Current Market Outlook

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

Average price of Kapas at Rajkot during the week was Rs. 6650 per quintal, which stood at Rs 6656 previous week. Average price of Lint at Sirsa during the week was Rs. 4800 per maund (of 37.32 Kg each), lower compared to the previous week price of Rs 4840. Cotton fiber (Shankar-6) prices remained range bound this week. Average price was Rs 45960 per candy (of 355.6 kg each) during the week, which was Rs 46900 per candy previous week. Future price of cotton (at NCDEX, April’17 contract) closed lower this week at Rs. 908.50 per maund (of 20 kg each) which was Rs 929.00 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 6400-6800 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4750-4950 per maund. Kapas prices at NCDEX (April’17 contract), is expected to hover in the range of Rs. 875-950 per maund (of 20 kg each).

Major Market Highlights: News: According to preliminary report by the government, cotton sowing as on 26th August, 2016 has been covered under 102.78 lakh hectares compared to 112.68 lakh hectares during the same corresponding period previous year.

Cotton production is likely to decline by 10 to 15 per cent in Maharashtra this season according to agriculture ministry. Farmers postponed the sowing of cotton following delayed monsoon and shifted to other crops like pulses and oilseeds. However, the overall shortfall in output is likely to ensure higher returns for the farmers. In the open market prices of cotton is likely to be above the minimum support price at around Rs.5500 per quintal levels.

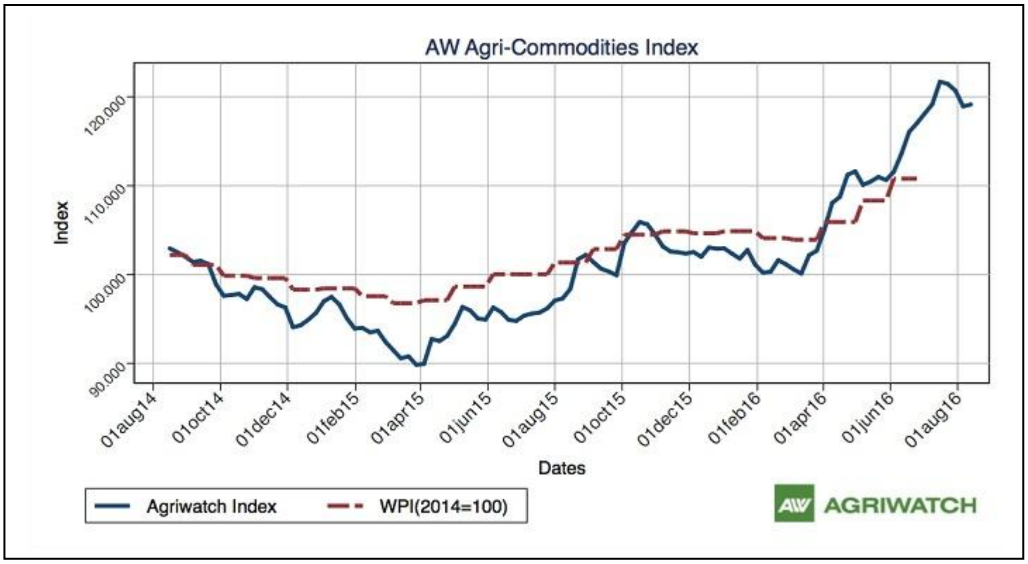
With a view to promote Cotton farming, during cotton season 2016-17, Ministry of Agriculture, Cooperation & Farmer Welfare has fixed minimum support price for medium staple length cotton at Rs. 3860/- per quintal and for long staple at Rs. 4160/- per quintal.

India exported 0.146 lakh bales of cotton last week (15 -21 August 2016), which was 0.132 lakh bales previous to last week (01 -06 August 2016), according to the data released by IBIS and compiled by Agriwatch.

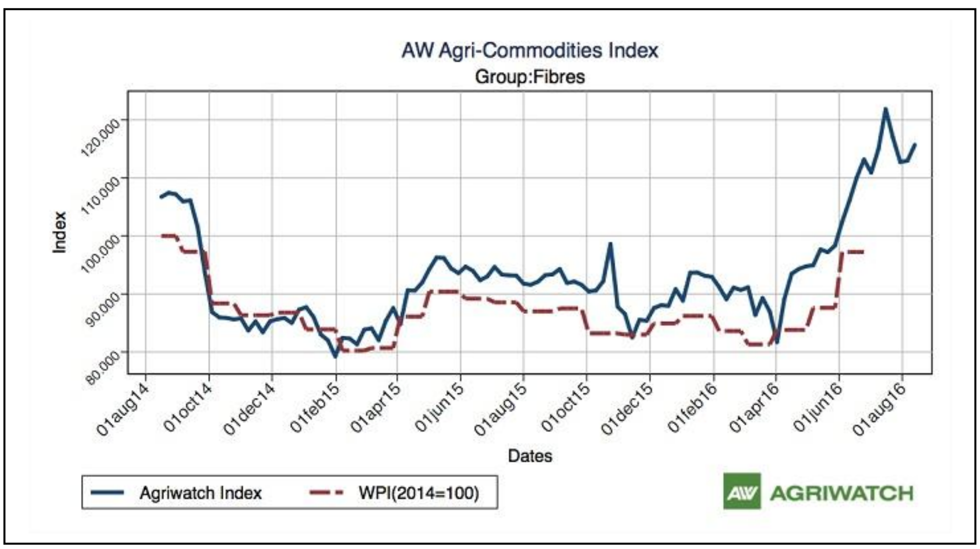
Major importer of Indian cotton during the week (15 -21 August, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.124 lakh bales of cotton from India in the past week (15 -21 August, 2016). Other major importers were Bahrain, Indonesia and Thailand and their imported volumes were 0.011 lakh bales, 0.010 lakh bales and 0.001 lakh bales respectively.

