

Cotton Domestic Fundamentals:

- Cotton markets noticed strong tone on Tuesday except Rajkot.
- Cotton arrivals decline by 11.74% from 8.80 million bales to 9.97 million bales from corresponding year.
- Yarn exports are likely to see export boom in 2013. Industry is expecting 12-15% Y-o-Y growth. Demand from China is supporting the prices.
- Cotton prices remain stable amid rising arrivals and demand from millers and exporters. No major fluctuation seen in coming days. Around 23 lakh bales export registration reported in current season.
- Buying from millers and exporters are normal and prices not likely to rise as arrivals are increasing.

Cotton International Fundamentals

- Over 10 million bales of cotton have reached market in Pakistan.
- Cotton was the biggest decliner on SnP commodities in 2012.
- New York Futures market prices remained fundamental for translating international lint prices, which was evident from the trend in local market as it would likely keep the physical prices strong.

Outlook: We expect domestic cotton prices to continue steady to firm tone amid good demand from the millers and exporters.

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

| Contract | +/- | Open | High | Low | Close |
|----------|-----|--------|--------|--------|--------|
| Feb-13 | -11 | 934.00 | 938.50 | 929.50 | 929.50 |
| Apr-13 | -4 | 970 | 973 | 960.5 | 966 |

MCX Kapas Futures: (Prices in Rs/20kg)

| Contract | +/- | Open | High | Low | Close |
|----------|------|-------|-------|-----|-------|
| Feb-13 | -4.6 | 963.1 | 964.9 | 952 | 957 |
| Apr-13 | -4.1 | 975.1 | 978 | 967 | 971.1 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-------|--------|
| Feb-13 | 1 | 2 | 29 | 0 |
| Apr-13 | 13706 | -4532 | 13477 | 293 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | 309 | -294 | 673 | 9 |
| Apr-13 | 1322 | -205 | 1154 | 129 |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | 55 | 91 |
| Feb-13 | | |
| April-13 | | |

Spread

| | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | -82 | 14.1 |
| Feb-13 | | |
| April-13 | | |

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

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| Contract | % Change | Open | High | Low | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Jan-13 | -0.17 | 17250 | 17260 | 17210 | 17250 |
| 28-Feb-13 | -0.06 | 17050 | 17060 | 16960 | 17020 |
| 29-Mar-13 | -0.12 | 16870 | 16870 | 16680 | 16760 |
| 30-Apr-13 | 0.06 | 16620 | 16630 | 16460 | 16550 |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|--------------------------|-----------------|------------|--------|
| | 03-01-2013 | 02-01-2013 | |
| Amravati-Vunni Mech-1# | 4050 | 4050 | Unch |
| Kadi-Bt Cotton# | 4250 | 4350 | -100 |
| Ahmedabad-Shankar-6# | 4375 | 4375 | Unch |
| Gondal | 4340 | 4345 | -5 |
| Rajkot-(B.T) | 4425 | 4380 | 45 |
| Abohar-J-34* | 3570 | 3580 | -10 |
| Muktsar-J-34 *(Cotton) | 3575 | 3585 | -10 |
| #(Kapas BT Cotton) | 4180 | 4280 | -100 |
| Fajlika #(Cotton New) | 3550 | 3570 | -20 |
| #(Kapas BT Cotton) | 4290 | 4311 | -21 |
| Khandwa-(M.P) | 4120 | 4130 | -10 |
| Khargaon-(M.P) | 4120 | 4130 | -10 |
| Sri-Ganganagar | 3490 | 3500 | -10 |

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

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|--------------------------|------------|------------|--------|
| | 03-01-2013 | 02-01-2013 | |
| Amravati -Vunni Mech-1# | 1700 | 2500 | -800 |
| Kadi -Bt Cotton | 50000 | 75000 | -25000 |
| Ahmedabad - Shankar-6# | 44000 | 42000 | 2000 |
| Gondal | 1989 | 2121 | -132 |
| Rajkot-(B.T) | 4700 | 4850 | -150 |
| Abohar-J-34* | 700 | 1000 | -300 |
| Muktsar-J-34 *(Cotton) | - | - | - |
| #(Kapas BT Cotton) | 450 | 400 | 50 |
| Fajlika #(Cotton New) | - | - | - |
| #(Kapas BT Cotton) | 1800 | 2200 | -400 |
| Khandwa (M.P) | 3300 | 3500 | -200 |
| Khargaon-(M.P) | 8000 | 8000 | Unch |
| Sri-Ganganagar | 6000 | 7000 | -1000 |

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

Cotton Association of India Spot Rates: 02/01/2013

| Trade Name | Staple | Micronaire | Strength/ | Rs. Per | Rs. Per | Change |
|------------|--------|------------|-----------|---------|---------|--------|
|------------|--------|------------|-----------|---------|---------|--------|

| | | | GPT | Candy (02/01/2013) | Candy (01/01/2013) | |
|---|------------|-----------|-----|-----------------------|-----------------------|-------------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 34400 | 34100 | +300 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 34900 | 34600 | +300 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 32800 | 32700 | +100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 33000 | 33000 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 33900 | 33900 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 33900 | 33900 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 34500 | 34500 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 45200 | 45200 | Unch |

Cotlook Index: As on 02/01/2013

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------------|
| A-Index | 83.35 | +0.40 |

China Cotton Index: As on 31/12/2012

| Index | RMB/Ton | Change |
|--------------|---------|-----------|
| CCIndex(328) | 19201 | +8 |
| CCIndex(527) | 16839 | +6 |
| CCIndex(229) | 19981 | +1 |

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

USDA Cotton Spot Rates: As on 02/01/2013

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|--------------|
| | cents/lb. | | bales |
| Southeast | 72.86 | 76.11 | 2293 |
| North Delta | 72.11 | 74.11 | NIL |
| South Delta | 72.11 | 74.11 | NIL |
| East TX-OK | 69.75 | 74.25 | 257 |
| West Texas | 69.75 | 74 | 12894 |
| Desert SW | 70.11 | 76.61 | NIL |
| SJ Valley | 70.86 | 81.51 | 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 02/01/2013

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Mar-12 | 75.75 | 76.95 | 74.91 | 75.36 | 0.22 |
| May-12 | 76.45 | 77.36 | 75.78 | 76.23 | 0.37 |
| Jul-12 | 77.33 | 78 | 76.8 | 77.31 | 0.44 |
| Oct-12 | 78.86 | 78.86 | 78.86 | 78.86 | 0.31 |
| Dec-12 | 78.98 | 79.74 | 78.34 | 79.66 | 0.92 |
| Mar-12 | 78.75 | 80.64 | 78.75 | 80.64 | 1.23 |

Pakistan Cotton Spot rates: As on 02/01/2013 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6000 | 155 | 6155 |
| Equivalent | 40 Kgs | 6430 | 155 | 6585 |

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