

Cotton Domestic Fundamentals:

- Cotton prices in domestic markets noticed bearish trend on Wednesday.
- Cotton production is expected to rise by 4.56% to 37.2 million bales in 2013-14.
- As per the USDA report, India's domestic cotton consumption seems strong until September.
- Government of India has relaxed the restriction on the export of cotton by Cotton Corporation of India
- Cotton Area sown till date is approximately 110.93 lakh hectares compared to previous year's 110.26 lakh hectares which are 0.6% higher than last year.
- 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.

Cotton International Fundamentals

- Net Cotton Export sales of US is being recorded 38500 bales
- World cotton stockpiles in July 2014 would be 19.81 million metric tons, 7% above of 18.51 million, which was forecasted last month for the same period
- 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 good buying interest in the market

Outlook: We expect domestic cotton prices to notice bullish trends in the market

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

| Contract | +/- | Open | High | Low | Close |
|----------|-----|---------|---------|---------|---------|
| Feb-14 | -30 | 972.00 | 972.00 | 972.00 | 972.00 |
| Mar-14 | - | 0.00 | 0.00 | 965.50 | 965.50 |
| Apr-14 | -17 | 1030.00 | 1030.00 | 1009.00 | 1020.00 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-14 | 1 | 1 | 14 | 0 |
| Mar-14 | 0 | 0 | 4 | 0 |
| Apr-14 | 5,778 | 790 | 4900 | 630 |

| Spread | Feb-14 | Mar-14 | Apr-14 |
|--------|--------|--------|--------|
| Feb-14 | 228 | | |
| Mar-14 | | - | |
| Apr-14 | | | 180 |

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 |
|----------|--------|---------|---------|---------|---------|
| Mar-14 | -6.10 | 984.90 | 1001.00 | 980.20 | 1001.00 |
| Apr-14 | -13.10 | 1021.00 | 1029.70 | 1013.10 | 1027.50 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Mar-14 | 6 | 3 | 76 | -1 |
| Apr-14 | 233 | -34 | 216 | -14 |

| Spread | Apr-14 | May-14 |
|--------|--------|--------|
| Mar-14 | 199 | |
| Apr-14 | | 172.5 |

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 | -1.94 | 22410 | 22410 | 21800 | 22210 |
| 31-Oct-13 | -1.64 | 20880 | 21110 | 20550 | 21020 |
| 29-Nov-13 | -0.99 | 20550 | 21030 | 20420 | 20950 |
| 31-Dec-13 | -1.13 | 20790 | 21050 | 20500 | 21020 |

Cotton Prices at Key Spot Market

| Centre | Variety | Prices (Rs/Qtl) | | Change |
|----------------|-------------|-----------------|------------|--------|
| | | 8/21/13 | 8/19/13 | |
| Amravati | Mech-1 | 6150 | 6000 | +150 |
| 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 | 6000 | 6080 | -80 |
| Fazilika | B.T. Cotton | - | 4925 | |
| Fazilika* | B.T. Cotton | No Arrival | No Arrival | - |
| Bhiwani | B.T. Cotton | 5000 | 5000 | Unch |
| Bhiwani* | B.T. Cotton | 5800 | 5900 | -100 |
| Sirsa | B.T. Cotton | 4950 | 4960 | -10 |
| | | | | |
| Ahmedabad | Shankar-6 | No Arrival | No Arrival | - |
| Gondal | Shankar-6 | 5545 | - | - |
| | | | | |
| Sri-Ganganagar | J-34 | Closed | Closed | - |
| Abohar | J-34 | 4960 | 4990 | -30 |
| Muktsar | J-34 | 4980 | 5025 | -45 |

* New Crop

Cotton Arrivals in Key Centers

| Centre | Variety | Arrivals | | Change |
|----------------|-------------|------------|------------|--------|
| | | 8/21/13 | 8/19/13 | |
| Amravati | Mech-1 | 500 | 400 | +100 |
| 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 | 625 | 605 | +20 |
| Fazilika | B.T. Cotton | No Arrival | No Arrival | - |
| Fazilika* | B.T. Cotton | No Arrival | No Arrival | - |
| Bhiwani* | B.T. Cotton | No Arrival | No Arrival | - |
| Sirsa | B.T. Cotton | No Arrival | No Arrival | - |
| | | | | |
| Ahmedabad | Shankar-6 | No Arrival | No Arrival | - |
| Gondal | Shankar-6 | 70 | - | - |
| | | | | |
| 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 |
|--|---------------|------------|------------------|------------------|------------------|--------|
| | | | | 20-Aug-13 | 17-Aug-13 | |
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 40400 | 40300 | 100 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 41400 | 41200 | 200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 44800 | 45300 | -500 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 47300 | 47500 | -200 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 47300 | 47800 | -500 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 48600 | 48300 | 300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 49300 | 49000 | 300 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 55000 | 55000 | Unch |

Cotlook Index: As on 20/8/2013

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 97.15 | -0.20 |

China Cotton Index: As on 21/8/2013

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 19179 | -6 |
| CCIndex(527) | 16865 | -3 |
| CCIndex(229) | 20017 | -1 |

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

USDA Cotton Spot Rates: As on 19/8/2013

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 91.26 | 94.51 | NIL |
| North Delta | 90.01 | 92.51 | NIL |
| South Delta | 90.01 | 92.51 | NIL |
| East TX-OK | 87.75 | 90.50 | 512 |
| West Texas | 87.75 | 90.75 | NIL |
| Desert SW | 85.76 | 92.26 | NIL |
| SJ Valley | 86.76 | 97.41 | 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 20/8/2013

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-13 | 92 | 92 | 88.76 | 88.76 | -4 |
| Dec-13 | 92.78 | 92.8 | 88.86 | 88.86 | -4 |
| Mar-14 | 89.89 | 89.89 | 86 | 86.28 | -3.72 |
| May-14 | 87.28 | 87.28 | 84.79 | 84.99 | -2.73 |
| Jul-14 | 85 | 85 | 83.1 | 83.53 | -1.88 |
| Oct-14 | 78.73 | 78.73 | 78.73 | 78.73 | -1.35 |

Pakistan Cotton Spot rates: As on 19/8/2013 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6850 | 155 | 7005 |
| Equivalent | 40 Kgs | 7341 | 155 | 7496 |

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