AW Cotton Index - 14 August. 2016

The Agriwatch Agri Commodities Index edged up 0.17% to 119.14 during the week ended August 13, 2016 from 118.94 during the previous week, led by firm in prices of edible oils. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +2.4% week-on-week.

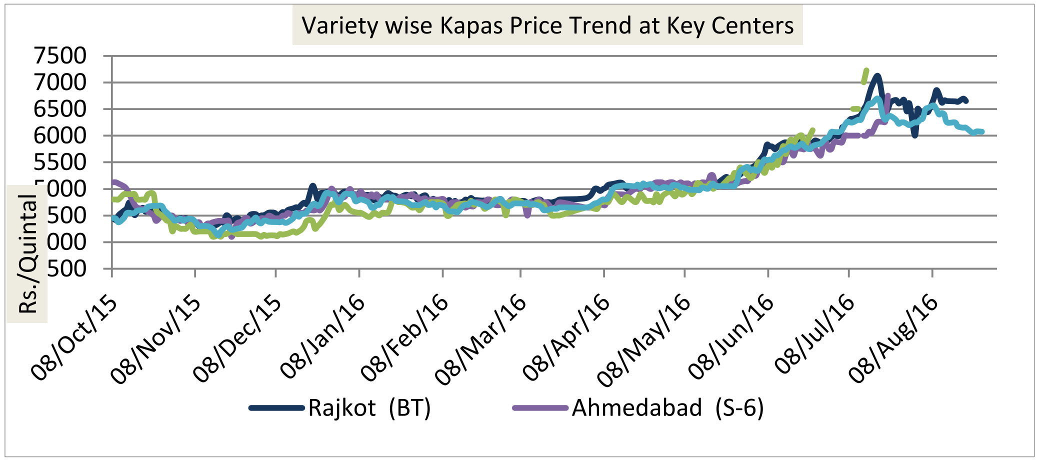


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 weak during the week amid lack of demand in the market. Weekly average price of Kapas at Rajkot remained Rs. 6650 per quintal, lower as compared to previous week price of Rs. 6656 per quintal.

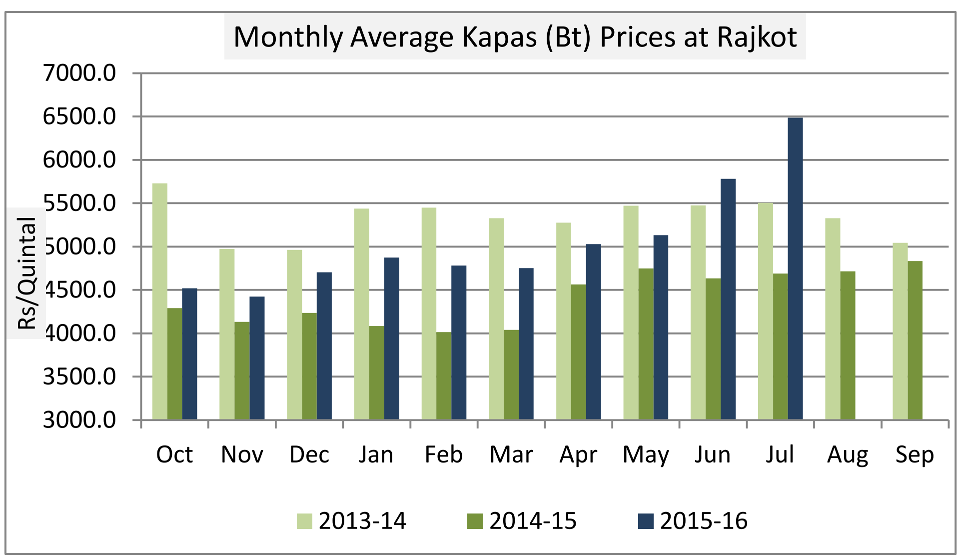


According to latest USDA attaché report, India's 2016/17 cotton production forecast is 28.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Yields are expected higherHigher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 6400-6800 per quintal for the coming week.

