

Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Thursday on back of emerging lower ginners and exporters demand.
- Arrivals pace has been recorded on mixed phase.
- Cotton sowing has also been started in some of the irrigated parts of Maharashtra. On time monsoon arrival forecast in India by IMD (India Metrological Department) will help cotton farmers to plant cotton in rain-fed areas successfully on time and able to get better yields.
- On other hand, both Punjab and Rajasthan have covered around 60% cotton sowing area so far in irrigated parts. However, cotton area is expected to decline by 10 to 12% and 20 to 25% respectively in Punjab and Rajasthan after shifting in Guar crop as guar prices sparked beyond expectation during 2011/12 marketing season.
- Most traded variety Shankar-6(105) of cotton traded on lower side to 32500 as on 23rd May 2012 against its previous day prices to 33000/ candy (1 candy=356 kgs).

Cotton International Fundamentals

- According to Reuter, China has imported lower cotton around 5, 10,000 tonnes in April month against March month i.e. 625,196 tonnes in this year.
- As per USDA, cotton production in Pakistan has been forecasted down by 6% down to 10 million bales in 2012/13 after cutting cotton area around 3% to 3.1 million hectares.

Outlook: Domestic and International

We expect range bound trading activity in near term.

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

| Contract | +/- | Open | High | Low | Close |
|----------|-----|-------|-------|-----|-------|
| Feb-13 | 9.5 | 935.5 | 939 | 930 | 936 |
| Apr-13 | 12 | 935 | 947.5 | 926 | 939 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | 24 | -6 | 38 | 2 |
| Apr-13 | 1,212 | -324 | 1290 | -76 |

| Spread | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -188.5 | |
| Feb-13 | | 3.00 |
| April-13 | | |

NB: Spread was done by taking avg spot prices at Amravati market. Basis = Spot- April

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

| Contract | +/- | Open | High | Low | Close |
|----------|-----|------|------|-----|-------|
| Apr-13 | - | - | - | - | - |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|----|--------|
| Apr-13 | - | - | - | - |

| Spread | April-13 |
|--------|----------|
| Basis | |
| Apr-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-May-12 | 1.61 | 15450 | 15840 | 15220 | 15750 |
| 29-Jun-12 | 1.77 | 15880 | 16230 | 15690 | 16140 |
| 31-Jul-12 | 1.85 | 16120 | 16680 | 16110 | 16510 |
| 31-Aug-12 | 1.56 | 16670 | 16950 | 16670 | 16880 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|--------------------------|-----------------|-----------|--------|
| | 24-5-2012 | 23-5-2012 | |
| Kadi-Bt Cotton# | 3500-3850 | 3500-4000 | -150 |
| Amravati-Vunni Mech-1# | 3725-3750 | 3700-3850 | -100 |
| Ahmedabad-Shankar-6# | - | - | - |
| Gondal | - | 2555-3945 | - |
| Abohar-J-34* | 3470-3480 | 3450 | +30 |
| Muktsar-J-34* | 3460-3470 | 3450 | +20 |
| Fajlika# | 3700-4100 | 3750-4200 | -100 |
| Khandwa | 3100-3700 | 3100-3700 | Unch |

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|--------------------------|-----------|-----------|--------|
| | 24-5-2012 | 23-5-2012 | |
| Kadi -Bt Cotton | 100 | 100 | Unch |
| Amravati -Vunni Mech-1` | 4500 | 3000 | +1500 |
| Ahmedabad - Shankar-6 | - | - | - |
| Gondal | - | 1152 | - |
| Abohar | 300 | 400 | -100 |
| Muktsar | 100 | - | - |
| Fajlika | 600 | 700 | -100 |
| Khandwa | 500 | 700 | -200 |

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

Cotton Association of India Spot Rates: 23/5/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (23/5/2012) | Rs. Per Candy (22/5/2012) | Change |
|---------------------------------------|------------|------------|------------------|---------------------------------|---------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 32400 | 33000 | -600 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 33400 | 34000 | -600 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 29900 | 30500 | -600 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 31500 | 31900 | -400 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 32500 | 33000 | -500 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 34500 | 34500 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 35500 | 35500 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 45000 | 44000 | -1000 |

Cotlook Index: As on 23/5/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 84.00 | -2.00 |

China Cotton Index: As on 24/5/2012

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18888 | -17 |
| CCIndex(527) | 16536 | -15 |
| CCIndex(229) | 20177 | -25 |

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

USDA Cotton Spot Rates: As on 23/5/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 68.51 | 71.51 | 2331 |
| North Delta | 67.51 | 68.51 | 688 |
| South Delta | 67.51 | 68.51 | 440 |
| East TX-OK | 63.50 | 68.50 | 604 |
| West Texas | 63.75 | 70.00 | 997 |
| Desert SW | 63.26 | 69.76 | NIL |
| SJ Valley | 64.01 | 74.66 | 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 23/5/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Jul-12 | 74.15 | 74.26 | 70.53 | 71.51 | -3.01 |
| Oct-12 | 72.00 | 72.98 | 70.41 | 70.41 | -3.39 |
| Dec-12 | 71.40 | 71.40 | 67.73 | 68.75 | -2.82 |
| Mar-13 | 72.54 | 72.54 | 69.37 | 70.01 | -2.90 |
| May-13 | 73.69 | 73.69 | 71.03 | 71.08 | -3.01 |
| Jul-13 | 74.68 | 74.68 | 72.00 | 72.00 | -3.15 |

Pakistan Cotton Spot rates: As on 22/5/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|-------------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5800 | 130 | 5930 |
| Equivalent | 40 Kgs | 6216 | 130 | 6346 |

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