

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot markets noticed mixed tone during the week.

Average price of Lint at Sirsa during the week was Rs. 4432 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4485. Cotton fiber (Shankar-6) prices noticed pale tone this week. Average price was Rs 42233 per candy (of 355.6 kg each) during the week, which was Rs 42360 per candy previous week. Future price of cotton (at NCDEX, Continuous contract) closed higher this week at Rs. 878 per maund (of 20 kg each) which was Rs 867 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. 5100-5500 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4200-4600 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.800-1000 per maund (of 20 kg each).

Major Market Highlights: According to the official figures, cotton has been sown on 119.67 lakh hectares as on August 25, 2017 across the country compared to 102.54 lakh hectares during the same period previous year.

On the back of favorable weather conditions and lucrative expected returns, rating agency, ICRA projected India to produce 36 million bales of cotton in 2018, up by 6 per cent from the previous year.

The Cotton Association of India projected India's cotton export to decline by 17% to 6 million bales in 2016- 17 due to the appreciation of Indian rupee this year, which makes the Indian cotton less lucrative for the foreign importers.

Provided a normal monsoon this year, the Cotton Association of India projected india's cotton production to rise by 11.4% from 34.1 million bales in 2016-17 to 38 million bales in 2017-18.

The Indian govt. had increased cotton MSP (Minimum Support Price) for long staple cotton from Rs 4,160/quintal in 2016-17 to Rs 4,320/quintal in 2017-18.

As per the latest report published by USDA, India is expected to produce 6.09 million Tonnes of cotton in 2017-18 which is 5.7% higher than the cotton produced last year in 2016-17.

The sale of cotton seeds has picked up with sowing going on in full swing in the states of Punjab, Haryana, Rajasthan and some parts of Karnataka. According to the National Seeds Association of India (NSAI), cotton seed sales are likely to cross 5.5 to 6.5 lakh packs (each of 450 gms) this season.

AW Cotton Index – 12 Mar. 2017

The Agriwatch Agri Commodities Index gained 0.98% to 110.22 during the week ended March 11, 2017 from 109.15 during the previous week, to end a 5-week falling streak. Cereals and pulses led the Index higher. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +0.11% week-on-week.



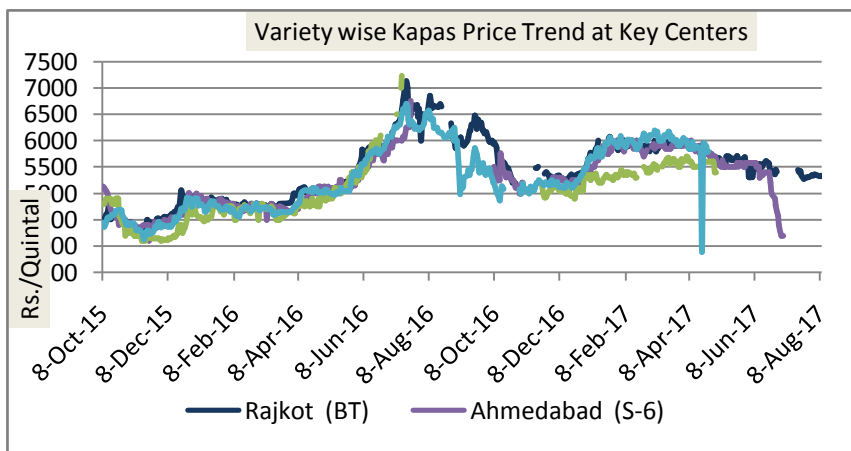
*Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: Weekly kapas average price at Rajkot rose from Rs 5298/quintal to Rs 5355/quintal this week.

According to latest report of USDA attaché, India's 2016/17 cotton production forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

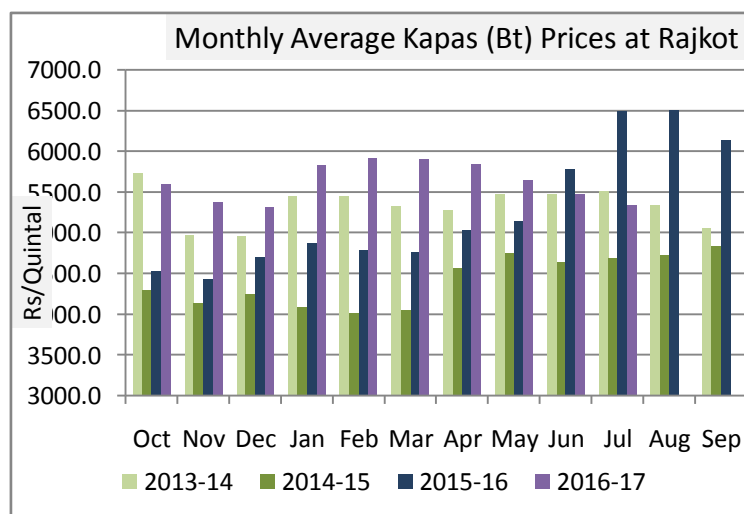


Weekly Price Outlook: Kapas prices are expected to remain range-bound to pale in coming days. The expected range for Kapas at Rajkot is Rs 5100-5500per quintal for the coming week.