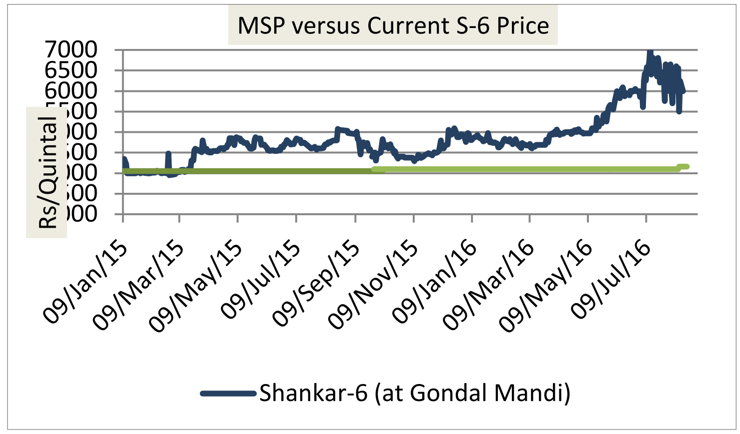
Kapas Monthly Y-o-Y Price Scenario

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

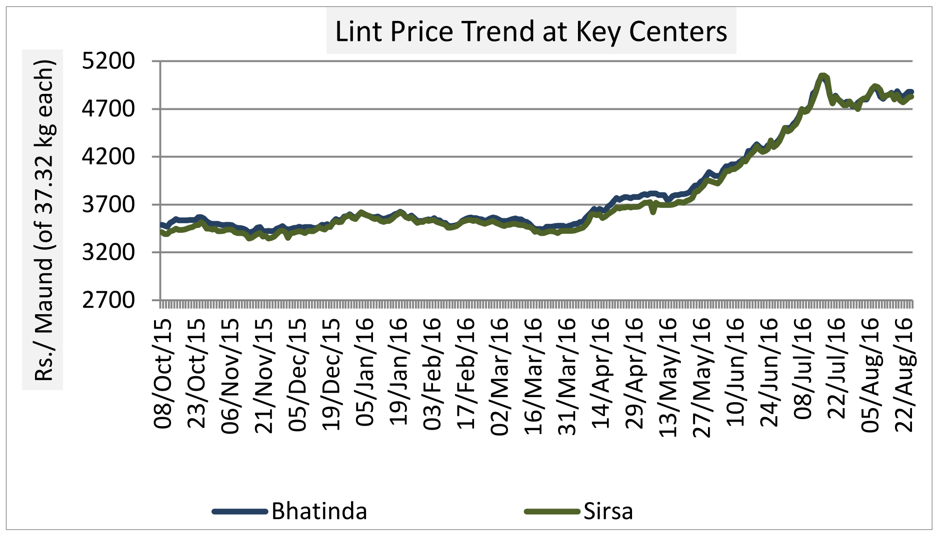
The Kapas prices are ruling above the MSP so far. The gap between the two prices has narrowed this week. The average gap between the prices was Rs 1916.25 this week compared to Rs 2234 a week earlier. This indicates prices are declining.



Lint (De-Seeded Cotton) Weekly Price Scenario

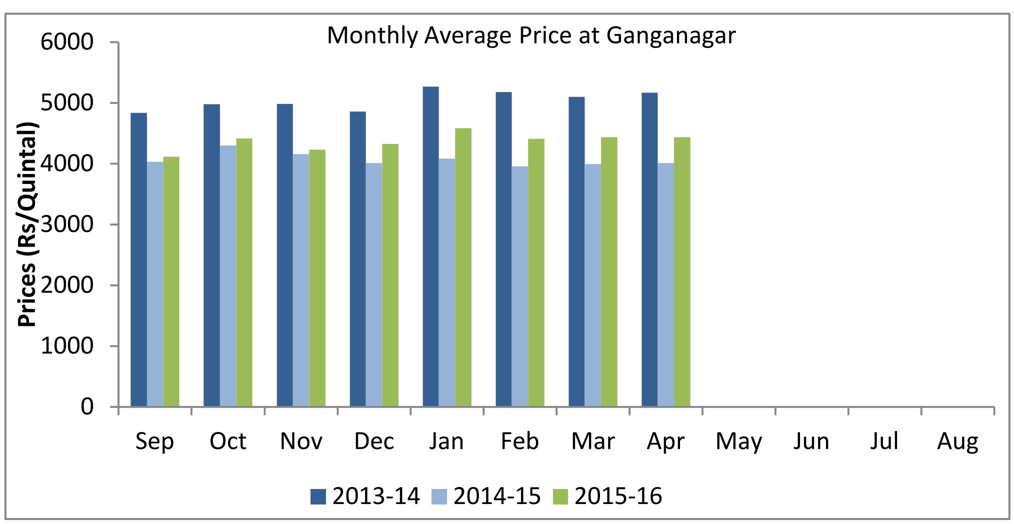
Weekly Price Review: As weak sentiments are prevailing in market, lint prices remained weak during the week. Weekly average price of Lint at Sirsa remained Rs. 4800 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4840 per maund.

Weekly Price Outlook: Lint prices are expected to remain range bound to weak during the week. We expect Lint at Sirsa to remain in range of Rs. 4750-4950 per maund.



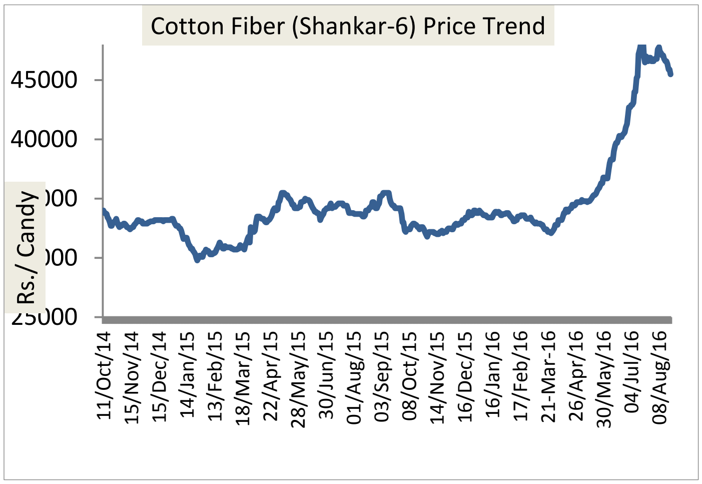
Lint Monthly Y-o-Y Price Scenario

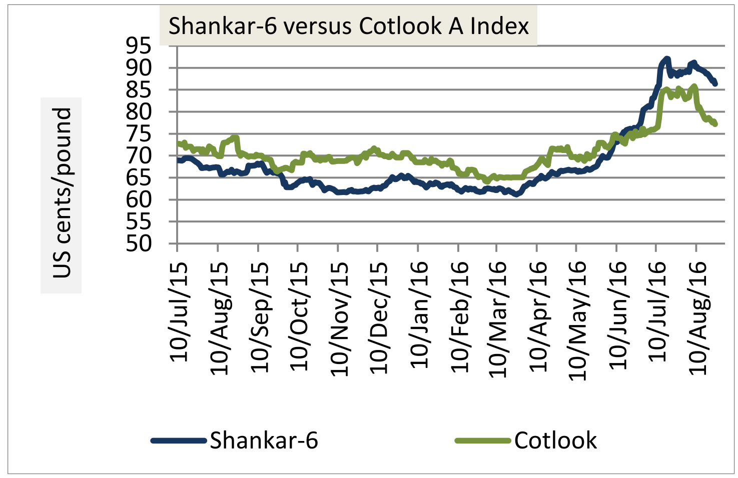
Following the firmness in Kapas prices, lint prices too remained firm. Currently there are no arrivals in Ganganagar.



