

Cotton Domestic Fundamentals:

- Cotton markets noticed mixed tone on Monday.
- Arrivals this season is 15-16 percent less than previous season.
- 90 lakh bales of cotton production in Gujarat are expected.
- Yarn prices in exports were placed at 3.55 dollar per kg CNF.
- Government has procured 20.74 lakh quintals of cotton in the current marketing year 2012 -13 till date.
- The current fluctuation in Indian rupee versus dollar is likely to affect exports in the current season.
- According to the Cotton Advisory Board (CAB), exports are projected to fall by 46 per cent to 70 lakh bales (of 170 kg each) this year from 129 lakh bales during previous year.
- Till the month of November, about 51 lakh bales cotton arrived in the country which was almost 15-16 per cent less than last year arrivals.

Cotton International Fundamentals

- Cotton Futures at NYMEX closed higher amid expectation of good export sales expected in the monthly supply and demand USDA report.
- China cotton production estimates have raised estimates to 6.9 million tonnes for current year 2011-12.
- According to the International Cotton Advisory Committee, cotton production is set to fall by 11% to 23.2m tons in 2013/14.
- The Cotton Assessment Committee has estimated cotton production at 13.3 million bales in Pakistan for 2012 -13.

Outlook: We expect domestic cotton prices to continue steady to firm tone amid good demand from the exporters.

NCDEX Kapas Futures: (Prices in Rs/20kg)

| Contract | +/- | Open | High | Low | Close |
|----------|-----|------|------|-------|--------|
| Feb-13 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Apr-13 | -2 | 995 | 997 | 986.5 | 989.00 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-------|--------|
| Feb-13 | 0 | -1 | 36 | -1 |
| Apr-13 | 6006 | -884 | 14376 | 43 |

Spread

Feb-13

Apr-13

Basis

Feb-13

59

April-13

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

MCX Kapas Futures: (Prices in Rs/20kg)

| Contract | +/- | Open | High | Low | Close |
|----------|------|-------|------|-------|--------|
| Feb-13 | -2.1 | 980 | 982 | 973 | 975.5 |
| Apr-13 | -2.9 | 989.5 | 994 | 983.2 | 985.70 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Feb-13 | 258 | 97 | 579 | -8 |
| Apr-13 | 848 | 3 | 685 | 35 |

Spread

Feb-13

Apr-13

Basis

-100.5

Feb-13

10.2

April-13

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

MCX Cotton Futures (29 mm Variety): Prices in Bales

| Contract | % Change | Open | High | Low | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Dec-12 | -0.49 | 16470 | 16470 | 16330 | 16340 |
| 31-Jan-13 | -0.54 | 16650 | 16650 | 16490 | 16510 |
| 28-Feb-13 | -0.48 | 16750 | 16760 | 16640 | 16650 |
| 29-Mar-13 | -0.3 | 16890 | 16920 | 16820 | 16850 |
| 30-Apr-13 | 1.49 | 17070 | 17070 | 17050 | 17070 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|---|-----------------|------------|--------|
| | 10-12-2012 | 08-12-2012 | |
| Amravati-Vunni Mech-1# | 4075 | 4050 | +25 |
| Kadi-Bt Cotton# | 4350 | 4350 | Unch |
| Ahmedabad-Shankar-6# | 4375 | 4350 | +25 |
| Gondal | 4395 | 4315 | +80 |
| Rajkot-(B.T) | 4385 | 4340 | +45 |
| Abohar-J-34* | 3500 | 3525 | -25 |
| Muktsar-J-34 *(Cotton) #(Kapas BT Cotton) | 3535 | 3515 | +20 |
| | 4225 | 4175 | +50 |
| Fajlika #(Cotton New) #(Kapas BT Cotton) | - | 3505 | - |
| | - | 4220 | - |
| Khandwa-(M.P) | - | - | - |
| Khargaon-(M.P) | - | - | - |
| Sri-Ganganagar | 3450 | 3465 | -15 |

*-Rs/maund, #-Rs.qtl,

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|---|------------|------------|--------|
| | 10-12-2012 | 08-12-2012 | |
| Amravati -Vunni Mech-1# | 1500 | 2000 | -500 |
| Kadi -Bt Cotton | 40000 | 35000 | +5000 |
| Ahmedabad - Shankar-6# | 35000 | 35000 | Unch |
| Gondal | 1147 | 762 | +385 |
| Rajkot-(B.T) | 1300 | 1250 | +50 |
| Abohar-J-34* | 1000 | 850 | +150 |
| Muktsar-J-34 *(Cotton) #(Kapas BT Cotton) | - | - | - |
| | 450 | 350 | +100 |
| Fajlika #(Cotton New) #(Kapas BT Cotton) | - | - | - |
| | - | 2000 | - |
| Khandwa (M.P) | - | - | - |
| Khargaon-(M.P) | - | - | - |

| | | | |
|----------------|------|------|-------------|
| Sri-Ganganagar | 7000 | 7000 | Unch |
|----------------|------|------|-------------|

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmadabad, Abohar and Muktsar-Bales

Cotton Association of India Spot Rates: 08/12/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (08/12/2012) | Rs. Per Candy (07/12/2012) | Change |
|---------------------------------------|------------|------------|------------------|----------------------------------|----------------------------------|-------------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 35900 | 36100 | -200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 36400 | 36600 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 32200 | 32200 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 33100 | 32900 | +200 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 33700 | 33500 | +200 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 34300 | 34100 | +200 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 34700 | 34700 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 45100 | 45000 | +100 |

Cotlook Index: As on 07/12/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------------|
| A-Index | 82.35 | +0.50 |

China Cotton Index: As on 10/12/2012

| Index | RMB/Ton | Change |
|--------------|---------|-------------|
| CCIndex(328) | 18995 | +4 |
| CCIndex(527) | 16696 | +6 |
| CCIndex(229) | 19836 | Unch |

RMB - Renminbi, 1RMB = 0.16 \$U.S.

USDA Cotton Spot Rates: As on 06/12/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|-------------|
| | cents/lb. | | bales |
| Southeast | 71.55 | 75.05 | 620 |
| North Delta | 70.55 | 72.05 | 988 |
| South Delta | 70.55 | 72.05 | NIL |
| East TX-OK | 67.5 | 72 | 1368 |
| West Texas | 67.5 | 72.75 | 8322 |
| Desert SW | 68.05 | 74.55 | NIL |
| SJ Valley | 69.05 | 79.7 | NIL |

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 07/12/2012

| Contract | Open | High | Low | Close | Change |
|---------------|-------|-------|-------|-------|-------------|
| Dec-12 | 72.25 | 72.29 | 72.24 | 72.24 | 0.2 |
| Mar-12 | 73.54 | 73.92 | 73.1 | 73.79 | 0.24 |
| May-12 | 74.27 | 74.73 | 73.95 | 74.7 | 0.23 |
| Jul-12 | 74.75 | 75.54 | 74.72 | 75.52 | 0.28 |
| Oct-12 | 76.69 | 76.69 | 76.69 | 76.69 | 0.29 |
| Dec-12 | 76.92 | 77.64 | 76.78 | 77.61 | 0.15 |

Pakistan Cotton Spot rates: As on 06/12/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|-------------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5900 | 155 | 6055 |
| Equivalent | 40 Kgs | 6323 | 155 | 6478 |

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