

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to firm tone rest of markets were closed due to Eid on Monday.
- Export growth raised by 25-30percent during between April-July 2012 compared to same period last year.
- No Arrivals were registered in the markets except Rajkot.
- According to, Centre for Monitoring Indian Economy (CMIE) yarn production is expected to grow by 6 percent (2012-13) after falling by 5.1 percent in the previous year. Lack of sufficient rainfall in the growing regions is adding to the positive tone of the market but also weak demand is bring down markets.
- Cotton area in Haryana has fallen shapely due to less rain. Shortfall of 75000 hectares of area is reported which was projected to be 6 lakh hectares, now it is 5.25 lakh hectares.
- Cotton yarn spinners are hopeful of revival following increasing demand for cotton yarn from China.

Cotton International Fundamentals

- Due to policy regulations in China the mills produce have become uncompetitive which gives India a window to increase the market share.
- According to USDA's first survey-based forecast, U.S. cotton production in 2012 is projected at 17.65 million bales, 651,000 bales above July's estimate and nearly 2.1 million bales above last season's crop.
- Lack –luster trading witnessed in Pakistan following the festival of Eid.
- Australia is set to become world's second-biggest exporter as water availability has boosted the yields even as the area under cotton declines.

Outlook: Domestic and International

We expect domestic cotton price to trade on bearish phase.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|---------|---------|---------|--------|
| Feb-13 | -6.5 | 1118.00 | 1118.00 | 1105.00 | 1105 |
| Apr-13 | 0.5 | 1138.00 | 1146.00 | 1136.00 | 1143.5 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | 2 | -3 | 113 | 0 |
| Apr-13 | 2,198 | -5056 | 6349 | -239 |

Spread

| Basis | Feb-13 | Apr-13 |
|-------|--------|--------|
|-------|--------|--------|

| | |
|--------|-------|
| Feb-13 | 38.50 |
|--------|-------|

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 | -3 | 1130.00 | 1131.90 | 1122.00 | 1124.5 |
| Apr-13 | -5.3 | 1131.20 | 1136.50 | 1124.00 | 1126.6 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Feb-13 | 73 | -68 | 118 | 0 |
| Apr-13 | 58 | -126 | 318 | 4 |

Spread

| Basis | Feb-13 | Apr-13 |
|-------|--------|--------|
|-------|--------|--------|

| | | |
|-------|--------|------|
| Basis | -159.5 | 2.10 |
|-------|--------|------|

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 | -0.06 | 17880 | 17880 | 17760 | 17810 |
| 31-Oct-12 | -0.16 | 18400 | 18430 | 18300 | 18350 |
| 30-Nov-12 | 0.11 | 17670 | 17840 | 17670 | 17750 |
| 31-Dec-12 | 0.06 | 17850 | 17930 | 17800 | 17820 |
| 31-Jan-12 | 0.28 | 18090 | 18090 | 18090 | 18090 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|--------------------------|-----------------|-----------|--------|
| | 20-8-2012 | 18-8-2012 | |
| Amravati-Vunni Mech-1# | Closed | - | - |
| Kadi-Bt Cotton# | - | - | - |
| Ahmedabad-Shankar-6# | 4750-4900 | 4750-4900 | Unch |
| Gondal | Closed | 2000-4955 | - |
| Rajkot-(B.T)1 | 4500-5065 | 4000-5000 | +65 |
| Abohar-J-34* | 3880 | 3900 | -20 |
| Muktsar-J-34* | 3880 | 3900 | -20 |
| Fajlika# | 3880 | 3860 | +20 |
| Khandwa M.P. | Closed | 5000-5500 | Unch |
| Patan-(B.T) | - | - | - |
| Sri-Ganganagar | 3825 | 3810 | +15 |

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|--------------------------|-----------|-----------|--------|
| | 20-8-2012 | 18-8-2012 | |
| Amravati -Vunni Mech-1# | Closed | - | - |
| Kadi -Bt Cotton | - | - | - |
| Ahmedabad - Shankar-6# | 2000 | 2000 | Unch |
| Gondal | Closed | 445 | - |
| Rajkot-(B.T) | 700 | 400 | +300 |
| 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: 17/8/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (17/8/2012) | Rs. Per Candy (16/8/2012) | Change |
|---|------------|------------|------------------|---------------------------------|---------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 42100 | 42300 | -200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 42900 | 43100 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 35500 | 35400 | +100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 37400 | 37400 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 38000 | 38000 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 40500 | 40500 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | N.Q. | N.Q. | - |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 53500 | 54000 | -500 |

Cotlook Index: As on 17/8/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 82.75 | -0.50 |

China Cotton Index: As on 20/8/2012

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18391 | +4 |
| CCIndex(527) | 16069 | +3 |
| CCIndex(229) | 19436 | 0 |

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

USDA Cotton Spot Rates: As on 17/8/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 70.16 | 73.16 | NIL |
| North Delta | 69.41 | 70.41 | NIL |
| South Delta | 69.41 | 70.41 | NIL |
| East TX-OK | 66.75 | 72.00 | 617 |
| West Texas | 66.50 | 72.75 | 548 |
| Desert SW | 67.91 | 74.41 | 1500 |
| SJ Valley | 68.66 | 79.31 | 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 17/8/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-12 | 72.36 | 73.5 | 72.36 | 72.66 | 0.29 |
| Dec-12 | 72.7 | 74.17 | 72.65 | 73.3 | 0.71 |
| Mar-12 | 73.5 | 74.83 | 73.5 | 73.99 | 0.62 |
| May-12 | 74.13 | 75.29 | 74.13 | 74.44 | 0.58 |
| Jul-12 | 75.03 | 75.8 | 74.93 | 75.05 | 0.5 |
| Oct-12 | 76.2 | 76.2 | 76.2 | 76.2 | 0.56 |

Pakistan Cotton Spot rates: As on 18/8/2012 (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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