

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to firm tone on Saturday except slight weakness in little spot market.
- Cotton off take is low amid low buying from exporters and millers. Demand is expected to pick up after Navaratri festival, in exports.
- 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.

Cotton International Fundamentals

- USA and Pakis tan are the only major Cotton producing counties where cotton production is expected to rise from previous year. While USA is battling from its lower quality cotton in first plucking season where as Pakistan is witnessing good arrivals in the market amid demand.
- 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.

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 | 13 | 931 | 940 | 931 | 940.00 |
| Apr-13 | 21 | 970 | 997.5 | 970 | 993.50 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-------|--------|
| Feb-13 | 5 | 1 | 49 | 0 |
| Apr-13 | 8868 | 1253 | 12509 | 674 |

Spread Feb-13 Apr-13

| | | |
|----------|------|------|
| Basis | -150 | |
| Feb-13 | | 53.5 |
| 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 | 19.7 | 944.7 | 967.6 | 944.7 | 964 |
| Apr-13 | 20.8 | 970.1 | 993 | 965 | 989.5 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Feb-13 | 504 | -19 | 590 | 25 |
| Apr-13 | 711 | -154 | 389 | 6 |

Spread Feb-13 Apr-13

| | | |
|----------|------|------|
| Basis | -174 | |
| Feb-13 | | 25.5 |
| April-13 | | |

B: 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 | -0.48 | 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 |
|---|-----------------|------------|--------|
| | 20-10-2012 | 19-10-2012 | |
| Amravati-Vunni Mech-1# | 4000 | 3900-4000 | Unch |
| Kadi-Bt Cotton# | 4100-4450 | 4000-4350 | +100 |
| Ahmedabad-Shankar-6# | 4000-4300 | 4000-4300 | Unch |
| Gondal1 | 2500-4285 | 3250-4500 | -215 |
| Rajkot-(B.T) | 4100-4440 | 4075-4450 | -10 |
| Abohar-J-34* | 3510 | 3500 | +10 |
| Muktsar-J-34* | 3510 | 3500 | +10 |
| Fajlika #(Cotton New) #(Kapas BT Cotton) | 3450 | 3480 | -30 |
| | 4250 | 4250 | -100 |
| Khandwa-(M.P) | 4100-4200 | 4100-4200 | Unch |
| Khargaon-(M.P) | 3900-4350 | 3900-4350 | Unch |
| Sri-Ganganagar | 3370 | 3370 | Unch |
| Patan | - | - | - |

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

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|---|------------|------------|--------|
| | 20-10-2012 | 19-10-2012 | |
| Amravati -Vunni Mech-1# | 700 | 700 | Unch |
| Kadi -Bt Cotton | 2500 | 2500 | Unch |
| Ahmedabad - Shankar-6# | 10000 | 10000 | Unch |
| Gondal | 859 | 751 | +108 |
| Rajkot-(B.T) | 1800 | 2000 | -200 |
| Abohar | 600 | 1000 | -400 |
| Muktsar | 125 | 300 | -175 |
| Fajlika #(Cotton New) #(Kapas BT Cotton) | - | - | - |
| | 1800 | 1800 | Unch |
| Khandwa (M.P) | 200 | 200 | Unch |
| Khargaon-(M.P) | 6000 | 6000 | Unch |
| Sri-Ganganagar | 500 | 500 | Unch |
| Patan | - | - | - |

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

Cotton Association of India Spot Rates: 20/10/2012

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (20/10/2012) | Rs. Per Candy (19/10/2012) | Change |
|---------------------------------------|------------|------------|------------------|----------------------------------|----------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 41400 | 41400 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 41700 | 41700 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 31700 | 31700 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 32800 | 32800 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 33600 | 33600 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 34900 | 34900 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 35500 | 35500 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 45500 | 45500 | Unch |

Cotlook Index: As on 19/10/2012

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 85.30 | Unch |

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 19/10/2012

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 74.13 | 77.13 | 122 |
| North Delta | 73.13 | 74.63 | NIL |
| South Delta | 73.13 | 74.63 | NIL |
| East TX-OK | 73.13 | 74.63 | 1043 |
| West Texas | 69.50 | 75.25 | 2071 |
| Desert SW | 71.38 | 77.88 | NIL |
| SJ Valley | 72.13 | 82.78 | 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 19/10/2012

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Dec-12 | 77.72 | 77.92 | 76.52 | 76.88 | -0.84 |
| Mar-13 | 75.20 | 75.60 | 74.26 | 75.43 | Unch |
| May-13 | 75.54 | 76.50 | 75.10 | 76.34 | +0.15 |
| Jul-13 | 76.05 | 77.68 | 75.09 | 77.42 | +0.58 |
| Oct-13 | 78.20 | 78.20 | 78.20 | 78.20 | +0.50 |
| Dec-13 | 77.75 | 79.00 | 77.75 | 78.96 | +0.52 |

Pakistan Cotton Spot rates: As on 19/10/2012 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5700 | 155 | 5855 |
| Equivalent | 40 Kgs | 6109 | 155 | 6264 |

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