Cotton Fiber Weekly Price Scenario

Due to the downward movement in Kapas prices, cotton fiber moved southwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 45960 per candy (of 355.6 kg each) compared to the prices of previous week which was Rs. 46900 per candy.



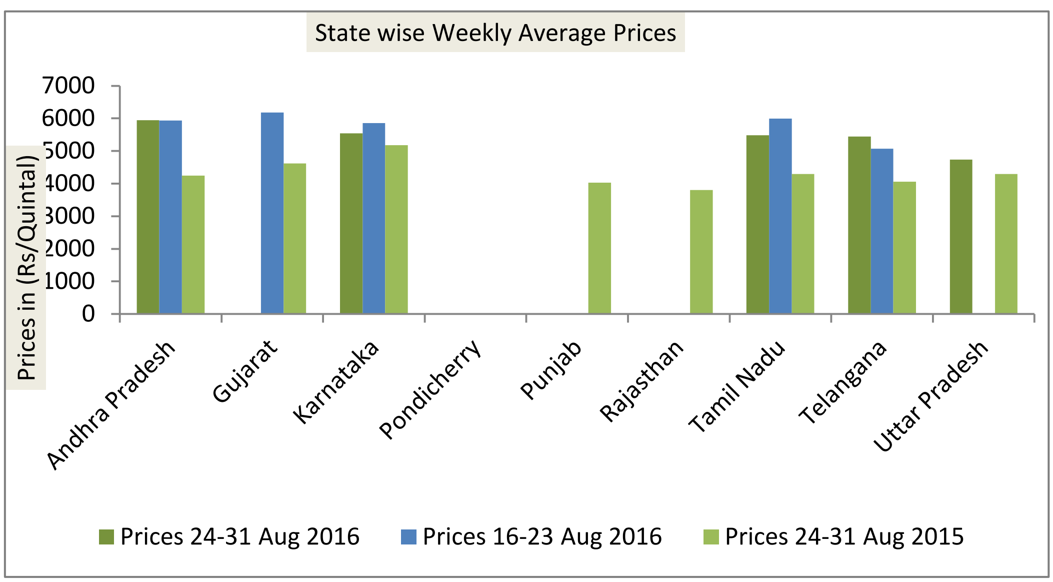


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly above the international price. Against the weekly average Cotlook A Index of 77.79 cents/pound, Indian weekly average price stood at 87.22 cents/pound, making Indian fiber incompetitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 44000-47000 per candy

State wise Weekly Price Scenario

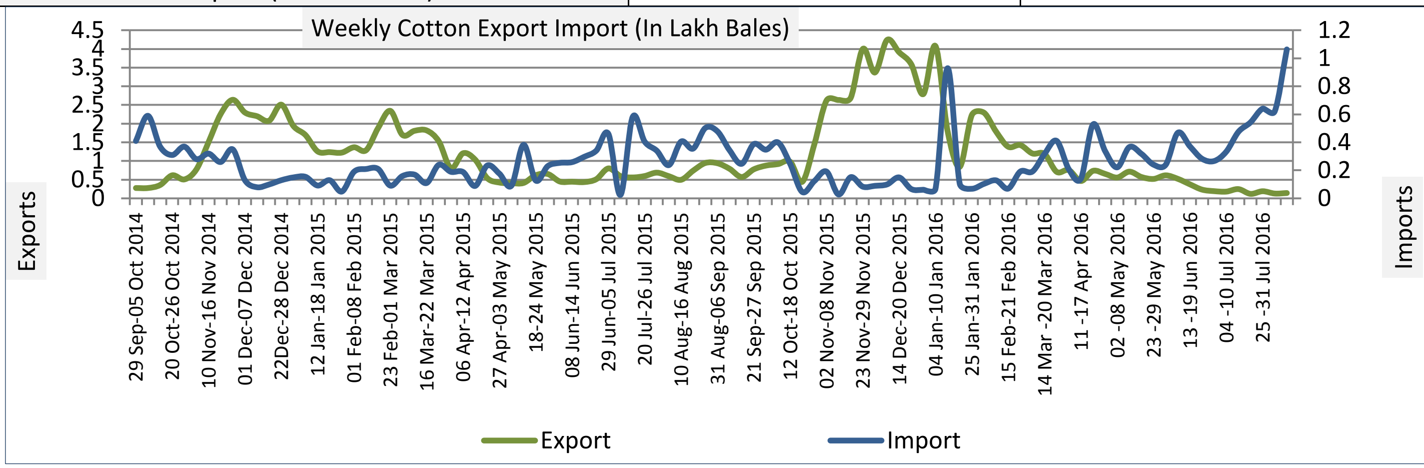
On week on week basis, prices are by and large showing weak trend in most of the States, highest price was recorded in Andhra Pradesh followed by Karnataka this week and lowest was in Uttar Pradesh followed by Telangana. On year on year basis, cotton prices are reflecting uptrend in all of the States.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



Cotton Weekly Export and Import

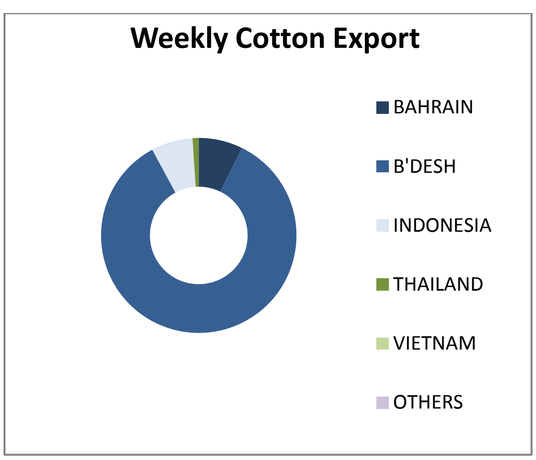
India exported 0.146 lakh bales of cotton last week (15 -21 August 2016), which was 0.132 lakh bales during the week before previous to last week (01 -06 August 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 1.064 lakh bales last week, which was 0.622 lakh bales the week before previous to last week.