Kapas Monthly Y-o-Y Price Scenario

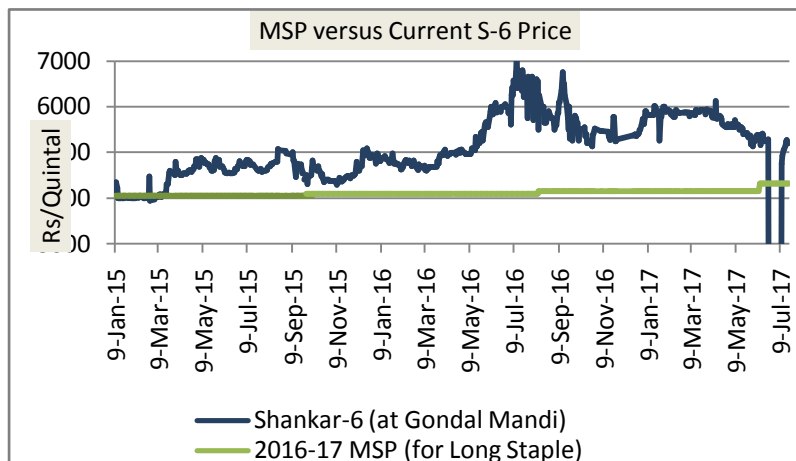
Kapas(seed cotton) prices in country noticed weak tone during the July month when compared to the previous month, and the same is ruling lower compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.5328 per quintal during July, which was Rs.5476 during previous month and Rs.6485 per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to weak in the coming month. The expected price range for August month is likely to be Rs 5200-5700 per quintal.



Spot Price versus MSP

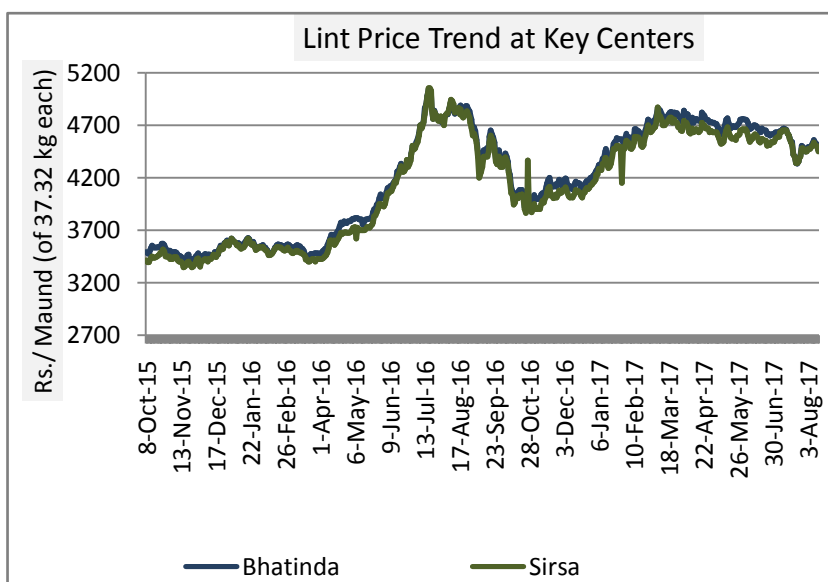
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs.860 this week compared to Rs.803 a week earlier. This indicates prices are decreasing



Lint (De-Seeded Cotton) Weekly Price Scenario

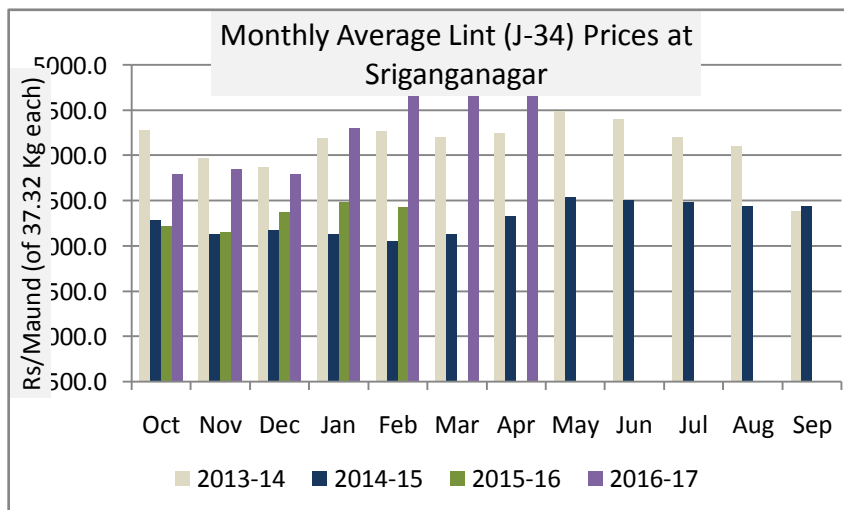
Weekly Price Review: Lint prices remained firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4445 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4432 per maund.

Weekly Price Outlook: Lint prices are expected to remain range bound to pale during the week. We expect Lint at Sirsa to remain in the range of Rs. 4200-4600per maund.



