

Cotton Domestic Fundamentals:

- Cotton prices in domestic markets noticed firm tone on Friday.
- According to the news sources, the price of Surabi cotton declined Rs. 500/Quintal last week.
- Cotton prices are expected to be range bounded for next couple of days amid good rainfall and lower export demand.
- Cotton Corporation of India, is to release the entire stock of 14 lakh bales (170kg each) of cotton in domestic market after the green signal given by Textiles Ministry.
- Lack of stocks in the ready market lent some support to the market.
- Higher acreage till date added to the weak tone of the market.

Cotton International Fundamentals

- In U.S, cotton output is expected to be lower compared to last year due to drop in acreage and unfavorable weather conditions in major growing areas.
- Cotton futures at NYMEX closed higher amid dry weather forecast in the cotton growing regions.
- As per USDA report, world output is seen at 118.02 million bales, more than 117.6 bales estimated in June 2013.
- Pakistan textile exports grew on good demand from US and European markets. The demand is likely to upset as economy is likely to dip.

Outlook: We expect domestic cotton prices to notice sideways to weak tone amid lack of demand from the millers.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|--------|--------|--------|--------|
| Feb-14 | | | | | |
| Mar-14 | | | | | |
| Apr-14 | 15.5 | 970.00 | 987.00 | 967.00 | 985.50 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|---------|--------|
| Feb-14 | 0 | 0 | 1020.00 | 1070 |
| Mar-14 | 0 | 0 | 1050.00 | 1049 |
| Apr-14 | 3144 | 303 | 3152 | 455 |

| Spread | Feb-14 | Mar-14 | Apr-14 |
|--------|--------|--------|--------|
| Feb-14 | - | | |
| Mar-14 | | - | |
| Apr-14 | | | - |

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

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|--------|--------|--------|--------|
| Apr-14 | 16 | 943.00 | 962.00 | 938.00 | 962.00 |
| May-14 | 16.3 | 972.50 | 990.00 | 968.30 | 986.90 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Apr-14 | 2 | 11 | 79 | 0 |
| May-14 | 133 | 43 | 387 | 3 |

| Spread | Apr-14 | May-14 |
|----------|--------|--------|
| | 124.00 | |
| April-14 | | |
| May-14 | | 99.10 |

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

| Contract | % Change | Open | High | Low | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Jul-13 | 1.27 | 19730 | 19950 | 19700 | 19940 |
| 31-Oct-13 | 0.98 | 19340 | 19480 | 19290 | 19480 |
| 29-Nov-13 | 0.88 | 19350 | 19480 | 19310 | 19480 |
| 31-Dec-13 | -0.1 | 19500 | 19570 | 19410 | 19570 |

Cotton Prices at Key Spot Market

| Centre | Variety | Prices (Rs/Qtl) | | Change |
|----------------|-------------|-----------------|------------|--------|
| | | 02-Aug-13 | 01-Aug-13 | |
| Amravati | Mech-1 | 5250 | - | - |
| Khandwa | Mech-1 | No Arrival | No Arrival | - |
| Khargaon | Mech-1 | No Arrival | No Arrival | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | No Arrival | No Arrival | - |
| Muktsar | B.T. Cotton | No Arrival | No Arrival | - |
| Patan | B.T. Cotton | No Arrival | No Arrival | - |
| Rajkot | B.T. Cotton | 5430 | 5375 | +55 |
| Fazilika | B.T. Cotton | 4550 | 4540 | +10 |
| Fazilika* | B.T. Cotton | No Arrival | No Arrival | - |
| Bhiwani | B.T. Cotton | 4400 | 4400 | Unch |
| Bhiwani* | B.T. Cotton | 5270 | 5250 | +20 |
| | | | | |
| Ahmedabad | Shankar-6 | No Arrival | No Arrival | - |
| Gondal | Shankar-6 | - | 5250 | - |
| | | | | |
| Sri-Ganganagar | J-34 | 4480 | 4460 | +20 |
| Abohar | J-34 | 4580 | 4575 | +5 |
| Muktsar | J-34 | 4580 | 4520 | +60 |

* New Crops

Cotton Arrivals in Key Centers

| Centre | Variety | Arrivals | | Change |
|----------------|-------------|------------|------------|--------|
| | | 02-Aug-13 | 01-Aug-13 | |
| Amravati | Mech-1 | No Arrival | No Arrival | - |
| Khandwa | Mech-1 | No Arrival | No Arrival | - |
| Khargaon | Mech-1 | No Arrival | No Arrival | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | No Arrival | No Arrival | - |
| Muktsar | B.T. Cotton | No Arrival | No Arrival | - |
| Patan | B.T. Cotton | No Arrival | No Arrival | - |
| Rajkot | B.T. Cotton | 80 | 101 | -21 |

| | | | | |
|----------------|-------------|------------|------------|---|
| Fazilika | B.T. Cotton | No Arrival | No Arrival | - |
| Fazilika* | B.T. Cotton | No Arrival | No Arrival | - |
| Bhiwani* | B.T. Cotton | No Arrival | No Arrival | - |
| | | | | |
| Ahmedabad | Shankar-6 | No Arrival | No Arrival | - |
| Gondal | Shankar-6 | - | 66 | - |
| | | | | |
| Sri-Ganganagar | J-34 | No Arrival | No Arrival | - |
| Abohar | J-34 | No Arrival | No Arrival | - |
| Muktsar | J-34 | No Arrival | No Arrival | - |

* New Crop

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength / GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|----------------|---------------|---------------|--------|
| | | | | 01-Aug-13 | 31-Jul-13 | |
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 38400 | 38400 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 39400 | 39400 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 41000 | 40900 | +100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 41900 | 41900 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 42400 | 42100 | +300 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 43400 | 43200 | +200 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 44400 | 44200 | +200 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 52000 | 52000 | Unch |

Cotlook Index: As on 01/8/2013

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 91.10 | -0.10 |

China Cotton Index: As on 02/8/2013

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 19220 | +3 |
| CCIndex(527) | 16882 | -3 |
| CCIndex(229) | 20028 | -3 |

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

USDA Cotton Spot Rates: As on 01/8/2013

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 84.38 | 87.63 | 601 |
| North Delta | 83.13 | 85.63 | NIL |
| South Delta | 83.13 | 85.63 | NIL |
| East TX-OK | 81.75 | 84.5 | NIL |
| West Texas | 81.75 | 84.75 | NIL |
| Desert SW | 78.88 | 85.38 | NIL |
| SJ Valley | 79.88 | 90.53 | 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 01/8/2013

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-13 | 85.38 | 85.88 | 85.17 | 85.88 | 0.25 |
| Dec-13 | 85.2 | 85.49 | 84.34 | 85.43 | 0.25 |
| Mar-14 | 83.31 | 83.63 | 82.5 | 83.58 | 0.05 |
| May-14 | 82.84 | 83.05 | 82.02 | 83.05 | 0.07 |
| Jul-14 | 82.4 | 82.6 | 81.5 | 82.6 | 0.07 |
| Oct-14 | 78.48 | 78.48 | 78.48 | 78.48 | 0.04 |

Pakistan Cotton Spot rates: As on 01/8/2013 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6450 | 155 | 6605 |
| Equivalent | 40 Kgs | 6912 | 155 | 7067 |

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