328) remained 11610 Yuan per ton during the week. Average was 11563 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	02-June-16	26-May-16	
CCIndex(229)	12599	12550	0.39
CCIndex(328)	11610	11563	0.40
CCIndex(527)	12910	12881	0.23
Prices in Yuan per ton			



USA Spot Prices

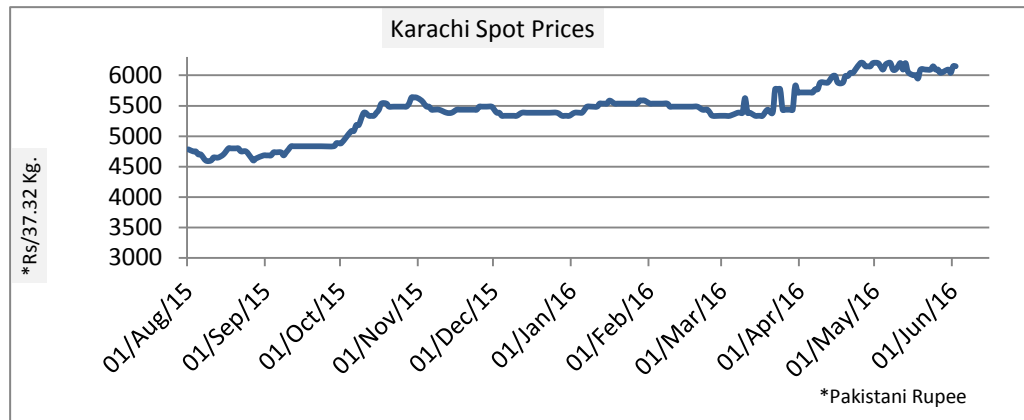
According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. Production in India and Pakistan is estimated to be lower, in India and Pakistan, based on arrivals at gins, but higher in European Union. The 1.0-million-bale reduction in India's crop reflects an early 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
	02-June-16	26-May-16	
Prices	61.96	60.90	1.74
Prices in US cents per Pound			

Pakistan Spot Prices

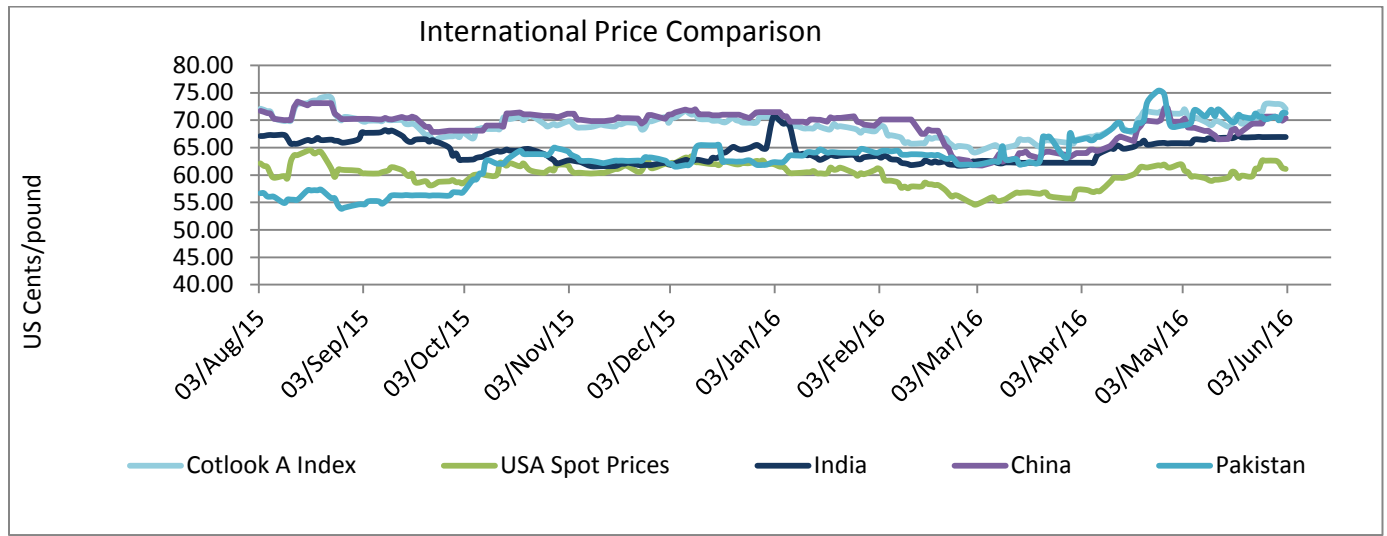
Pakistan has lowered the cotton production target for the season 2016-17 to 141.01 lakh bales. The country has had set the target of 154.9 lakh bales for the season 2015-16 a year earlier which has been revised thrice and is now expected to be around 96.87 lakh bales due to the severe crop loss of 34% 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
	02-June-16	26-May-16	
Prices	6093	6104	-0.18
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 weak tone in the prices.
- Volume and Open Interest are declining.
- 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	62.00-66.00