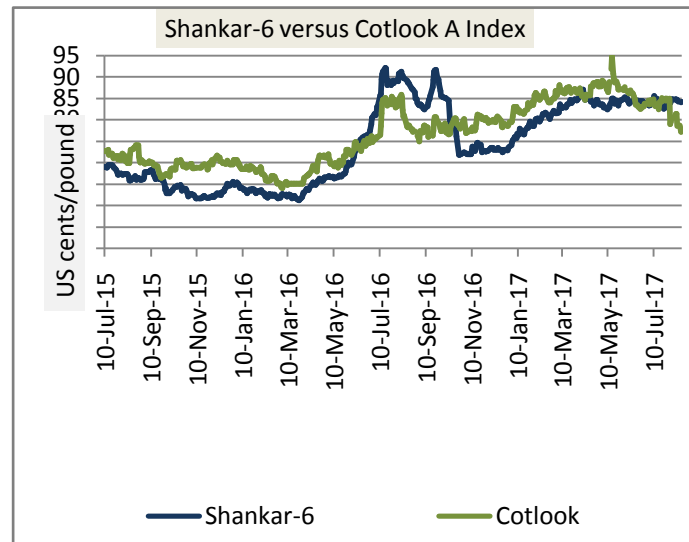
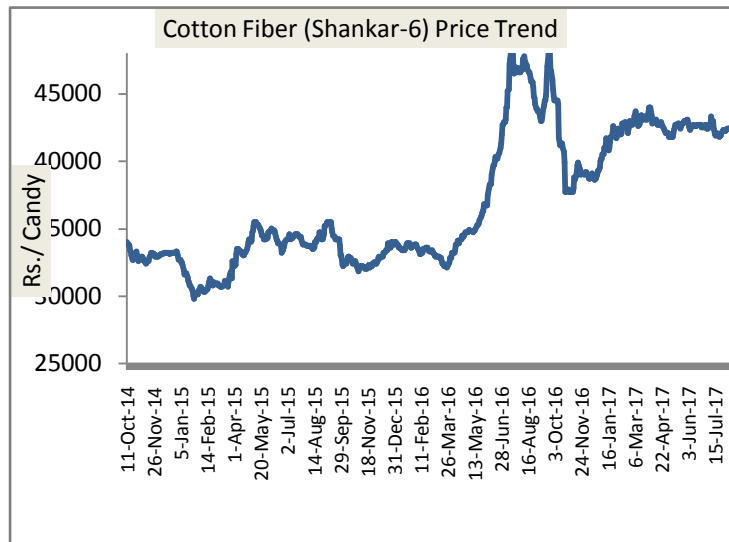
Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in April was Rs.4713/Qtl compared to Rs.4903/Qtl in March.



Cotton Fiber Weekly Price Scenario

Following range -bound movement in Kapas prices, cotton fiber witnessed firm tone this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.42260 per candy (of 355.6 kg each) compared to Rs. 42233 per candy in the previous week.

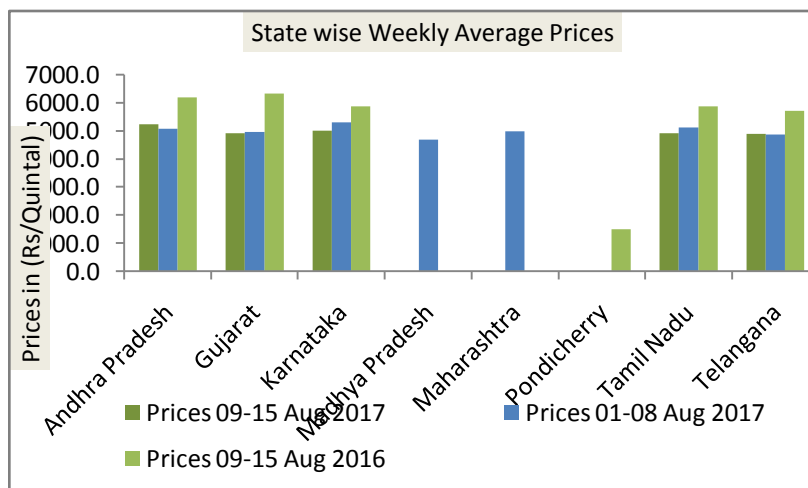


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling above the international price. Against the weekly average Cotlook A Index of 80.25 cents/pound, Indian weekly average price stood at 84.14 cents/pound, making Indian fiber less competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 40000-45000 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 Telangana followed by Tamil Nadu. On year on year basis, cotton prices are reflecting downtrend in most of the States. Prices have been summarized in the table given in annexure.



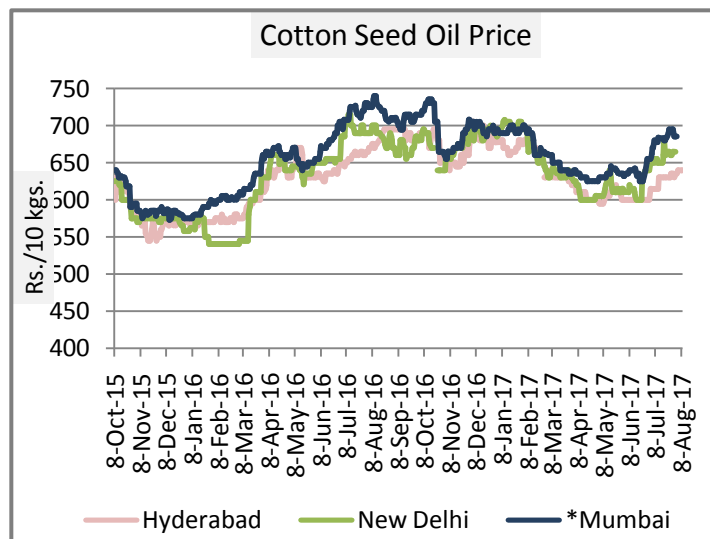
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price mostly remained pale during the week. Weekly average price in New Delhi remained Rs 666 per 10 Kg, lower compared to the weekly average price of Rs 671 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	31-Aug-17	24-Aug-17	
New Delhi	666	671	-0.75
Rajkot	659	676	-2.49
Hyderabad	654	643	1.66
Mumbai*	690	691	-0.04

