

Cotton Domestic Fundamentals:

Cotton prices mixed on Friday's trade amid lack of buying activity at higher levels. However, markets were trading with a bullish tone in the morning suggesting demand remaining firm. Total arrival in the country was 110,000-120,000 bales compared to 110,000-115,000 on Thursday. Markets were supported by reports of China importing around 1 million metric tons of cotton recently for state reserves. Meanwhile, India has contracted exports of about 1.0 million bales of cotton from the new season crop during the marketing year that began October 01st 2011. The MSP issue remains unresolved as farmers had initially asked to raise MSP of cotton to Rs.6000/quintal from Rs.3300/quintal.

Cotton Futures

NCDEX Kapas April 2012 contract finished weak against previous close price. Rise in open interest amidst falling prices suggest that the new money is coming through the short sellers and a downtrend is in place.

Cotton International Fundamentals

Cotton futures fall heavily and settle down on a daily lower circuit limit on ICE as weak demand and fear over a global recession. Cotton for March delivery declined by the exchange's 4-cent limit, or 4%, to settle at 96.48 cents a pound on ICE Futures U.S. Cotton futures also moved lower after the US dollar added 0.3%. Markets were also influenced by Cotlook report in which it cut the forecast of world 2011/12 cotton consumption and raised its estimate of world 2011/12 cotton ending stocks. Cotton rates in Pakistan also moved higher as demand for the fiber remained firm amid good supply of phutti. Demand from China also persisted in the markets but were unable to support prices at lower levels.

Outlook: Domestic and International

In the short term, domestic cotton prices move higher firm demand and decline in arrivals.

U.S markets may trade range bound to weak on fear over recession will reduce demand for the fiber.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|-------|-------|-------|-------|
| Feb-11 | -5.0 | 726.5 | 729.0 | 726.0 | 729.0 |
| Mar-11 | -1.1 | 726.0 | 730.0 | 726.0 | 730.0 |
| Apr-11 | -8.5 | 730.0 | 730.7 | 720.2 | 726.0 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-------|--------|
| 12-Feb | 4 | -6 | 130 | -2 |
| 12-Mar | 2 | 1 | 42 | - |
| 12-Apr | 4982 | -182 | 10648 | 679 |

| Spread | Feb-12 | Mar-12 | Apr-12 |
|--------|--------|--------|--------|
| Basis | 163.0 | 162.0 | 166.0 |
| Feb-12 | - | 1.0 | -3.0 |
| Mar-12 | - | - | -4.0 |
| Apr-12 | - | - | - |

NB: Spread was done by taking Average of Spot prices at Ahmedabad market for Shankar cotton.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|-------|-------|-------|-------|
| Mar-11 | -5.7 | 738.5 | 740.5 | 733.2 | 737.5 |
| Apr-11 | -8.3 | 740.2 | 741.4 | 733.0 | 737.0 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| 12-Mar | 200 | -90 | 630 | -4 |
| 12-Apr | 447 | 35 | 1508 | -12 |

| Spread | Mar-12 | Apr-12 |
|--------|--------|--------|
| Basis | 154.5 | 155.0 |
| Mar-12 | - | -0.5 |
| Apr-12 | - | - |

NB: Spread was done by taking Average of Spot prices at Ahmedabad market for Shankar cotton.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|-------|-------|-------|-------|
| Dec-11 | -180 | 17810 | 17820 | 17670 | 17730 |
| Jan-12 | -180 | 18420 | 18420 | 17690 | 17740 |
| Mar-12 | -150 | 18180 | 18220 | 18070 | 18160 |

Cotton Prices at Key Spot Markets

| Centre | Prices | | Change |
|--------------------------|-----------|-----------|--------|
| | 18-11-11 | 17-11-11 | |
| Kadi – Bt Cotton# | 4600-4825 | 4575-4825 | Unch |
| Amravati – Vunni Mech-1# | 4000-4400 | 4100-4250 | 150 |
| Ahmedabad – Shankar-6# | 4375-4550 | 4375-4625 | -75 |
| Abhor – J-34* | 3590 | 3550 | 40 |
| Muktsar – J-34* | 3590 | 3550 | 40 |

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

| Centre | Arrivals | | Change |
|------------------------|----------|----------|--------|
| | 18-11-11 | 17-11-11 | |
| Kadi –Bt Cotton | 200 | 225 | -25 |
| Amravati –Vunni Mech-1 | 1000 | 800 | 200 |
| Ahmedabad – Shankar-6 | 30000 | 25000 | 5000 |
| Abohar | 1100 | 1200 | -100 |
| Muktsar | 300 | 300 | Unch |

Kadi-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmedabad, Abohar and Muktsar-Bales