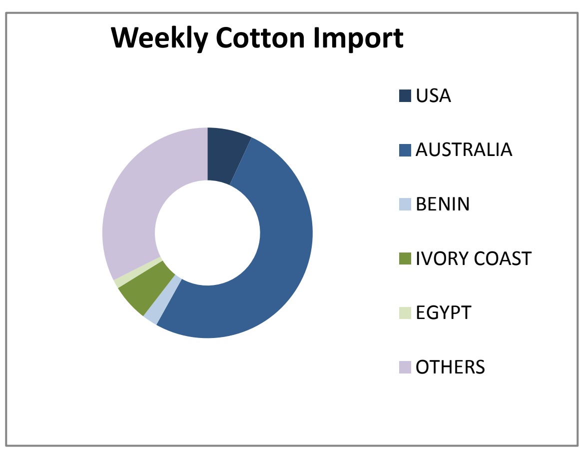
Export/Import	15 -21 August 2016	01 -06 August 2016
Export (In lakh Bales)	0.146	0.132
Import (In lakh Bales)	1.064	0.622



Source: IBIS

Major importer of Indian cotton during the week (15 -21 August 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.124 lakh bales of cotton from India in the past week (15 -21 August 2016 Other major importers were Bahrain, Indonesia and Thailand and their imported volumes were 0.011 lakh bales, 0.010 lakh bales and 0.001 lakh bales respectively. India exported 0.146 lakh bales of cotton last week (15 -21 August 2016), which was 0.132 lakh bales previous to last week (01 -06 August 2016), according to the data released by IBIS and compiled by Agriwatch.





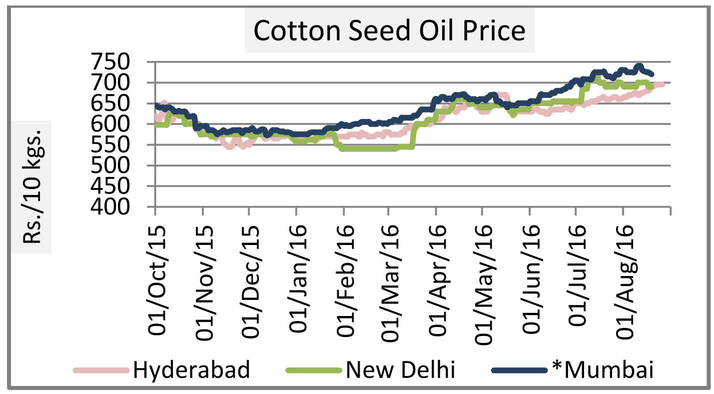
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed mixed tone during the week. Weekly average price in New Delhi remained Rs 697 per 10 Kg, steady as compared to the weekly average price of Rs 694 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	26-Aug-16	19-Aug-16	
New Delhi	697	694	0.38
Rajkot	718	722	-0.51
Hyderabad	693	680	1.96
Mumbai*	730	733	-0.41

**Vat Included*

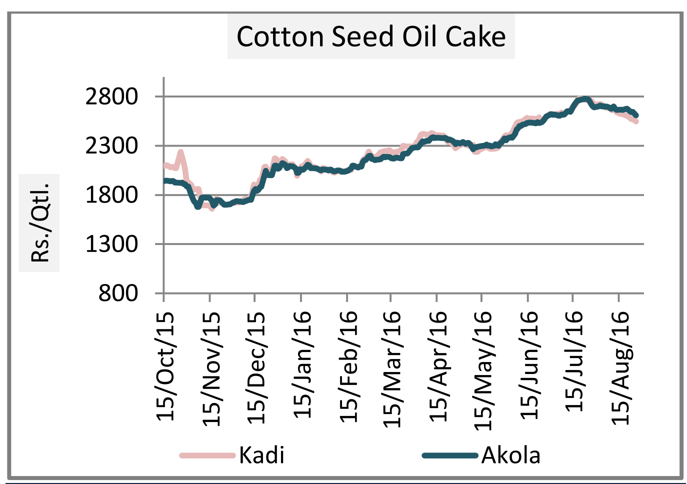


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price remained weak during the week. Weekly average price in Akola remained Rs 2651 per quintal, lower compared to the weekly average price of previous week of Rs 2691 per quintal.

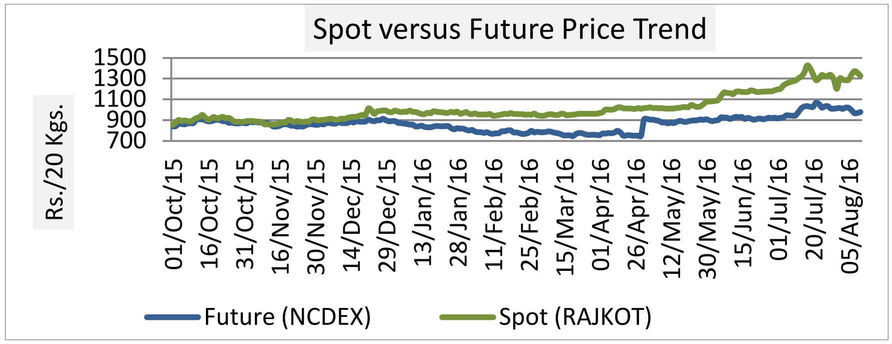
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	26-Aug-16	19-Aug-16	
Kadi	2581	2678	-3.62
Akola	2651	2691	-1.49

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs 978.50 as on 11 Aug 2016, compared to 1022.00 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.349.10 which was Rs 259.90 a week earlier.