**Vat Included*

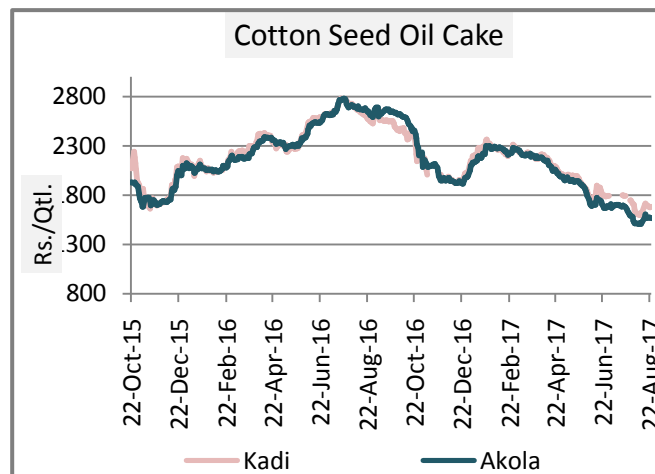


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed firm tone during this week. Weekly average price in Akola remained Rs 1577 per quintal, higher compared to the weekly average price of Rs 1569 per quintal in the previous week.

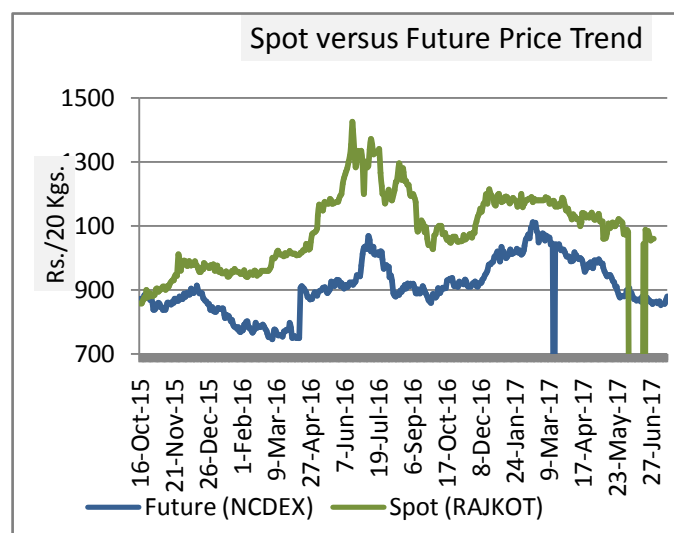
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	31-Aug-17	24-Aug-17	
Kadi	1680	1685	-0.28
Akola	1577	1569	0.49

**Source: NCDEX*

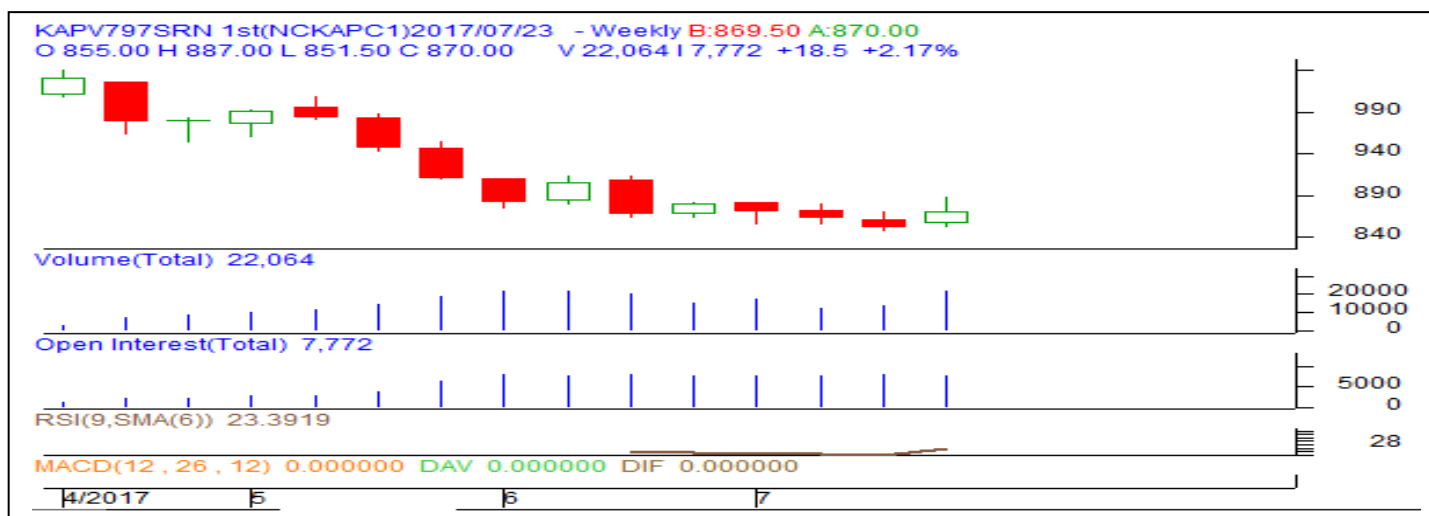


Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (Continuous chart) closed at Rs.867.5 as on 31 August 2017, compared to 878 a week earlier. The gap between the spot and future prices has decreased. Average gap between the spot and future price during the week was Rs.556.8 which was Rs 657.3 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(Continuous Chart C1)



