

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Wednesday in key spot markets.
- Tamil Nadu has given subsidy of 20 percent for yarn and cotton production this can increase the acreage for cotton in next sowing months.
- Maharashtra gets Rs 300 crore for irrigation development in Vidarbha region, Maharashtra, this will help local farmers and cotton output will boost up when projects starts.
- Cotton export registration for 2012-13 will remain under DGFT.
- On account of low prices in the international markets imports have been more than double to 12 lakh bales for the month ending in September.
- Ending stock for the season has been revised to 28 lakh bales from previous estimates of 25 lakh bales for the year 2011-12 for the month of September.
- Cotton Advisory Board has revised production estimates to 347 lakh bales from previous estimated 357 lakh bales.

Cotton International Fundamentals

- International prices of cotton declined slightly and China cotton prices increase due to minimum support price by the government, under which government is purchasing cotton daily from September 2012 to march 2013
- Egypt will export 424 metric tonnes of additional cotton this week starting September 27, 2012. Egypt has already exported 3,163 tonnes of cotton this month. Country has finest cotton in the world.

Outlook: We expect domestic cotton prices to witness bearish tone.

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

| Contract | +/- | Open | High | Low | Close |
|----------|-------|--------|--------|--------|--------|
| Feb-13 | 6.00 | 875.00 | 883.00 | 873.50 | 879.50 |
| Apr-13 | -3.50 | 913.00 | 925.00 | 907.00 | 912.00 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | 11 | -3 | 79 | 0 |
| Apr-13 | 5013 | -3855 | 9751 | 123 |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -59 | |
| Feb-13 | | 36.00 |
| 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 | -3.40 | 892.00 | 898.00 | 885.00 | 885.60 |
| Apr-13 | -2.80 | 909.00 | 920.70 | 906.00 | 909.00 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Feb-13 | 175 | -163 | 553 | 4 |
| Apr-13 | 630 | -190 | 376 | 6 |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -68.7 | |
| Feb-13 | | 21.30 |
| April-13 | | |

B: 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-Oct-12 | -0.31 | 15980 | 16160 | 15980 | 16000 |
| 30-Nov-12 | -0.19 | 15800 | 16000 | 15780 | 15810 |
| 31-Dec-12 | 0.06 | 15800 | 16050 | 15800 | 15880 |
| 31-Jan-13 | 0 | 16300 | 16300 | 16250 | 16250 |
| 28-Feb-13 | -1.52 | 16250 | 16250 | 16250 | 16250 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|--------------------------|-----------------|------------|--------|
| | 03-10-2012 | 01-10-2012 | |
| Amravati-Vunni Mech-1# | 3550 | 3500 | -50 |
| Kadi-Bt Cotton# | - | - | - |
| Ahmedabad-Shankar-6# | 3500-4250 | 3700-4500 | -250 |
| Gondal1 | 2500-4195 | 2355-4255 | -60 |
| Rajkot-(B.T) | 3675-4155 | 3750-4175 | -20 |
| Abohar-J-34* | 3400 | 3200-3450 | -50 |
| Muktsar-J-34* | 3400 | 3450 | -50 |
| Fajlika# | - | - | - |
| Khandwa M.P. | - | 3000-3300 | - |
| Khargaon-(M.P.) | 3200-3300 | - | - |
| Sri-Ganganagar | 3480 | 3480 | Unch |

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

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|--------------------------|------------|------------|--------|
| | 03-10-2012 | 01-10-2012 | |
| Amravati -Vunni Mech-1# | 450 | 560 | -110 |
| Kadi -Bt Cotton | - | - | - |
| Ahmedabad - Shankar-6# | 8000 | 6000 | +2000 |
| Gondal | 1452 | 1594 | -142 |
| Rajkot-(B.T) | 4500 | 2500 | +2000 |
| Abohar | 250 | 200 | +50 |
| Muktsar | - | - | - |
| Fajlika | - | - | - |
| Khandwa M.P. | - | - | - |
| Khargaon-(M.P.) | 8000 | - | - |
| 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: 02/10/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (28/9/2012) | Rs. Per Candy (27/9/2012) | Change |
|---|------------|------------|------------------|---------------------------------|---------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 36600 | 36600 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 37100 | 37100 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 32000 | 32000 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 33700 | 33700 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 34200 | 34100 | +100 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 35700 | 35700 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 36500 | 36500 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 48500 | 48500 | Unch |

Cotlook Index: As on 02/10/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 80.85 | +0.40 |

China Cotton Index: As on 02/10/2012

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18673 | +2 |
| CCIndex(527) | 16372 | +5 |
| CCIndex(229) | 19598 | +4 |

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

USDA Cotton Spot Rates: As on 02/10/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 68.35 | 71.35 | NIL |
| North Delta | 67.6 | 69.1 | NIL |
| South Delta | 67.6 | 69.1 | NIL |
| East TX-OK | 64.75 | 69.5 | 1138 |
| West Texas | 64.25 | 70 | 409 |
| Desert SW | 66.35 | 72.85 | NIL |
| SJ Valley | 67.1 | 77.75 | 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 28/9/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-12 | 70.63 | 70.3 | 70.3 | 70.3 | 70.3 |
| Dec-12 | 71.4 | 71.2 | 71.92 | 70.67 | 71.85 |
| Mar-13 | 72.5 | 72.25 | 72.76 | 71.74 | 72.69 |
| May-13 | 73.53 | 72.89 | 73.48 | 72.72 | 73.42 |
| Jul-13 | 74.61 | 73.9 | 74.35 | 73.72 | 74.12 |
| Oct-13 | 75.12 | 74.16 | 75.94 | 74.16 | 75.94 |

Pakistan Cotton Spot rates: As on 02/10/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5300 | 155 | 5455 |
| Equivalent | 40 Kgs | 5680 | 155 | 5835 |

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