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

Weekly Technical Outlook:

- Candlestick denotes selling interest in the prices.
- RSI is declining in the oversold region.
- Price closed below 9 and 18 days EMA.
- We expect cotton prices to remain range bound to weak in the coming week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Weak Momentum	875-950

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
875	850	950	1000
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 77.79 cents/pound this week, which was 78.94 cents/pound during last week.

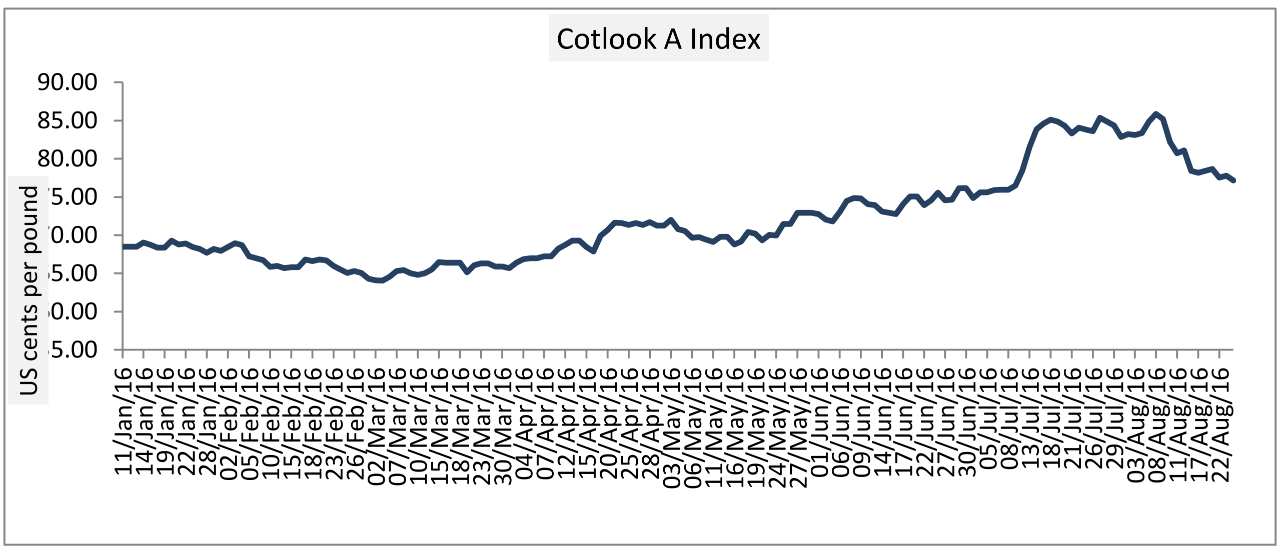
Major Market Highlights: The International Cotton Advisory reduced world cotton stock estimates and International cotton prices jumped to over 80 cents/lb in the second half of July 2016 from an average of 70 cents/lb for the rest of the season. Significantly lower crops in the five largest producing countries and higher than expected demand led to tighter stocks at the end of 2015/16, at which time world ending stocks were estimated to have fallen by 12% to 19.7 million tons. Stocks outside of China decreased by 9%, to 8.4 million tons, which is the lowest level since 2010/11, when they reached 8.3 million tons. Furthermore, strong demand in China has reduced its national stocks by 12%, to 11.3 million tons.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 97.92 million bales, 18 per cent below last season. World ending stocks are now projected lower at 100.27 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 weak during the week amid lack of 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-Aug-16	19-Aug-16	
Prices	77.79	78.94	-1.5
			Prices in US cents per Pound

China Cotton Index and Foreign Cotton Index

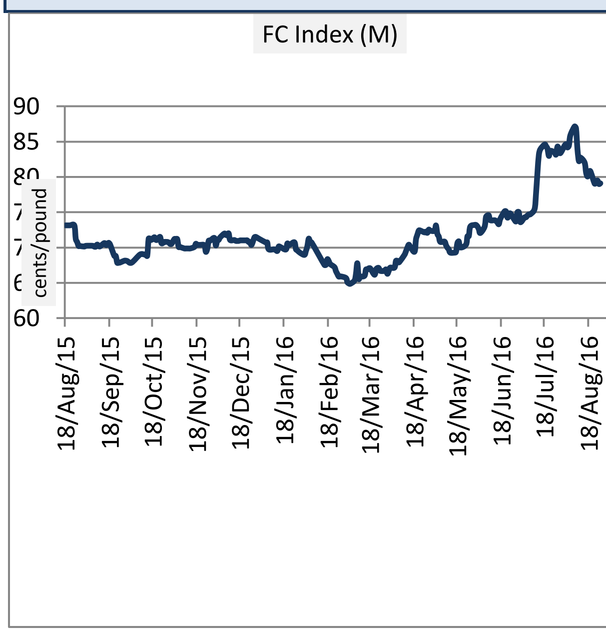
China is likely to import 1.08 million tons of cotton in 2015-16, around 9% lower compared to the estimates of 1.19 million tons previous month and around 39% lower compared to the imports of 1.80 million tons during previous season, which were 1.80 million tons, according to USDA.