Weekly Technical Outlook:

- Kapas prices and volume increased while O.I decreased for the week.
- RSI is hovering in an overbought zone.
- MACD signal line and center line denotes neutral crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	800-1000

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
750	700	1080	1150
Figures in Rs/20 Kg			

International Market Scenario

International cotton prices remained range bound to pale during the week. Cotlook A index weekly average stood at 80.95 cents/pound this week, which was 81.78 cents/pound during last week.

Major Market Highlights: On the back of a favorable weather condition , increased acreage and yield; the Chinese govt. forecasted the country to produce 5.28 MT of cotton in 2017-18. Alongwith it, cotton consumption by the country is also projected to lie at 7.9 MT during 2017-18.

As per the latest USDA report, global cotton production is expected to rise by 8.25% from 23.08 million tonnes in 2016-17 to 24.98 million tonnes in 2017-18; wherein China, U.S , Pakistan and Brazil are expected to produce 5.23 million tonnes, 4.18 million tonnes, 2.03 million tonnes and 1.52 million tonnes of cotton respectively in 2017-18.

According to the Cotton Board of Zambia, it is likely to produce 117,000 tonnes of cotton this year compared to 116,000 tonnes in the previous year. Though the number of farmers cultivating cotton declined by over 20,000 from 277,560, production increased amid favourable weather in the growing regions.

In a bid to discourage imports and to promote domestic sowing and harvesting of cotton, the Pakistan govt. had re-imposed import duty of 4% & sales tax of 5% on import of cotton to the country that is going to get effective from 15th July, 2017.

According to the latest report published by International Cotton Advisory Committee (ICAC), world's cotton area is likely to increase by 5% to 30.8 million hectares in 2017-18. A higher cotton price in China and a stable cotton policy there, the area under cotton cultivation is expected to increase by 3% to 2.9 million hectares while cotton production is expected to increase by 1% to 4.8 million tonnes in 2017-18. While, U.S is expected to increase its cotton acreage area by 12% this year to 4.3 million hectares and its production is expected to lie somewhat around at 4 million tonnes.

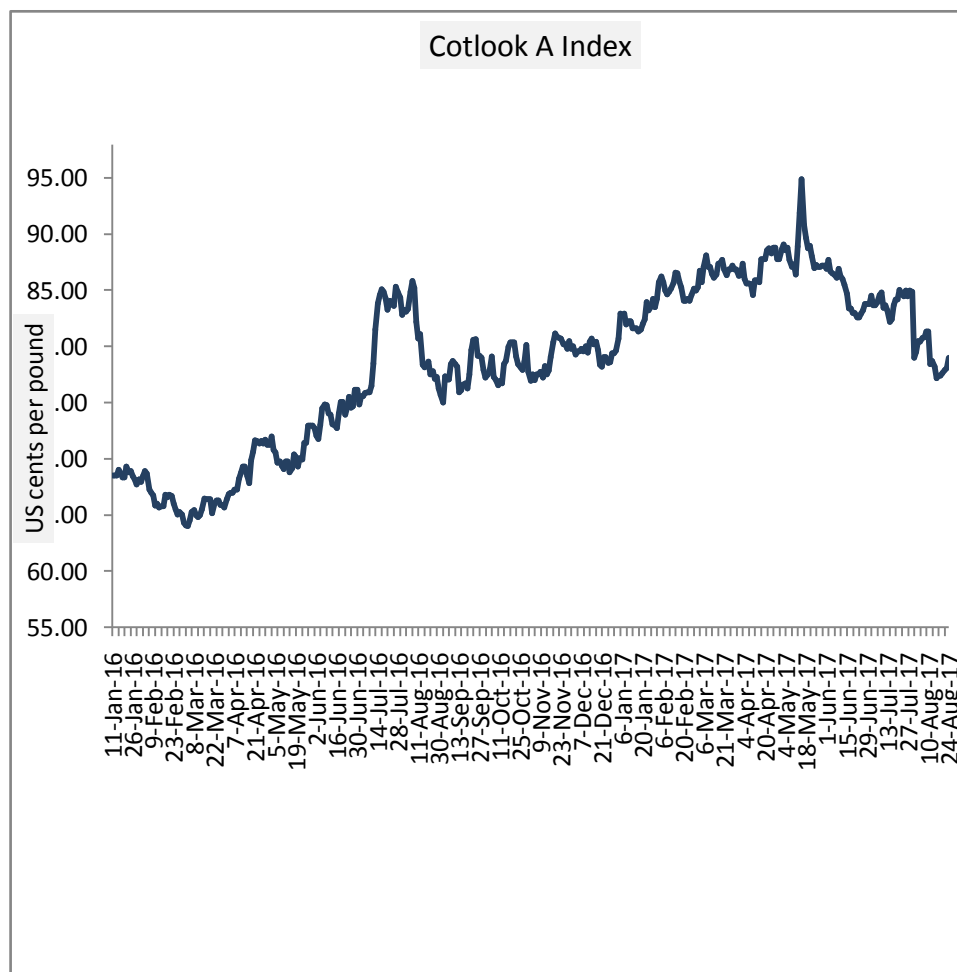
On the other hand, as per the same report issued by ICAC; world cotton use is expected to increase by 2% to 24.6 million tonnes in 2017-18. Cotton use in China, which is amongst the largest consumer, is projected to increase by 1% to 7.7 million tonnes in 2017-18. Due to the various government initiative introduced to promote cotton export by Pakistan, the cotton use in the country is also expected to increase by 1% to 2.3 million tonnes in 2017-18. Mill use in Bangladesh is also projected to rise by 5% to 1.5 million tonnes in 2017-18.