Prices of Cotton, Cotton Seed and Jute at Other Centers: As on 18/11/2011

| Commodity | State | Market Center | Arrivals | Variety | Minimum Price | Maximum Price | Modal Price |
|-----------|----------------|---------------|----------|-------------------|---------------|---------------|-------------|
| | | | Tonnes | | Rs/Quintal | | |
| Cotton | Andhra Pradesh | Adilabad | 550.8 | Cotton (Unginned) | 3800 | 4060 | 3930 |
| | | Asifabad | 160.4 | Cotton (Unginned) | 3850 | 4030 | 3950 |
| | | Bhainsa | 554.7 | Cotton (Unginned) | 3900 | 4268 | 4200 |
| | | Kuber | 222.5 | Cotton (Unginned) | 4257 | 4257 | 4257 |
| | | Martur | NR | Desi | 3000 | 3200 | 3100 |
| | | Proddatur | NR | MCU 5 | 4300 | 4400 | 4350 |
| | | Tadipatri | NR | MCU 5 | 3800 | 3900 | 3850 |
| | Gujarat | Amreli | 210 | Other | 2800 | 4640 | 4560 |
| | | Bagasara | 44 | Other | 3755 | 4575 | 4165 |
| | | Deesa | 8.7 | Other | 4400 | 4425 | 4400 |
| | | Dhoraji | 58 | H.B (Unginned) | 3875 | 4555 | 4500 |
| | | Gondal | 238.3 | Cotton (Unginned) | 2205 | 4530 | 4455 |
| | | Halvad | 239.58 | Other | 4450 | 4600 | 4500 |
| | | Himatnagar | 45.7 | Other | 4000 | 4550 | 4275 |
| | | Jamkandorna | 2.8 | Cotton (Unginned) | 4375 | 4475 | 4440 |
| | | Jamnagar | 1904 | Other | 4250 | 4625 | 4500 |
| | | Junagadh | 90.5 | Other | 3825 | 4485 | 4100 |
| | | Lalpur | 102.5 | Other | 1460 | 1842 | 1770 |
| | | Morbi | 246 | Other | 3910 | 4675 | 4292.5 |
| | | Palitana | 1200 | Other | 3500 | 4450 | 3975 |

| | | | | | | | |
|--|----------------|------------------|-------|-------------------------|------|------|--------|
| | | Rajula | 75 | Shanker 6 (B) 30mm Fine | 4155 | 4505 | 4330 |
| | | Savarkundla | 100 | Other | 4325 | 4550 | 4440 |
| | | Savli | NR | G-6 | 4375 | 4450 | 4400 |
| | | Unava | 7 | Other | 3760 | 4605 | 4525 |
| | | Vadgam | 1.5 | Other | 4400 | 4455 | 4427.5 |
| | | Vadhvan | 5.7 | Shanker 6 (B) 30mm Fine | 4475 | 4540 | 4507 |
| | | Vakener | 170 | Other | 4055 | 4590 | 4360 |
| | | Visnagar | 463.4 | Other | 4250 | 4605 | 4450 |
| | Karnataka | Arasikere | 9 | Varalakshmi (Ginned) | 3200 | 3200 | 3200 |
| | | Bijapur | 133 | LH-1556 | 1770 | 4239 | 4014 |
| | | Chamaraj Nagar | 9 | Other | 3300 | 3300 | 3300 |
| | | Davangere | 49 | MCU 5 | 3209 | 4330 | 3799 |
| | | Gadag | 6 | GCH | 4001 | 4111 | 4050 |
| | | Gokak | 88 | Laxmi (Ginned) | 3901 | 4419 | 4169 |
| | | Gundlupet | 5 | Other | 2800 | 2800 | 2800 |
| | | Haveri | 60 | GCH | 3761 | 3875 | 3869 |
| | | Hubli | 97 | GCH | 3909 | 4330 | 4189 |
| | | Laxmeshwar | NR | GCH | 1696 | 3636 | 3363 |
| | | Nargunda | 19 | GCH | 4150 | 4200 | 4175 |
| | | Raichur | 198 | F-1054 | 3769 | 4309 | 4029 |
| | | Santhesargur | 1024 | Krishna | 3300 | 3700 | 3500 |
| | | Shorapur | 1 | Hampi (Ginned) | 3965 | 4005 | 3985 |
| | | Soundati | 19 | LD-327 | 4000 | 4261 | 4161 |
| | Madhya Pradesh | Khargone | 792.5 | Other | 4259 | 4597 | 4435 |
| | | Manawar | 96 | Other | 4000 | 4200 | 4100 |
| | | Sonsar | 353.8 | H4 | 3500 | 4400 | 4200 |
| | Punjab | Abohar | 754 | American | 3870 | 4155 | 4125 |
| | | Dhuri | 5.3 | American | 3000 | 4150 | 4000 |
| | | Kotkapura | 30 | American | 3000 | 4299 | 4240 |
| | | Malout | 238.6 | Other | 4030 | 4225 | 4195 |
| | | Nihal Singh Wala | 0.1 | Other | 1500 | 1550 | 1525 |
| | | Raman | 150 | Other | 3200 | 4150 | 4120 |
| | | Sangrur | 2.5 | American | 4000 | 4240 | 4150 |
| | Rajasthan | Anoopgarh | 97.7 | American | 3822 | 4040 | 3926 |
| | | Gajsinghpur | 753 | American | 3800 | 4145 | 4100 |
| | | Hanumangarh | 497.8 | American | 3900 | 4313 | 4260 |
| | | Jaitsar | 650 | American | 3700 | 4010 | 4000 |
| | | Padampur | 71.4 | American | 3500 | 4100 | 4000 |
| | | Raisingh Nagar | 93 | American | 3858 | 4119 | 4040 |
| | | Sri Karanpur | 73.4 | American | 3730 | 4281 | 4000 |
| | | Sumerpur | 68 | Other | 3816 | 4308 | 4201 |
| | Tamil Nadu | Annur | NR | Other | 3900 | 4150 | 4025 |
| | | Konganapuram | NR | cotton (Ginned) | 3925 | 4375 | 4150 |
| | | Salem | NR | DCH-32 | 4000 | 4500 | 4250 |

