

Cotton Domestic Fundamentals:

- Cotton prices noticed week tone on Wednesday.
- China is buying yarn majorly, as raw cotton imports have been made 40% increase on import duty. Vietnam, Indonesia and Bangladesh are buying raw cotton from India to meet the incoming demand from China.
- India is supplying raw cotton at 85 cents/lb where as USA quotes at 97-99 cents/lb. Till date 2.4 million bales of raw cotton has been exported to south asian countries. Which was 3.5 million bales last year, major buying from China
- Cotton traded higher in on good expected demand ahead of USDA report.
- Spinners and exporters are active in the market.

Cotton International Fundamentals

- USA cotton acreage is likely to fall by 23 percent as other cash crops are more attracting than cotton.
- USA exports fell by 29 percent from previous week due to Chinese Lunar year celebration which is week long holiday. 11 percent of the shipments were cancelled.
- USDA report; China increased import forecast from 12.5 million bales to 14 million bales.
- Net upland sales of 93,600 bales for 2012-13 marketing year were 29 percent down. Mainly exported to Turkey, Taiwan, and Vietnam.
- Bangladesh is inking a deal with India to procure 15 lakh bales every year.

Outlook: We expect domestic cotton prices to continue steady to weak tone on rising arrivals and normal demand.

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

| Contract | +/- | Open | High | Low | Close |
|----------|-----|--------|--------|--------|--------|
| Feb-13 | -11 | 830.00 | 830.00 | 820.00 | 823.00 |
| Apr-13 | -13 | 903.5 | 907 | 891 | 894 |

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

| Contract | +/- | Open | High | Low | Close |
|----------|-------|-------|-------|-------|-------|
| Feb-13 | -19.2 | 871.9 | 871.9 | 851.6 | 854.8 |
| Apr-13 | -12.3 | 907 | 911 | 896.5 | 898.4 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-------|--------|
| Feb-13 | 7 | -2 | 12 | -7 |
| Apr-13 | 7249 | -271 | 12665 | -271 |

Volumes and OI lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-13 | 874 | 451 | 1431 | 109 |
| Apr-13 | 911 | 205 | 2000 | 106 |

| Spread | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | 60 | |
| Feb-13 | | 24 |
| April-13 | | |

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

| Spread | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis | 15.2 | |
| Feb-13 | | 43.6 |
| April-13 | | |

NB: 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 |
|-----------|----------|------|------|-----|-------|
| 28-Feb-13 | | | | | |
| 29-Mar-13 | | | | | |
| 30-Apr-13 | | | | | |
| 31-May-13 | | | | | |
| 28-Jun-13 | | | | | |

Cotton Prices at Key Spot Markets

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) | | Change |
|---|-----------------|-----------|--------|
| | 13-2-2013 | 12-2-2013 | |
| Amravati-Vunni Mech-1# | 4100 | 4100 | Unch |
| Kadi-Bt Cotton# | 4250 | 4400 | -150 |
| Ahmedabad-Shankar-6# | 4350 | 4400 | -50 |
| Gondal | 4325 | 4330 | -5 |
| Rajkot-(B.T) | 4330 | 4330 | Unch |
| Abohar-J-34* | 3820 | 3815 | 5 |
| Muktsar-J-34 *(Cotton) #(Kapas BT Cotton) | 3825 | 3815 | 10 |
| | 4400 | 4450 | -50 |
| Fajlika *(Cotton New) #(Kapas BT Cotton) | 3790 | 3800 | -10 |
| | 4581 | 4520 | 61 |
| Khandwa-(M.P) | 4100 | 4100 | Unch |
| Khargaon-(M.P) | 4100 | 4100 | Unch |
| Sri-Ganganagar | 3740 | 3730 | 10 |

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

Cotton Arrivals in Key Centers

| Centre (1 bale = 170 Kg) | Arrivals | | Change |
|---|-----------|-----------|--------|
| | 13-2-2013 | 12-2-2013 | |
| Amravati -Vunni Mech-1# | 2000 | 2500 | -500 |
| Kadi -Bt Cotton | 55000 | 25000 | 30000 |
| Ahmedabad - Shankar-6# | 40000 | 40000 | Unch |
| Gondal | 897 | 1051 | -154 |
| Rajkot-(B.T) | 2800 | 3400 | -600 |
| Abohar-J-34* | 400 | 500 | -100 |
| Muktsar-J-34 *(Cotton) #(Kapas BT Cotton) | - | - | - |
| | - | - | - |
| Fajlika *(Cotton New) #(Kapas BT Cotton) | - | - | - |
| | 1500 | 1000 | 500 |
| Khandwa (M.P) | 1600 | 1200 | 400 |
| Khargaon-(M.P) | 6000 | 4000 | 2000 |
| Sri-Ganganagar | 4000 | 5000 | -1000 |

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

Cotton Association of India Spot Rates: 09/02/2013

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy (12/02/2013) | Rs. Per Candy (11/02/2013) | Change |
|---------------------------------------|------------|------------|------------------|----------------------------------|----------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 34100 | 33900 | 200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 34500 | 34300 | 200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 34600 | 34600 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 33900 | 34100 | -200 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 34400 | 34600 | -200 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 35100 | 35200 | -100 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 35900 | 36000 | -100 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 45800 | 45800 | Unch |

Cotlook Index: As on 12/02/2013

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 90.30 | +0.15 |

China Cotton Index: As on 07/02/2013

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 19273 | -2 |
| CCIndex(527) | 16917 | -3 |
| CCIndex(229) | 20033 | -2 |

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

USDA Cotton Spot Rates: As on 11/02/2013

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 79.67 | 82.92 | 2936 |
| North Delta | 78.67 | 81.17 | NIL |
| South Delta | 78.67 | 81.17 | NIL |
| East TX-OK | 74.75 | 77.5 | 817 |
| West Texas | 74.75 | 78 | 2738 |
| Desert SW | 77.42 | 83.92 | NIL |
| SJ Valley | 78.17 | 88.82 | 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 12/02/2013

| Contract | Open | High | Low | Close | Change |
|---------------|-------|-------|-------|-------|--------------|
| 13-Mar | 82.9 | 82.9 | 81.52 | 81.81 | -1.11 |
| 13-May | 83.85 | 83.85 | 82.75 | 83.1 | -0.82 |
| 13-Jul | 84.56 | 84.6 | 83.53 | 83.95 | -0.78 |
| 13-Oct | 84 | 84 | 83.97 | 83.97 | -0.78 |
| 13-Dec | 83.41 | 83.6 | 82.8 | 83.5 | -0.34 |
| 14-Mar | 84.34 | 84.34 | 84.34 | 84.34 | -0.44 |

Pakistan Cotton Spot rates: As on 11/02/2013 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|-------------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6100 | 155 | 6255 |
| Equivalent | 40 Kgs | 6537 | 155 | 6692 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2013 Indian Agribusiness Systems Pvt Ltd.