According to agriculture ministry, Mali's cotton production for the upcoming 2017/18 season is estimated at 725,000 tonnes compared to 645,000 tonnes in the current season. Plantation of more land, renewing subsidies and continuing a two-year-old programme that provides tractors at reduced prices will help in achieving higher production in the coming season.

Good demand for quality lint, increasing prices in the global markets and lack of availability of quality cotton led to increase in cotton prices in Pakistan during the previous week. The Karachi Cotton Association increased its spot rates by Rs. 50 to Rs 6,700 per maund (37.3242 kg) and Rs 7,180 for 40 kg. The Ex-Karachi rates also increased to Rs 6,835 per maund and Rs 7,325 for 40 kg. There is good buying from the millers amid limited stocks with ginnerers.

Cotlook A Index

Cotlook A index remained firm during the week.



Cotlook A Index	Weekly Average Price as on		% Change
	31-Aug-17	24-Aug-17	
Prices	80.25	78.01	2.9
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

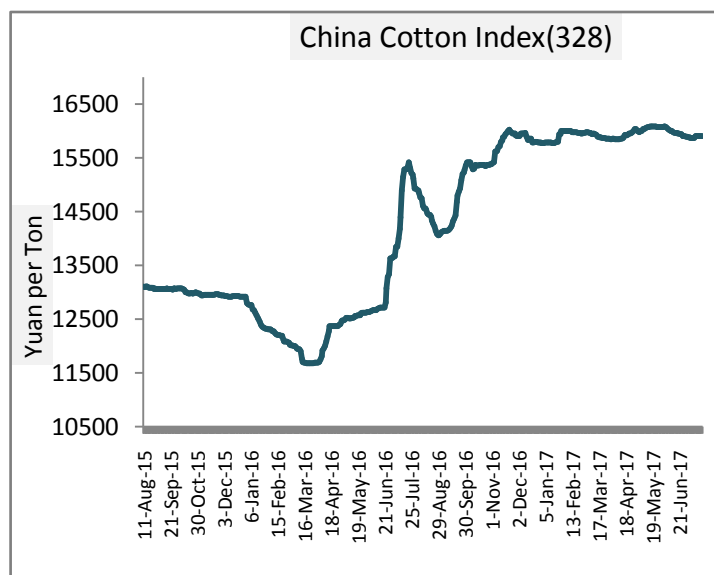
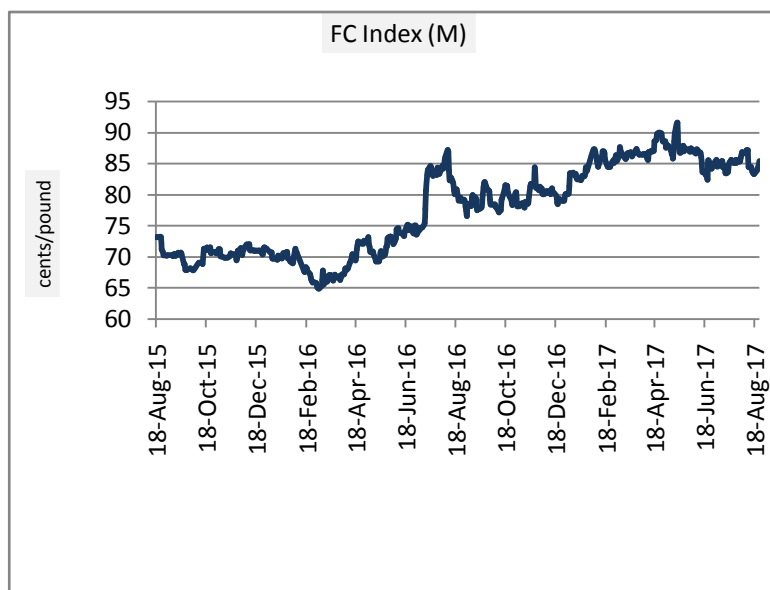
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 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.