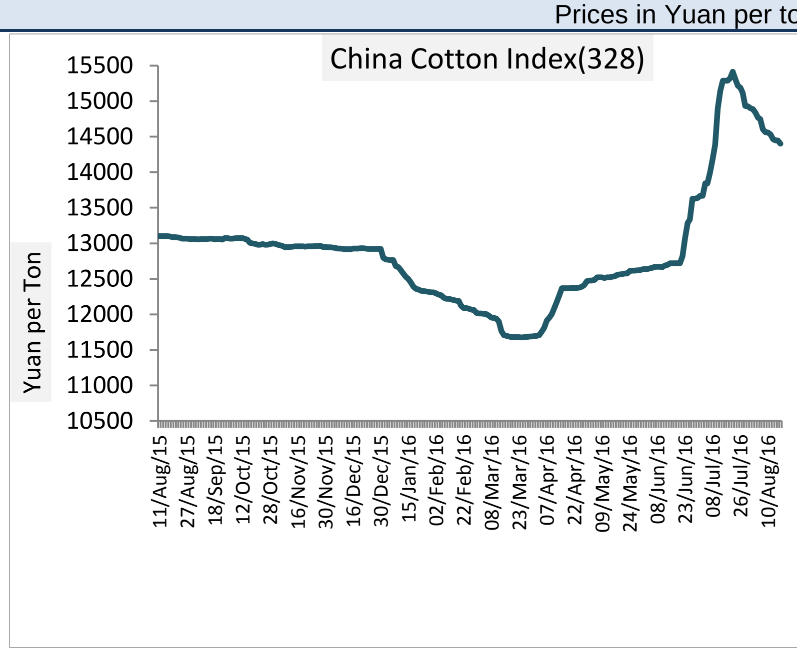
In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	26-Aug-16	19-Aug-16	
FC (S)	81.98	83.28	-1.57
FC (M)	79.46	81.12	-2.05
FC (L)	76.08	77.28	-1.56
			Prices in US cents per Pound

China Index remained firm during the week. CC Index (328) remained 13670 Yuan per ton during the week. Average was 13765 Yuan per ton during previous week.

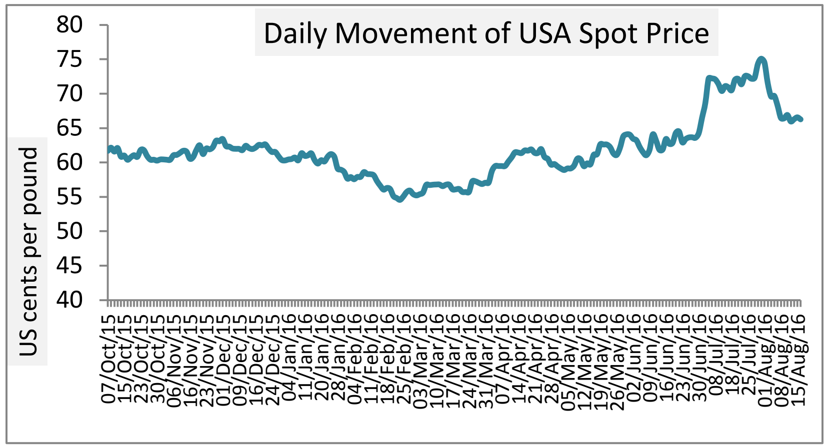
Cotton Index	Weekly Average Price as on		% Change
	26-Aug-16	19-Aug-16	
CCIndex(229)	14457	14600	-0.98
CCIndex(328)	13670	13765	-0.70
CCIndex(527)	14690	14837	-0.99
			Prices in Yuan per ton





USA Spot Prices

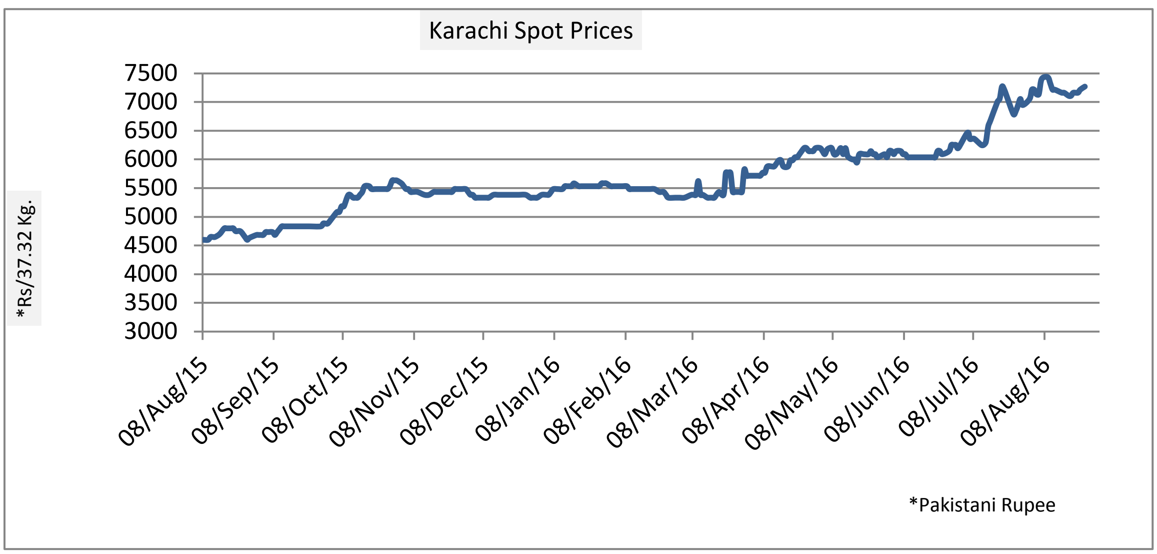
According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. Production in India and Pakistan is estimated to be lower, in India and Pakistan, based on arrivals at gins, but higher in European Union. The 1.0-million-bale reduction in India's crop reflects an early withdrawal of monsoon rainfall combined with pest damage in the northern States. World ending stocks are now projected at 100.27 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	26-Aug-16	19-Aug-16	
Prices	66.25	66.79	-0.81
Prices in US cents per Pound			

