

## Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Wednesday amid patchy demand.
- Arrivals were also registered in mixed phase in the market.
- TUFs for textile sector has been extended in the 12th plan with allocation of Rs.15, 886 crore by the Commerce and textile department.
- Cotton cultivation in India, the world's second-biggest producer, is likely to fall in 2012/13 from last year, as patchy rains in key growing areas and better returns from competing crops like soybeans could prompt farmers to reduce areas under the fibre cultivation.
- Cotton Yarn market closed easy due to sharp decline in ICE cotton and slow demand.
- Export offer of 30 count combed cotton yarn were placed at 3.60 dollar per kg CNF. Domestic offer price of 30 count combed cotton yarn placed at Rs 200 per kg, 30 count carded cotton yarn at Rs 190 per kg and 30 count single PC yarn at 190 per kg.

## Cotton International Fundamentals

- As per Cotton China organization, China will not sell 300,000 MT cotton from its state reserves and issue an additional import quota "for now".

## Outlook: Domestic and International

We expect domestic cotton price to trade on steady to bullish phase.

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

| Contract | +/-    | Open    | High    | Low     | Close   |
|----------|--------|---------|---------|---------|---------|
| Feb-13   | -12.50 | 1122.00 | 1128.50 | 1091.00 | 1096.00 |
| Apr-13   | 3.50   | 1117.00 | 1136.00 | 1095.00 | 1118.00 |

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

| Contract | +/-   | Open    | High    | Low     | Close   |
|----------|-------|---------|---------|---------|---------|
| Feb-13   | -2.50 | 1119.50 | 1120.00 | 1085.00 | 1098.10 |
| Apr-13   | 1.90  | 1108.00 | 1129.40 | 1089.00 | 1109.00 |

### Volumes and OI in Lots

| Contract | Volume | Change | OI   | Change |
|----------|--------|--------|------|--------|
| Feb-13   | 64     | 2      | 136  | 6      |
| Apr-13   | 8101   | -2649  | 4904 | -7     |

### Volumes and OI lots

| Contract | Volume | Change | OI  | Change |
|----------|--------|--------|-----|--------|
| Feb-13   | 55     | -61    | 66  | 7      |
| Apr-13   | 340    | 8      | 303 | 0      |

| Spread   | Feb-13  | Apr-13 |
|----------|---------|--------|
| Basis    | -108.50 |        |
| Feb-13   |         | -22.00 |
| April-13 |         |        |

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

| Spread | Feb-13  | Apr-13 |
|--------|---------|--------|
| Basis  | -110.60 |        |
| Apr-13 |         | -10.90 |

**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-Jul-12 | 0.78     | 17790 | 18110 | 17790 | 18080 |
| 31-Aug-12 | 1.04     | 18200 | 18410 | 18190 | 18400 |
| 31-Oct-12 | 0.88     | 18100 | 18280 | 18100 | 18260 |
| 30-Nov-12 | 0.63     | 17600 | 17770 | 17550 | 17700 |
| 31-Dec-12 | 0.34     | 17490 | 17580 | 17450 | 17580 |

**Cotton Prices at Key Spot Markets**

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) |           | Change |
|--------------------------|-----------------|-----------|--------|
|                          | 18-7-2012       | 17-7-2012 |        |
| Amravati-Vunni Mech-1#   | 5050-5100       | 5150      | -50    |
| Kadi-Bt Cotton#          | 4800-5000       | 4750-5000 | Unch   |
| Ahmedabad-Shankar-6#     | 4875-5000       | 4875-5000 | Unch   |
| Gondal                   | 2500-4925       | 2500-5025 | -100   |
| Rajkot-(B.T)             | 4150-5030       | 4025-5125 | -95    |
| Abohar-J-34*             | 3875            | 3800      | +75    |
| Muktsar-J-34*            | 3875            | 3800      | +75    |
| Fajlika#                 | 3900            | 3825      | +75    |
| Khandwa M.P.             | 4700-5000       | -         | -      |
| Patan-(B.T)              | 4400-4500       | 4400-4500 | Unch   |
| Sri-Ganganagar           | 3650            | 3780      | -130   |