Cotton Index	Weekly Average Price as on		% Change
	31-Aug-17	24-Aug-17	
FC (S)	88.53	86.79	2.00
FC (M)	86.00	84.23	2.10
FC (L)	83.55	81.67	2.30
Prices in US cents per Pound			

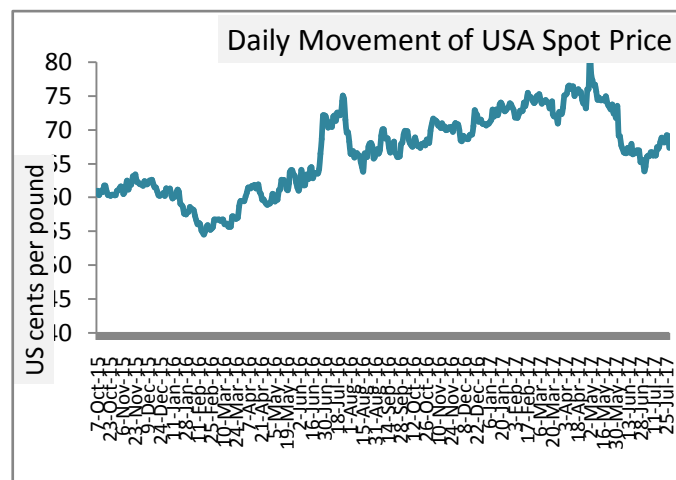
China Index remained firm during the week. CC Index (328) remained 15912 Yuan per ton during the week. Average was 15905 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	31-Aug-17	24-Aug-17	
CCIndex(328)	15912	15905	0.04
CCIndex(527)	14859	14851	0.05
CCIndex(229)	16356	16351	0.03
Prices in Yuan per ton			



USA Spot Prices

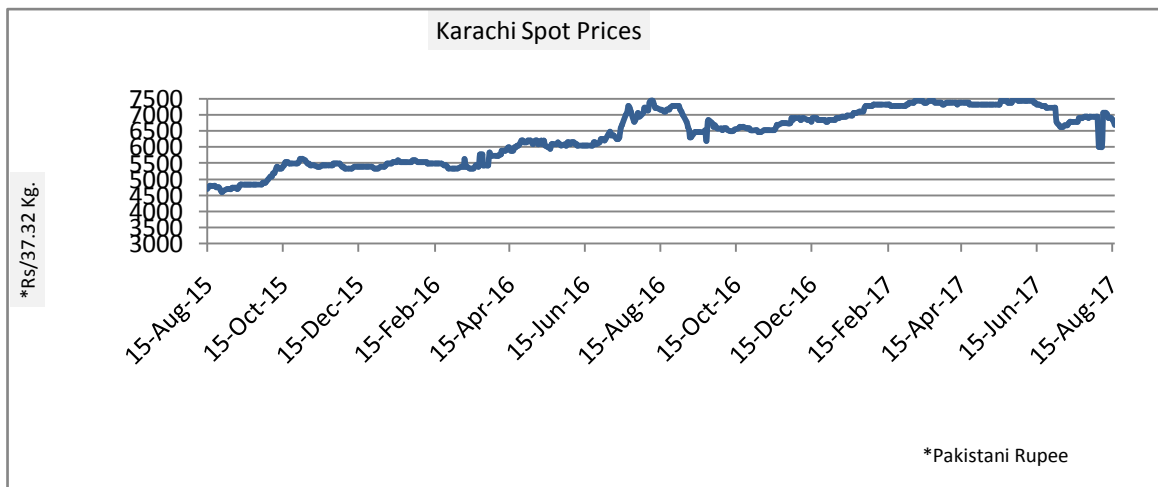
According to latest report of USDA, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.48 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	31-Aug-17	24-Aug-17	
Prices	69.05	67.01	3.04
Prices in US cents per Pound			

Pakistan Spot Prices

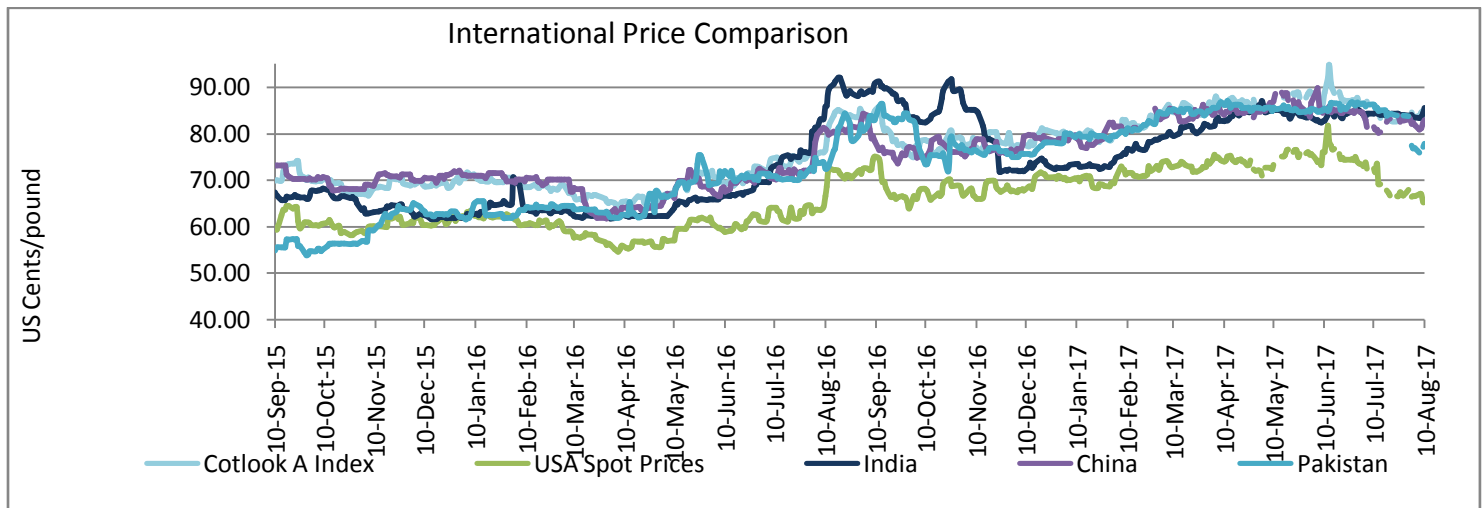
Annual growth output of Cotton in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to