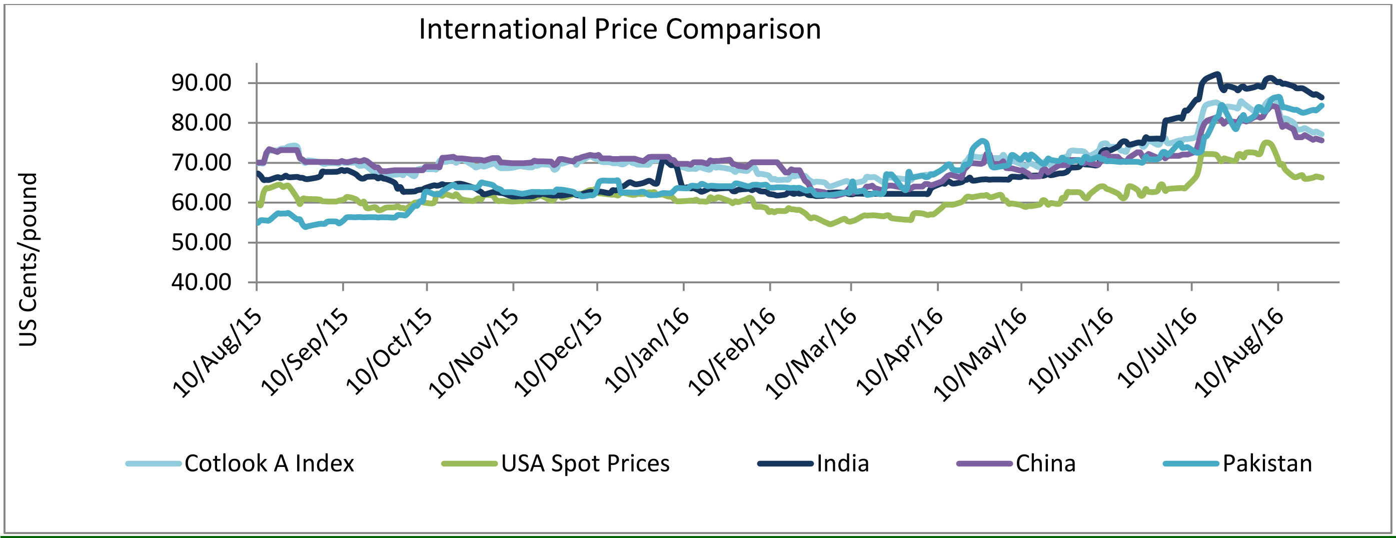
Pakistan Spot Prices

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 141.00 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-Aug-16	19-Aug-16	
Prices	7186	7154	0.45
Prices in Rs per 37.32 Kg			

International Price Comparison



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

Weekly Technical Outlook:

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

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	66.00-70.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
66.50	65.00	70.00	71.50
Figures in US cents/pound			

Cotton Future Prices at ICE

Contracts	25-Aug-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-16	67.75	68.50	72.12	63.76	64.60	-6.06	6.26
Dec-16	68.04	69.01	72.29	63.16	-1.42	-5.88	7.73
Mar-17	68.31	69.64	72.98	NA	-1.93	-6.40	NA
May-17	68.38	69.58	72.96	NA	-1.72	-6.28	NA
Jul-17	68.38	69.42	72.79	NA	-1.49	-6.06	NA
Oct-17	67.95	69.00	72.29	NA	-1.51	-6.00	NA

Domestic Cotton Prices and Arrivals at Key Centers

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	20th to 26th Aug.16	13th to 19th Aug.16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5917	6329	-412
	Rajkot	B.T. Cotton	6650	6656	-6
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5260	5938	-678
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6085	6206	-121
	Fatehabad	B.T. Cotton	5380	5956	-576
	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	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4075	4200	-125
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	4560	4613	-53
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	NA	-
	East Godavari	Un-Ginned	4152	4153	-1
Karnataka	Bijapur	Bunny	5202	6392	-1190
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5050	4690	361
Commodity	**Lint**		**Prices (Rs./Maund of 37.32kg each)**		**Change**
State	**Centre**	**Variety**	**20th to 26th Aug.16**	**13th to 19th Aug.16**	
Punjab	Bhatinda	J-34	4856	4861	-5
	Abohar	J-34	4854	4864	-10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4800	4840	-40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	**Kapas**		**Weekly Sum Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**20th to 26th Aug.16**	**13th to 19th Aug.16**	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	111	228	-117
	Rajkot	B.T. Cotton	160	605	-445
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	2100	700	1400
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	43	111	-68
	Fatehabad	B.T. Cotton	44	8	36
	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	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	225	50	175
	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	60	180	-120
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	45	22	23

Commodity	**Lint**		**Weekly Sum Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**20th to 26th Aug.16**	**13th to 19th Aug.16**	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	**Staple**	**Micronaire**	**Strength/ GPT**	**Weekly Average Prices**		**+/- Change**
				19th to 25th Aug.16	**12th to 18th Aug.16**	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32880	33500	-620
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33380	34000	-620
J-34(202)	26mm	3.5 - 4.9	23	45040	45375	-335
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	45260	46200	-940
Shankar-6(105)	29mm	3.5 – 4.9	28	45960	46900	-940
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47960	48900	-940
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48360	49300	-940
DCH-32(107)	34mm	3.0 - 3.8	33	57160	57500	-340