

## Cotton Domestic Fundamentals:

- Cotton prices noticed steady to firm tone on Thursday except slight weakness in little spot market.
- According to CAB, this year cotton exports are expected to be around seven million bales in 2012-13.
- Cotton Advisory Board has reduced the exports estimates because China's decision to reduce the imports, while yarn exports are tend to increase as China's domestic cotton price is 20 cents higher than international yarn prices.
- CAB has estimated cotton yarn exports at 920 million kg for 2012-13. Last year, India exported 827.68 million kg of yarn, according to the Directorate General of Foreign Trade (DGFT).
- Millers are buying from the market supporting prices to fall down further. Demand is good supported by supply.
- Also, Cotton Corporation of India has also started procuring from Punjab and Haryana.

## Cotton International Fundamentals

- USA cotton futures increased in few days due to quality of cotton already harvested has been low. Also, the inventory of good quality cotton is from previous years.
- China to issue import quotas for Cotton for 2013. Indian exporters could seek the opportunity to seal the contract.
- Chinese purchasing from the domestic buyers under minimum support policy may not help international prices.
- Chinese national cotton reserve has grown to estimated 4.6 million tons by end of August; it is likely to grow further by end of October.

**Outlook:** We expect domestic cotton prices to notice steady to firm tone amid good demand for new crop arrival.

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

| Contract | +/- | Open  | High  | Low | Close  |
|----------|-----|-------|-------|-----|--------|
| Feb-13   | -5  | 925   | 928.5 | 925 | 927    |
| Apr-13   | -6  | 971.5 | 978   | 965 | 972.00 |

### Volumes and OI in Lots

| Contract | Volume | Change | OI    | Change |
|----------|--------|--------|-------|--------|
| Feb-13   | 4      | 1      | 49    | 0      |
| Apr-13   | 7615   | 538    | 11835 | 471    |

### Spread Feb-13 Apr-13

|          |      |    |
|----------|------|----|
| Basis    | -137 |    |
| Feb-13   |      | 45 |
| 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   | -5.8 | 945.1 | 949.3 | 936   | 944   |
| Apr-13   | -5.6 | 967   | 973.7 | 961.7 | 968   |

### Volumes and OI lots

| Contract | Volume | Change | OI  | Change |
|----------|--------|--------|-----|--------|
| Feb-13   | 523    | 280    | 565 | 11     |
| Apr-13   | 865    | 58     | 383 | -51    |

### Spread Feb-13 Apr-13

|          |      |    |
|----------|------|----|
| Basis    | -154 |    |
| Feb-13   |      | 24 |
| April-13 |      |    |

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

| Contract  | % Change | Open  | High  | Low   | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Oct-12 | -0.48    | 16480 | 16510 | 16350 | 16490 |
| 30-Nov-12 | -0.67    | 16440 | 16490 | 16310 | 16400 |
| 31-Dec-12 | -0.55    | 16400 | 16450 | 16310 | 16390 |
| 31-Jan-13 | -0.3     | 16420 | 16490 | 16410 | 16490 |
| 28-Feb-13 | -0.24    | 16500 | 16560 | 16500 | 16560 |

#### Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg)                         | Prices (Rs/Qtl) |            | Change |
|--|-----------------|------------|--------|
|  | 19-10-2012      | 18-10-2012 |        |
| Amravati-Vunni Mech-1#                           | 3900-4000       | -          | -      |
| Kadi-Bt Cotton#                                  | 4000-4350       | 4000-4300  | +50    |
| Ahmedabad-Shankar-6#                             | 4000-4300       | 4000-4375  | -75    |
| Gondal1  | 3250-4500       | 2500-4395  | +105   |
| Rajkot-(B.T)                                     | 4075-4450       | 4025-4400  | +50    |
| Abohar-J-34*                                     | 3500            | 3485       | +15    |
| Muktsar-J-34*                                    | 3500            | 3485       | +15    |
| Fajlika      #(Cotton New)<br>#(Kapas BT Cotton) | 3480            | 3550       | -70    |
|  | 4250            | 4100-4350  | -100   |
| Khandwa-(M.P)                                    | 4200            | 4200       | Unch   |
| Khargaon-(M.P)                                   | 3900-4350       | 3800-4350  | Unch   |
| Sri-Ganganagar                                   | 3470            | 3470       | Unch   |
| Patan  | -               | -          | -      |

