

Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Tuesday.
- There were no arrivals in the markets due closed mandi.
- As per the cotton association of India, per day arrivals in India is recorded around 65000 now a days.
- There are limited stocks in the market and lack of sufficient rainfall in the growing regions will lend some support to the market in the medium –term.
- Maharashtra Government cancels license of seed distribution company Mahyco for providing false information.
- Area planted under cotton is likely to decrease in 2012-13 by 200,000 hectares to 10.6 million hectares, lower by 1.6 million hectares which was 2011-12. Further decrease in the area could be result of shortfall of rains during August. Forecasted estimate at 30.0 million 170 kg bales, down 700,000 bales

Cotton International Fundamentals

- As per USDA forecast, cotton supply and demand include larger production and ending stock of last month. World production also increased by 300,000 bales, also world consumption has reduced 820,000 bales.
- Australia is set to become world's second largest exporter of cotton as there has been bumper crop production due to availability of water for the fields. The projected harvest is at 4.95 million bales in 2012-13, which were 4.5 million bales in 2011-12.

Outlook: Domestic and International

We expect domestic cotton price to trade in bullish phase.

Note: There will be no report dated 15th August 2012 following 'Independence Day'.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|---------|---------|---------|-------|
| Feb-13 | 16 | 1097.50 | 1120.00 | 1097.50 | 1115 |
| Apr-13 | 13.5 | 1123.00 | 1149.00 | 1118.00 | 1141 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | 12 | -13 | 116 | 0 |
| Apr-13 | 7,789 | -2172 | 6636 | -16 |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -150 | |
| Feb-13 | | 26.00 |
| 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 | 10.3 | 1111.00 | 1135.00 | 1111.00 | 1127.8 |
| Apr-13 | 7.4 | 1115.00 | 1139.00 | 1114.00 | 1129 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Feb-13 | 110 | -3 | 113 | 3 |
| Apr-13 | 191 | -175 | 307 | -183 |

Spread

| | Feb-13 | Apr-13 |
|--------|--------|--------|
| Basis | -162.8 | |
| Apr-13 | | 1.20 |

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-Aug-12 | 0.51 | 17700 | 17890 | 17650 | 17840 |
| 31-Oct-12 | 0.33 | 18220 | 18430 | 18210 | 18360 |
| 30-Nov-12 | 0.11 | 17660 | 17810 | 17600 | 17750 |
| 31-Dec-12 | 0.28 | 17670 | 17840 | 17600 | 17800 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|--------------------------|-----------------|-----------|--------|
| | 14-8-2012 | 13-8-2012 | |
| Amravati-Vunni Mech-1# | 4800 | 4550 | +250 |
| Kadi-Bt Cotton# | - | - | - |
| Ahmedabad-Shankar-6# | - | - | - |
| Gondal | Closed | Closed | - |
| Rajkot-(B.T)1 | Closed | Closed | - |
| Abohar-J-34* | 3880 | 3890 | -10 |
| Muktsar-J-34* | 3880 | 3890 | -10 |
| Fajlika# | 3880 | 3870 | +10 |
| Khandwa M.P. | - | 5200-5500 | - |
| Patan-(B.T) | - | - | - |
| Sri-Ganganagar | 3825 | 3850-3870 | -45 |

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|--------------------------|-----------|-----------|--------|
| | 14-8-2012 | 13-8-2012 | |
| Amravati -Vunni Mech-1# | 500 | 700 | -200 |
| Kadi -Bt Cotton | - | - | - |
| Ahmedabad - Shankar-6# | - | - | - |
| Gondal | Closed | Closed | - |
| Rajkot-(B.T) | Closed | Closed | - |
| 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: 13/8/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (13/8/2012) | Rs. Per Candy (11/8/2012) | Change |
|---------------------------------------|------------|------------|------------------|---------------------------------|---------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 42300 | 42600 | -300 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 43100 | 43400 | -300 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 35000 | 35800 | -800 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 37200 | 37500 | -300 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 38100 | 38400 | -300 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 40500 | 40800 | -300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | N.Q. | N.Q. | - |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 54000 | 54000 | Unch |

Cotlook Index: As on 13/8/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 83.40 | -2.40 |

China Cotton Index: As on 14/8/2012

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18376 | +6 |
| CCIndex(527) | 16051 | +6 |
| CCIndex(229) | 19433 | +2 |

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

USDA Cotton Spot Rates: As on 13/8/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 68.80 | 71.80 | NIL |
| North Delta | 68.05 | 69.05 | NIL |
| South Delta | 68.05 | 69.05 | NIL |
| East TX-OK | 65.75 | 71.00 | 292 |
| West Texas | 65.50 | 71.75 | 861 |
| Desert SW | 66.55 | 73.05 | 7 |
| SJ Valley | 67.30 | 77.95 | 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 13/8/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-12 | 73.1 | 73.1 | 71.17 | 71.3 | -1.6 |
| Dec-12 | 73.1 | 73.33 | 71.59 | 71.69 | -1.33 |
| Mar-12 | 74.12 | 74.12 | 72.53 | 72.64 | -1.17 |
| May-12 | 74.08 | 74.42 | 73.09 | 73.18 | -1.14 |
| Jul-12 | 74.75 | 75.12 | 73.84 | 73.84 | -1.16 |
| Oct-12 | 74.62 | 74.62 | 74.62 | 74.62 | -0.98 |

Pakistan Cotton Spot rates: As on 13/8/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5800 | 155 | 5955 |
| Equivalent | 40 Kgs | 6216 | 155 | 6371 |

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