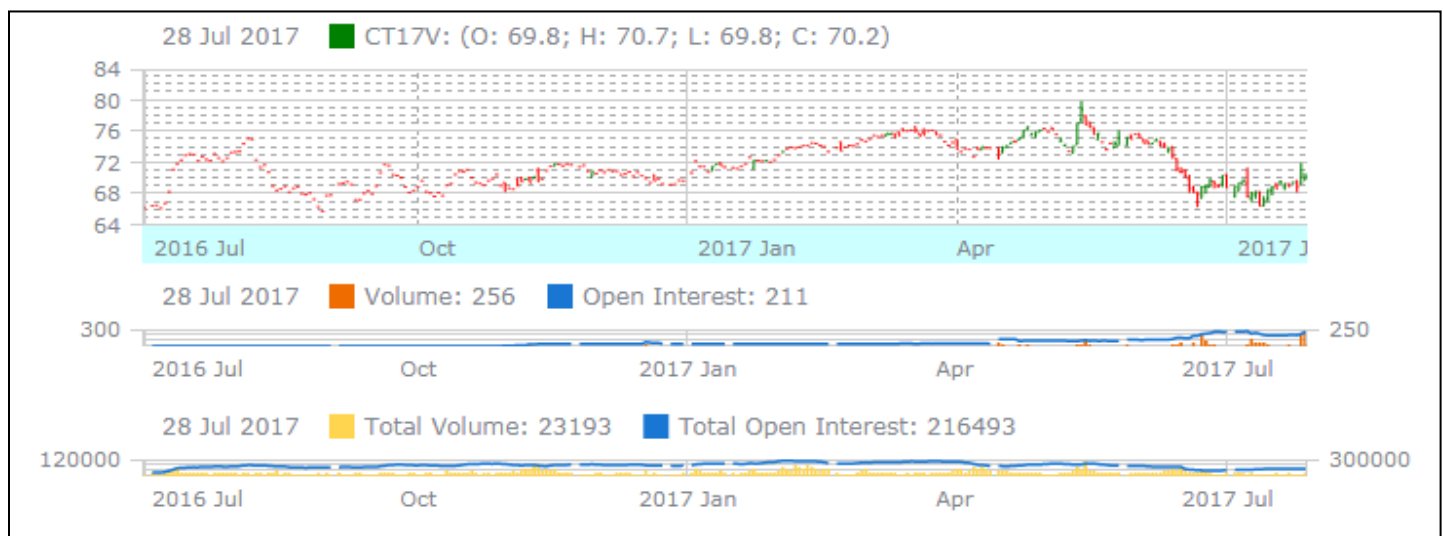
December 15, 2016 according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	31-Aug-17	24-Aug-17	
Prices	6514	6585	-1.08
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (Oct'17 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote bearish movement in the market.
- Volume decreased while Open Interest increased.
- We expect cotton prices to remain sideways to firm in the coming week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	65.00-75.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
60.23	57.84	82.30	85.26

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	30-Aug	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Oct-17	71.47	69.60	70.50	65.97	2.69	1.38	8.34
Dec-17	70.85	68.89	68.86	66.29	2.82	2.89	6.88
Mar-18	69.98	68.26	68.25		2.50	2.53	
May-18	70.46	68.75	68.58		2.51	2.74	
Jul-18	70.80	69.22	69.03		2.30	2.56	
Oct-18	69.53	68.17	67.94		1.96		

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	26th August to 01st September 2017	19th to 25th August 2017	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5190	5134	56
	Rajkot	B.T. Cotton	5248	5370	-123
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4386	4970	-584
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4405	4467	-62
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	4410	NA	-
	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	4508	4342	167
	Hathras	Desi	4333	4217	117
Telangana	Adilabad	Un-Ginned	4517	4533	-17
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	4670	NA	-
	Krishna	Un-Ginned	NA	5200	-
	East Godavari	Un-Ginned	4320	4320	Unch
Karnataka	Bijapur	Bunny	5563	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5293	NA	-
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	26th August to 01st September 2017	19th to 25th August 2017	
Punjab	Bhatinda	J-34	4392	4437	-45
	Abohar	J-34	4397	4436	-39
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4425	4440	-15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	26th August to 01st September 2017	19th to 25th August 2017	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	435	722	-287
	Rajkot	B.T. Cotton	480	400	80
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	25	2	23
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	18500	8400	10100

	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	50	NA	-
	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	1300	1650	-350
	Hathras	Desi	490	620	-130
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	20	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2778	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	764	NA	-
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	26th August to 01st September 2017	19th to 25th August 2017	
Punjab	Bhatinda	J-34	850	NA	-
	Abohar	J-34	153	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
				25th to 31st August 2017	18th to 24th August 2017	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33680	34583	-903
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34680	35583	-903
J-34(202)	26mm	3.5 - 4.9	23	41960	41783	177
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41040	40967	73

Shankar-6(105)	29mm	3.5 – 4.9	28	42260	42233	27
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44060	43967	93
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45920	45700	220
DCH-32(107)	34mm	3.0 - 3.8	33	53800	53167	633

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