

Cotton Domestic Fundamentals:

- Cotton markets noticed week tone on Wednesday.
- Arrivals in the country showed positive growth in various mandis.
- Lower cotton crop production than earlier estimate are making Gujarat ginner to depend on supply from others states. Currently, 50 percent of the total arrivals are coming from Maharashtra, Andhra Pradesh and other cotton producing states. So far around 1.8-1.9 million bales of cotton had arrived in Gujarat, of which 700,000-800,000 bales of cotton came from other states.
- Andhra Pradesh cotton production is raised to 70 lakh bales from 65 lakh bales last year. Due to good rains received in last part of monsoon.
- At this time demand in cotton is normal. Mills and exporters are buying hand-to-mouth and no one wants to build inventories. Cotton growers are dissatisfied with prices at MSP levels on which they are demanding government to raise it to Rs.5000/ql.
- Andhra Pradesh is expected to harvest around 700,000 bales of cotton during the current cotton season, as against last year's output of 650,000 bales.

Cotton International Fundamentals

- ICE cotton futures rose due to some mill and speculative buying helped support prices. Also, anticipation of China releasing some of its stockpile.
- Cotton futures at NYMEX closed slightly higher amid buying around current levels by millers.
- Pakistan is the only country in the world that has seen stagnating cotton output over the last 20 years.

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

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

| Contract | +/- | Open | High | Low | Close |
|----------|-----|--------|--------|--------|--------|
| Feb-13 | -28 | 972.50 | 972.50 | 963.00 | 963.00 |
| Apr-13 | -19 | 1009.5 | 1009.5 | 992.5 | 997.00 |

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

| Contract | +/- | Open | High | Low | Close |
|----------|-------|------|--------|-------|-------|
| Feb-13 | -16.6 | 998 | 1001.2 | 986.6 | 990 |
| Apr-13 | -18.7 | 1013 | 1013 | 993 | 997 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-------|--------|
| Feb-13 | 13 | 11 | 36 | 0 |
| Apr-13 | 13102 | 486 | 13285 | -1265 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Feb-13 | 537 | 184 | 508 | -52 |
| Apr-13 | 1565 | 474 | 808 | -89 |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -50 | |
| Feb-13 | | 117 |
| April-13 | | |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -110 | |
| Feb-13 | | 7 |
| April-13 | | |

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

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

| Contract | % Change | Open | High | Low | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Dec-12 | -0.43 | 16390 | 16490 | 16300 | 16340 |
| 31-Jan-13 | -0.66 | 16630 | 16680 | 16520 | 16570 |
| 28-Feb-13 | -0.71 | 16860 | 16900 | 16750 | 16790 |
| 29-Mar-13 | -0.41 | 17140 | 17180 | 17060 | 17120 |
| 30-Apr-13 | -0.63 | 17360 | 17360 | 17320 | 17320 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|---|-----------------|------------|--------|
| | 26-12-2012 | 24-12-2012 | |
| Amravati-Vunni Mech-1# | 4050 | 4050 | Unch |
| Kadi-Bt Cotton# | 4350 | 4450 | -100 |
| Ahmedabad-Shankar-6# | 4350 | 4400 | -50 |
| Gondal | 4380 | 4425 | -45 |
| Rajkot-(B.T) | 4350 | 4400 | -50 |
| Abohar-J-34* | 3545 | 3570 | -25 |
| Muktsar-J-34 *(Cotton) #(Kapas BT Cotton) | 3540 | 3570 | -30 |
| | 4160 | 4210 | -50 |
| Fajlika #(Cotton New) #(Kapas BT Cotton) | 3530 | 3545 | -15 |
| | 4270 | 4270 | Unch |
| Khandwa-(M.P) | 4140 | 4160 | -20 |
| Khargaon-(M.P) | 4140 | 4160 | -20 |
| Sri-Ganganagar | 3450 | 3470 | -20 |

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

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|---|------------|------------|--------|
| | 26-12-2012 | 24-12-2012 | |
| Amravati -Vunni Mech-1# | 2500 | 1500 | 1000 |
| Kadi -Bt Cotton | 50000 | 50000 | Unch |
| Ahmedabad - Shankar-6# | 40000 | 40000 | Unch |
| Gondal | 1474 | 1500 | -26 |
| Rajkot-(B.T) | 5200 | 5000 | 200 |
| Abohar-J-34* | 1100 | 1000 | 100 |
| Muktsar-J-34 *(Cotton) #(Kapas BT Cotton) | - | - | - |
| | 300 | 400 | -100 |
| Fajlika #(Cotton New) #(Kapas BT Cotton) | - | - | - |
| | 2000 | 2000 | Unch |
| Khandwa (M.P) | 4000 | 3500 | 500 |
| Khargaon-(M.P) | 10000 | 10000 | Unch |
| Sri-Ganganagar | 8000 | 8000 | Unch |

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

Cotton Association of India Spot Rates: 24/12/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (24/12/2012) | Rs. Per Candy (22/12/2012) | Change |
|---------------------------------------|------------|------------|------------------|----------------------------------|----------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 34900 | 35100 | -200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 35400 | 35600 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 32500 | 32600 | -100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 33100 | 32800 | +300 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 34000 | 33700 | +300 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 34000 | 33700 | +300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 34700 | 34400 | +300 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 45200 | 45200 | Unch |

Cotlook Index: As on 24/12/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 84.35 | +0.25 |

China Cotton Index: As on 26/12/2012

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 19172 | +12 |
| CCIndex(527) | 16828 | +7 |
| CCIndex(229) | 19971 | +9 |

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

USDA Cotton Spot Rates: As on 21/12/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 73.68 | 77.43 | 760 |
| North Delta | 72.93 | 74.93 | NIL |
| South Delta | 72.93 | 74.93 | NIL |
| East TX-OK | 70 | 74.5 | 49 |
| West Texas | 70 | 74.5 | 5601 |
| Desert SW | 70.68 | 77.18 | NIL |
| SJ Valley | 71.68 | 82.33 | 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 21/12/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Mar-12 | 76.18 | 76.5 | 75.99 | 76.4 | 0.22 |
| May-12 | 76.75 | 77.05 | 76.56 | 76.97 | 0.21 |
| Jul-12 | 77.36 | 77.52 | 77.17 | 77.52 | 0.21 |
| Oct-12 | 78.25 | 78.25 | 78.25 | 78.25 | 0.11 |
| Dec-12 | 78.45 | 78.78 | 78.4 | 78.78 | 0.26 |
| Mar-12 | 79.49 | 79.49 | 79.49 | 79.49 | 0.47 |

Pakistan Cotton Spot rates: As on 24/12/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6000 | 155 | 6155 |
| Equivalent | 40 Kgs | 6430 | 155 | 6585 |

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