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

#### Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg)                         | Arrivals   |            | Change |
|--|------------|------------|--------|
|  | 19-10-2012 | 18-10-2012 |        |
| Amravati -Vunni Mech-1#                          | 700        | -          | -      |
| Kadi -Bt Cotton                                  | 2500       | 2500       | Unch   |
| Ahmedabad - Shankar-6#                           | 10000      | 10000      | Unch   |
| Gondal   | 751        | 926        | -175   |
| Rajkot-(B.T)                                     | 2000       | 2100       | -100   |
| Abohar   | 1000       | 1000       | Unch   |
| Muktsar  | 300        | 250        | +50    |
| Fajlika      #(Cotton New)<br>#(Kapas BT Cotton) | -          | -          | -      |
|  | 1800       | 1200       | +600   |
| Khandwa (M.P)                                    | -          | 200        | -      |

|                |      |      |      |
|----------------|------|------|------|
| Khargaon-(M.P) | 6000 | 6000 | Unch |
| Sri-Ganganagar | 500  | 600  | -100 |
| Patan          | -    | -    | -    |

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmadabad, Abohar and Muktsar-Bales

**Cotton Association of India Spot Rates: 18/10/2012**

| Trade Name                            | Staple     | Micronaire | Strength/<br>GPT | Rs. Per<br>Candy<br>(18/10/2012) | Rs. Per<br>Candy<br>(17/10/2012) | Change |
|---------------------------------------|------------|------------|------------------|----------------------------------|----------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0  | 15               | 40700                            | 40300                            | +400   |
| Bengal Deshi (SG)(201)                | Below 22mm | 5.0 - 7.0  | 15               | 4100                             | 40600                            | +400   |
| J-34(202)                             | 26mm       | 3.5 - 4.9  | 23               | 31800                            | 31400                            | +400   |
| H-4/ MECH-1(105)                      | 28mm       | 3.5 - 4.9  | 27               | 32800                            | 32400                            | +400   |
| Shankar-6(105)                        | 29mm       | 3.5 - 4.9  | 28               | 33700                            | 33200                            | +500   |
| Bunny/ Brahma(105)                    | 31mm       | 3.5 - 4.9  | 30               | 35100                            | 34700                            | +400   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 35500                            | 35200                            | +300   |
| DCH-32(107)                           | 34mm       | 3.0 - 3.8  | 33               | 45500                            | 45500                            | Unch   |

**Cotlook Index: As on 18/10/2012**

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index         | 85.30       | +2.50  |

**China Cotton Index: As on 19/10/2012**

| Index        | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18696   | +1     |
| CCIndex(527) | 16402   | +3     |
| CCIndex(229) | 19613   | +1     |

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

**USDA Cotton Spot Rates: As on 18/10/2012**

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
|             | cents/lb.           |                     | bales    |
| Southeast   | 74.97               | 77.97               | 190      |
| North Delta | 73.97               | 75.47               | 122      |
| South Delta | 73.97               | 75.47               | NIL      |
| East TX-OK  | 70.75               | 75.5                | 6212     |
| West Texas  | 70.25               | 76                  | 5303     |
| Desert SW   | 72.22               | 78.72               | NIL      |
| SJ Valley   | 72.97               | 83.62               | 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 18/10/2012**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Dec-12   | 78.1  | 79.19 | 74.86 | 77.72 | -0.14  |
| Mar-13   | 75.84 | 76.2  | 73.46 | 75.43 | -0.41  |
| May-13   | 76.5  | 76.85 | 74.79 | 76.19 | -0.47  |
| Jul-13   | 76.98 | 77.45 | 75.25 | 76.84 | -0.57  |
| Oct-13   | 77.7  | 77.7  | 77.7  | 77.7  | -0.82  |
| Dec-13   | 78    | 79.38 | 76.85 | 78.44 | -0.81  |

**Pakistan Cotton Spot rates: As on 17/10/2012 (in Pakistan Rupees)**

| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton     | 37.32 Kgs | 5550         | 155              | 5705              |
| Equivalent | 40 Kgs    | 5948         | 155              | 6103              |

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