

Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Monday due to average demand.
- Arrivals were also registered in mixed pace.
- The farmers in Punjab have successfully completed 90% cotton sowing so far. Cotton growers in Punjab are likely to shift 5 to 7 % of cotton area towards Guar during this sowing season.
- While, in Gujarat 2-5% cotton sowing has been completed so far in irrigated areas.
- Cotton area would be shifted towards Guar mainly in Rajasthan i.e. 25% against previous year record.
- India may have 15% lower cotton planting against 12.2 million hectares sowed in 2011/12 as per the Cotton Association of India. According to USDA report, there is likely to be a decline in the cotton crop in 2012/13 to 32.3 million bales (1 bale=170kgs) in comparison to the current year crop of 34.3 million bales due to the lower planting area.

Cotton International Fundamentals

- According to ICAC world cotton area may decline by 7% to 33.6 million hectares in 2012/13 on account of poor cotton prices.
- The farmers in US have completed 83% of cotton planting so far according to Texas crop progress and condition report.

Outlook: Domestic and International

We expect domestic cotton price to trade on steady to weak in upcoming days.

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

| Contract | +/- | Open | High | Low | Close |
|----------|-----|------|------|-----|-------|
| Feb-13 | 6 | 949 | 955 | 949 | 955 |
| Apr-13 | 6 | 952 | 964 | 947 | 953 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | 3 | -3 | 44 | 0 |
| Apr-13 | 1,225 | 514 | 1599 | 20 |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -204 | |
| Feb-13 | | -2.00 |
| 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/20/kg)

| Contract | +/- | Open | High | Low | Close |
|----------|------|-------|-------|-------|-------|
| Feb-13 | 7.5 | 946.5 | 957.7 | 937 | 948 |
| Apr-13 | Unch | 957 | 961.1 | 947.1 | 950 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|----|--------|
| Feb-13 | 21 | 15 | 16 | 2 |
| Apr-13 | 50 | 16 | 39 | 7 |

Spread

| | Feb-13 | Apr-13 |
|--------|--------|--------|
| Basis | -193 | |
| Apr-13 | | 2.00 |

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 |
|-----------|----------|-------|-------|-------|-------|
| 29-Jun-12 | 0.77 | 15670 | 15840 | 15670 | 15750 |
| 31-Jul-12 | 0.75 | 16000 | 16170 | 15990 | 16080 |
| 31-Aug-12 | 0.92 | 16360 | 16550 | 16350 | 16440 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|--------------------------|-----------------|-----------|--------|
| | 11-6-2012 | 09-6-2012 | |
| Amravati-Vunni Mech-1# | 3650-3725 | 3750-3775 | -50 |
| Kadi-Bt Cotton# | 3500-3900 | 3750-4100 | -200 |
| Ahmedabad-Shankar-6# | 3660-3850 | 3700-3850 | Unch |
| Gondal | | - | |
| Rajkot | 3475-3875 | 3500-3890 | -15 |
| Abohar-J-34* | 3475-3480 | 3475 | +5 |
| Muktsar-J-34* | 3475 | 3475 | Unch |
| Fajlika# | 3700 | 3400-3750 | -50 |
| Khandwa | 3400-3600 | 3400-3700 | -100 |
| Patan | 3600 | 3600-3650 | -50 |
| Sri-Ganganagar | 3200-3450 | 3200-3400 | +50 |

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|--------------------------|-----------|-----------|--------|
| | 11-6-2012 | 09-6-2012 | |
| Amravati -Vunni Mech-1` | 2500 | 2000 | +500 |
| Kadi -Bt Cotton | 50 | 50 | Unch |
| Ahmedabad - Shankar-6 | 12000 | 12000 | Unch |
| Gondal | | - | |
| Rajkot | 3500 | 3900 | -400 |
| Abohar | 100 | 200 | -100 |
| Muktsar | - | 50 | - |
| Fajlika | 50 | 100 | -50 |
| Khandwa | - | 100 | - |
| Patan | - | - | - |
| Sri-Ganganagar | - | - | - |

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

Cotton Association of India Spot Rates: 09/6/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (09/6/2012) | Rs. Per Candy (08/6/2012) | Change |
|---------------------------------------------|------------|------------|------------------|---------------------------------|---------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 34600 | 34800 | -200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 35800 | 36000 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 30400 | 30700 | -300 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 31500 | 31500 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 32500 | 32500 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 35000 | 35000 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 36000 | 36000 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 46500 | 46500 | Unch |

Cotlook Index: As on 8/6/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 83.85 | +3.20 |

China Cotton Index: As on 11/6/2012

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18467 | -6 |
| CCIndex(527) | 16188 | -12 |
| CCIndex(229) | 19574 | -1 |

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

USDA Cotton Spot Rates: As on 8/6/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 69.90 | 72.90 | NIL |
| North Delta | 68.90 | 69.90 | NIL |
| South Delta | 68.90 | 69.90 | NIL |
| East TX-OK | 64.25 | 69.25 | NIL |
| West Texas | 64.50 | 70.75 | 476 |
| Desert SW | 64.65 | 71.15 | NIL |
| SJ Valley | 65.40 | 76.05 | 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 8/6/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Jul-12 | 74.80 | 74.88 | 70.79 | 72.90 | -0.99 |
| Oct-12 | 70.35 | 70.35 | 68.00 | 68.72 | -2.57 |
| Dec-12 | 71.96 | 71.97 | 68.70 | 69.88 | -2.40 |
| Mar-12 | 73.32 | 73.32 | 70.36 | 71.72 | -1.91 |
| May-12 | 74.12 | 74.12 | 71.09 | 72.60 | -1.85 |
| Jul-12 | 74.92 | 74.92 | 72.02 | 73.26 | -1.89 |

Pakistan Cotton Spot rates: As on 09/6/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5600 | 130 | 5630 |
| Equivalent | 40 Kgs | 5002 | 130 | 6024 |

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