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	02-June-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Jul-16	62.87	64.33	64.37	63.60	64.42	64.06	-1.15
Oct-16	63.18	64.63	64.71	64.98	-2.24	-2.36	-2.77
Dec-16	62.67	63.94	63.42	64.08	-1.99	-1.18	-2.20
Mar-17	63.06	64.22	63.51	NA	-1.81	-0.71	NA
May-17	63.42	64.54	63.73	NA	-1.74	-0.49	NA
Jul-17	63.76	64.8	NA	NA	-1.60	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	28th May.16 to 03rd June.16	21st to 27th May.16	
Gujarat	Ahmedabad	Shankar-6	5417	5171	246
	Gondal	Shankar-6	5329	5164	165
	Rajkot	B.T. Cotton	5385	5182	203
	Patan	B.T. Cotton	NA	5068	-
	Kadi	B.T. Cotton	5417	5225	192
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5014	5090	-76
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5275	5104	171
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	5366	5150	216
	Fatehabad	B.T. Cotton	5317	5086	231
	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	4975	5100	-125
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5150	5062	88
Maharashtra	Amravati	Mech-1	5267	5158	108
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	4300	4283	17
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5595	5361	235
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	4810	NA	-
	Raichur	H-44 Cotton	5304	5284	20
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		
State	Centre	Variety	28th May.16 to 03rd June.16	21st to 27th May.16	Change
Punjab	Bhatinda	J-34	4003	3876	127
	Abohar	J-34	4006	3882	124
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3932	3800	132
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	28th May.16 to 03rd June.16	21st to 27th May.16	Change
Gujarat	Ahmedabad	Shankar-6	66300	93500	-27200
	Gondal	Shankar-6	2119	5089	-2970
	Rajkot	B.T. Cotton	5416	6545	-1129
	Patan	B.T. Cotton	NA	1740	-
	Kadi	B.T. Cotton	25500	56500	-31000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	137	221	-84
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1300	2200	-900
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1658	255	1403
	Fatehabad	B.T. Cotton	10	120	-110
	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	90	550	-460
Maharashtra	Amravati	Mech-1	8900	8300	600
	Jamner	Medium Staple	NA	NA	-
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	2800	5030	-2230
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	2	NA	-
	Raichur	H-44 Cotton	704	989	-285
Commodity	Lint		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	28th May.16 to 03rd June.16	21st to 27th May.16	Change
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	510	-340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				27th May.16 to 02nd June.16	20th to 26th May.16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32767	32350	417
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33267	32850	417
J-34(202)	26mm	3.5 - 4.9	23	36450	35200	1250
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	36133	35233	900
Shankar-6(105)	29mm	3.5 – 4.9	28	36600	35683	917
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38533	37683	850
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39033	38133	900
DCH-32(107)	34mm	3.0 - 3.8	33	52200	50500	1700

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