

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Saturday except slight firmness in Rajkot market.
- Selling by farmers and ginners is adding to the weak tone of the market.
- Demand is normal around current levels.
- Cotton has been sown in 113.46 lakh hectares area till 7th September 2012 which was 112.83 lakh hectares last week.
- New crop arrival has started in Gondal market in small quantities.
- Good rains in August will be beneficial for the crop in Gujarat.
- Cheaper imports from Africa is adding to the weak tone of the market.
- Expected decline in cotton output in the current season is likely to affect textile firms.
- According to the first advance estimates of Haryana agricultural department, cotton lint production in the current season is estimated at 21.62 lakh metric tonnes.
- According to State Agricultural sources, acreage under cotton in Gujarat till 3rd September 2012 is reported at 23.63 lakh hectares compared to 29.59 lakh hectares during the same period last year.

Cotton International Fundamentals

- USA crosses 83,900 bales of net export sales of cotton for 2012-13 marketing year.
- Cotton futures at NYMEX continued positive tone on Friday amid weaker dollar and strength in other commodities like crude oil and gold.
- World prices are likely to show bearish run when cotton supply start flooding the market.

Outlook: We expect domestic cotton prices to continue steady to weak tone in the near –term.

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

| Contract | +/- | Open | High | Low | Close |
|----------|-------|---------|------|-------|--------|
| Feb-13 | | | | | |
| Apr-13 | -1.50 | 1005.50 | 1015 | 997.5 | 1003.5 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | - | - | - | - |
| Apr-13 | 4,865 | 2053 | 5799 | 71 |

| Spread | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -85 | |
| Feb-13 | | - |
| 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 | -1.90 | 1001.1 | 1012.4 | 998 | 1000.6 |
| Apr-13 | -2.20 | 1011 | 1015 | 999.8 | 1003.8 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Feb-13 | 127 | 69 | 224 | -14 |
| Apr-13 | 134 | 157 | 433 | -10 |

| Spread | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -80.6 | |
| Feb-13 | | 3.20 |
| April-13 | | |

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

MCX Cotton Futures (29 mm Variety): Prices in Bales

| Contract | % Change | Open | High | Low | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Oct-12 | 0.23 | 17550 | 17600 | 17460 | 17530 |
| 30-Nov-12 | Unch | 17230 | 17280 | 17130 | 17210 |
| 31-Dec-12 | -0.29 | 17300 | 17360 | 17200 | 17260 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|--------------------------|-----------------|-----------|--------|
| | 8-9-2012 | 7-9-2012 | |
| Amravati-Vunni Mech-1# | 4700 | 4700 | Unch |
| Kadi-Bt Cotton# | - | - | - |
| Ahmedabad-Shankar-6# | 4500-4700 | 4500-4700 | Unch |
| Gondal1 | 2205-4605 | 2205-4715 | -110 |
| Rajkot-(B.T) | 3800-4775 | 3750-4725 | +50 |
| Abohar-J-34* | 3800 | 3820 | -20 |
| Muktsar-J-34* | 3800 | 3820 | -20 |
| Fajlika# | 3625 | 3820 | -195 |
| Khandwa M.P. | 5200 | 5200 | Unch |
| Patan-(B.T) | - | - | - |
| Sri-Ganganagar` | 3720 | 3750 | -30 |

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|--------------------------|----------|----------|--------|
| | 8-9-2012 | 7-9-2012 | |
| Amravati -Vunni Mech-1# | 500 | 800 | - |
| Kadi -Bt Cotton | - | - | - |
| Ahmedabad - Shankar-6# | 2000 | 2000 | Unch |
| Gondal | 161 | 197 | -36 |
| Rajkot-(B.T) | 320 | 640 | +210 |
| 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: 7/9/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (7/9/2012) | Rs. Per Candy (6/9/2012) | Change |
|---|------------|------------|------------------|--------------------------------|--------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 40000 | 40000 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 40600 | 40600 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 34100 | 34100 | Unch |
| H-4/ ME CH-1(105) | 28mm | 3.5 - 4.9 | 27 | 36000 | 36000 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 36500 | 36500 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 39500 | 39500 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 40500 | 40500 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 53000 | 53000 | Unch |

Cotlook Index: As on 7/9/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 85.60 | +0.50 |

China Cotton Index: As on 7/9/2012

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18631 | 0 |
| CCIndex(527) | 16320 | +7 |
| CCIndex(229) | 19576 | +11 |

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

USDA Cotton Spot Rates: As on 7/9/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 73.72 | 76.72 | NIL |
| North Delta | 72.97 | 74.47 | NIL |
| South Delta | 72.97 | 74.47 | NIL |
| East TX-OK | 70.25 | 75.00 | 1214 |
| West Texas | 69.75 | 75.50 | 397 |
| Desert SW | 70.97 | 77.47 | NIL |
| SJ Valley | 71.72 | 82.37 | 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 7/9/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-12 | 75.60 | 76.50 | 75.37 | 75.72 | +0.13 |
| Dec-12 | 75.80 | 77.00 | 75.55 | 76.30 | +0.31 |
| Mar-13 | 76.79 | 77.88 | 76.53 | 77.18 | +0.20 |
| May-13 | 77.96 | 78.90 | 77.96 | 78.27 | +0.23 |
| Jul-13 | 78.90 | 79.85 | 78.75 | 79.41 | +0.26 |
| Oct-13 | 80.43 | 80.43 | 80.43 | 80.43 | +0.28 |

Pakistan Cotton Spot rates: As on 6/9/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5650 | 155 | 5805 |
| Equivalent | 40 Kgs | 6055 | 155 | 6210 |

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