| | | | | | | | |
|--------------------|----------------|------------------|-----|----------|------|------|------|
| | | | | (Ginned) | | | |
| | | Tiruchengode | NR | LRA | 3800 | 4100 | 3950 |
| | | Usilampatty | NR | LRA | 2530 | 2630 | 2580 |
| | | Villupuram | 4 | Other | 3119 | 4181 | 4000 |
| Jute | Andhra Pradesh | Bobbili | 1.5 | Jute | 1600 | 1800 | 1700 |
| | | Gajapathinagaram | 2.3 | Jute | 1800 | 1900 | 1850 |
| | | Vijayanagaram | 0.3 | Jute | 2200 | 2400 | 2300 |
| | Assam | Bohorihat | 50 | TD-5 | 1600 | 2150 | 1875 |
| | West Bengal | Islampur | 32 | TD-5 | 1900 | 2000 | 1950 |
| | | Kalna | 17 | TD-5 | 1930 | 2000 | 1970 |
| | | Mathabhanga | 25 | TD-5 | 2240 | 2260 | 2250 |
| | | Mekhliganj | 15 | Other | 2000 | 2150 | 2125 |
| | | Raiganj | 60 | TD-5 | 1850 | 1950 | 1900 |
| | | Samsi | 20 | Jute | 1850 | 1950 | 1900 |
| Cotton Seed | Uttar Pradesh | Muzzafarnagar | 9.5 | Other | 1450 | 1600 | 1550 |

Cotton Association of India Spot Rates: As on 18/11/2011

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy |
|---|------------|------------|---------------|---------------|
| Bengal Deshi (RG)/ Assam Comilla | Below 22mm | 5.0 - 7.0 | 15 | 35800 |
| Bengal Deshi (SG) | Below 22mm | 5.0 - 7.0 | 15 | 36700 |
| V-797 | 22mm | 4.5 - 5.9 | 19 | 24800 |
| J-34 | 25mm | 3.5 - 4.9 | 23 | 31500 |
| H-4/ MECH-1 | 28mm | 3.5 - 4.9 | 25 | 35600 |
| Shankar-6 | 29mm | 3.5 - 4.9 | 26 | 38100 |
| Bunny/ Brahma | 31mm | 3.5 - 4.9 | 27 | 37700 |
| MCU-5/ Surabhi | 33mm | 3.3 - 4.5 | 28 | 39200 |
| DCH-32 | 35mm | 2.8 - 3.6 | 31 | 48800 |

Cotlook Index: As on 17/11/2011

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 108.15 | Unch |

China Cotton Index: As on 18/11/2011

| Index | RMB/Ton | Change |
|---------------------|---------|--------|
| CCIndex(328) | 19176 | -20 |
| CCIndex(527) | 16697 | -4 |
| CCIndex(229) | 20562 | -44 |

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

USDA Cotton Spot rates: As on 17/11/2011

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|--------------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 95.48 | 97.23 | 1,960 |
| North Delta | 94.48 | 95.48 | Nil |
| South Delta | 94.48 | 95.48 | Nil |
| East TX-OK | 91.50 | 94.25 | 1,266 |
| West Texas | 91.50 | 94.00 | 4,543 |
| Desert SW | 95.48 | 101.48 | Nil |
| SJ Valley | 96.48 | 106.38 | 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: As on 17/11/2011**

| Contract | Open | High | Low | Close | Change |
|---------------|--------|--------|-------|-------|--------|
| Dec-11 | 103.06 | 103.96 | 99.50 | 99.50 | -4.00 |
| Mar-12 | 100.48 | 100.85 | 96.48 | 96.48 | -4.00 |
| May-12 | 100.38 | 100.55 | 96.52 | 96.72 | -3.76 |
| Jul-12 | 100.13 | 100.15 | 96.40 | 96.65 | -3.48 |
| Oct-12 | 96.64 | 96.64 | 96.64 | 96.64 | -3.19 |
| Dec-12 | 95.90 | 95.90 | 93.51 | 93.64 | -2.74 |

*Prices in USc

Pakistan Cotton Spot rates: As on 18/11/2011 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|-------------------|------------|--------------|------------------|-------------------|
| Cotton | 37.324 Kgs | 5700 | 130 | 5830 |
| Equivalent | 40 Kgs | 6109 | 130 | 6239 |

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