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

**Cotton Arrivals in Key Centers**

| Centre (1 bale = 170 Kg) | Arrivals  |           | Change |
|--------------------------|-----------|-----------|--------|
|                          | 18-7-2012 | 17-7-2012 |        |
| Amravati –Vunni Mech-1`  | 1000      | 1000      | Unch   |
| Kadi –Bt Cotton          | 30        | 20        | +10    |
| Ahmedabad – Shankar-6    | 8000      | 7000      | +1000  |
| Gondal                   | 182       | 191       | -9     |
| Rajkot-(B.T)             | 1077      | 711       | +366   |
| Abohar                   | -         | -         | -      |
| Muktsar                  | -         | -         | -      |
| Fajlika                  | -         | -         | -      |
| Khandwa M.P.             | -         | -         | -      |
| Patan-(B.T)              | -         | -         | -      |
| 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: 17/7/2012**

| Trade Name                                  | Staple     | Micronaire | Strength/<br>GPT | Rs. Per<br>Candy<br>(17/7/2012) | Rs. Per<br>Candy<br>(16/7/2012) | Change       |
|---|------------|------------|------------------|---------------------------------|---------------------------------|--------------|
| Bengal Deshi<br>(RG)/ Assam<br>Comilla(101) | Below 22mm | 5.0 - 7.0  | 15               | 43300                           | 43100                           | <b>+200</b>  |
| Bengal Deshi<br>(SG)(201)                   | Below 22mm | 5.0 - 7.0  | 15               | 44500                           | 44400                           | <b>+100</b>  |
| J-34(202)                                   | 26mm       | 3.5 - 4.9  | 23               | 35400                           | 34900                           | <b>+500</b>  |
| H-4/ MECH-1(105)                            | 28mm       | 3.5 - 4.9  | 27               | 37600                           | 36600                           | <b>+1000</b> |
| Shankar-6(105)                              | 29mm       | 3.5 - 4.9  | 28               | 38100                           | 36900                           | <b>+1200</b> |
| Bunny/<br>Brahma(105)                       | 31mm       | 3.5 - 4.9  | 30               | 40800                           | 39800                           | <b>+1000</b> |
| MCU-5/<br>Surabhi(106)                      | 32mm       | 3.3 - 4.9  | 31               | 40800                           | 40300                           | <b>+500</b>  |
| DCH-32(107)                                 | 34mm       | 3.0 - 3.8  | 33               | 53000                           | 52500                           | <b>+500</b>  |

**Cotlook Index: As on 17/7/2012**

| Cotlook Indices | Cents/Pound | Change       |
|-----------------|-------------|--------------|
| A-Index         | 85.95       | <b>+0.25</b> |

**China Cotton Index: As on 18/7/2012**

| Index        | RMB/Ton | Change     |
|--------------|---------|------------|
| CCIndex(328) | 18250   | <b>+10</b> |
| CCIndex(527) | 15918   | <b>+5</b>  |
| CCIndex(229) | 19372   | <b>+5</b>  |

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

**USDA Cotton Spot Rates: As on 17/7/2012**

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
|             | cents/lb.           |                     | bales    |
| Southeast   | 67.86               | 70.86               | NIL      |
| North Delta | 66.86               | 67.86               | NIL      |
| South Delta | 66.86               | 67.86               | NIL      |
| East TX-OK  | 61.50               | 66.50               | 337      |
| West Texas  | 61.75               | 68.00               | 728      |
| Desert SW   | 65.36               | 71.86               | NIL      |
| SJ Valley   | 66.11               | 76.76               | 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 17/7/2012**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-12   | 71.78 | 71.82 | 70.01 | 70.11 | -2.19  |
| Dec-12   | 73.3  | 73.4  | 70.79 | 71.05 | -2.25  |
| Mar-12   | 74.15 | 74.15 | 71.76 | 71.93 | -2.24  |
| May-12   | 73.68 | 73.68 | 72.4  | 72.67 | -2.26  |
| Jul-12   | 74.13 | 74.13 | 73.65 | 73.73 | -2.15  |
| Oct-12   | 75.68 | 75.68 | 75.68 | 75.68 | -2.09  |

**Pakistan Cotton Spot rates: As on 17/7/2012 (in Pakistan Rupees)**

| Product           | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|-------------------|-----------|--------------|------------------|-------------------|
| <b>Cotton</b>     | 37.32 Kgs | 6100         | 130              | 6230              |
| <b>Equivalent</b> | 40 Kgs    | 6537         | 130              | 6667              |

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