

Cotton Domestic Fundamentals:

- Cotton prices in domestic markets noticed firm tone on Friday.
- Cotton prices ruled higher in most of the market except Rajkot.
- Cotton yarn prices declined by around 7% due to high inventory and slow demand.
- Cotton output is likely to be lower than the earlier estimates amid rains in Gujarat and Maharashtra.
- Cotton production is estimated to be 37-37.5 million bales in year 2013-14, as Textile Minister K.S. Rao said.
- Union Textile Minister K.S.Rao would soon take up with the Ministry of Commerce the issue of restoration of export incentives given to cotton and cotton yarn under Focus Market Scheme (FMS).
- Cotton Area sown till date is approximately 114.67 lakh hectares compared to 117.29 lakh hectares during the same period last year

Cotton International Fundamentals

- Production of raw cotton in Brazil is likely to increase by 22-28% following high international prices and exchange rates
- Vietnam has emerged as fifth largest cotton Importer, with import sentiments of 6 lakh tons in year 2013.
- In Australia, cotton sowing area is expected to decline by 2% in season 2013-14.
- Global cotton production is likely to decline to 25.5 million tons in 2013-14, as reported by market participants.

Outlook: We expect domestic cotton prices to notice sideways trends amid fresh arrivals in near term.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|---------|---------|--------|--------|
| Feb-14 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Mar-14 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Apr-14 | -3.5 | 1002.00 | 1004.00 | 998.00 | 998.50 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-14 | 0 | 0 | 15 | 0 |
| Mar-14 | 0 | -2 | 31 | 0 |
| Apr-14 | 3,401 | -981 | 6535 | 70 |

Spread

| | Feb-14 | Mar-14 | Apr-14 |
|--------|--------|--------|--------|
| Feb-14 | -- | | |
| Mar-14 | | -- | |
| Apr-14 | | | 56.5 |

NB: Spread was done by taking avg spot prices at Rajkot – B.T. Cotton market. Basis = Spot- April

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

| Contract | +/- | Open | High | Low | Close |
|----------|-------|---------|---------|---------|---------|
| | | | | | |
| Mar-14 | 2.10 | 968.60 | 968.60 | 968.60 | 968.60 |
| Apr-14 | -2.60 | 1002.00 | 1012.90 | 1001.40 | 1002.30 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| | | | | |
| Mar-14 | 1 | -11 | 82 | -1 |
| Apr-14 | 64 | 1 | 245 | 19 |

Spread

| | Apr-14 | May-14 | |
|--------|--------|--------|--|
| Mar-14 | 86.4 | | |
| Apr-14 | | 52.7 | |
| | | | |

NB: Spread was done by taking avg spot prices at Rajkot – B.T.Cotton market. Basis = Spot- April

MCX Cotton Futures Closed (29 mm Variety):

| Contract | % Change | Open | High | Low | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Oct-13 | -0.09 | 21210 | 21310 | 21140 | 21190 |
| 29-Nov-13 | 0.2 | 20300 | 20380 | 20230 | 20330 |
| 31-Dec-13 | 0 | 20280 | 20350 | 20190 | 20290 |
| 31-Jan-14 | 0.05 | 20420 | 20490 | 20350 | 20430 |
| 27-Feb-14 | 0.15 | 20570 | 20620 | 20550 | 20590 |
| 31-Mar-14 | 0.14 | 20750 | 20820 | 20740 | 20760 |

Cotton Prices at Key Spot Market:

| Centre | Variety | Prices (Rs/Qtl) | | Change |
|----------------|--------------------|-----------------|------------|--------|
| | | 18-Oct-13 | 17-Oct-13 | |
| Amravati | Mech-1 | 3800 | No Arrival | - |
| Khandwa | Mech-1 | No Arrival | No Arrival | - |
| Khargaan | Mech-1 | No Arrival | No Arrival | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 5500 | 5500 | Unch |
| Muktsar | B.T. Cotton | No Arrival | No Arrival | - |
| Patan | B.T. Cotton | 6260 | 6160 | 100 |
| Rajkot | B.T. Cotton | 5275 | 5800 | -525 |
| Fazilika* | B.T. Cotton(Narma) | 5350 | 5300 | 50 |
| Bhiwani | B.T. Cotton | 4700 | 4580 | 120 |
| Bhiwani* | B.T. Cotton | 5500 | 5400 | 100 |
| Sirsa* | B.T. Cotton | 4610 | 4570 | 40 |
| | | | | |
| Ahmedabad | Shankar-6 | 5250 | 5250 | Unch |
| Gondal* | Shankar-6 | 5875 | 5830 | 45 |
| | | | | |
| Sri-Ganganagar | J-34 | 4600 | 4560 | 40 |
| Abohar* | J-34 | 4685 | 4630 | 55 |
| Muktsar | J-34 | 4700 | 4525 | 175 |
| Fazilika* | J-34 | 4615 | 4615 | Unch |
| Bhatinda | J-34 | 4680 | 4625 | 55 |
| Mansa | J-34 | 4680 | 4620 | 60 |

* New Crop

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|----------------|-------------|----------------|------------|--------|
| | | 18-Oct-13 | 17-Oct-13 | |
| Amravati | Mech-1 | 1000 | No Arrival | - |
| Khandwa | Mech-1 | No Arrival | No Arrival | - |
| Khargaon | Mech-1 | No Arrival | No Arrival | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 50 | 15 | 35 |
| Muktsar | B.T. Cotton | No Arrival | No Arrival | - |
| Patan | B.T. Cotton | 6475 | 7585 | -1110 |
| Rajkot | B.T. Cotton | 11000 | 6200 | 4800 |
| Fazilika* | B.T. Cotton | 700 | 800 | -100 |
| Bhiwani* | B.T. Cotton | 2500 | 1500 | 1000 |
| Sirsa* | B.T. Cotton | 1360 | 1020 | 340 |
| | | | | |
| Ahmedabad | Shankar-6 | 1800 | 1600 | 200 |
| Gondal* | Shankar-6 | 5432 | 4111 | 1321 |
| | | | | |
| Sri-Ganganagar | J-34 | 1500 | 1500 | Unch |
| Abohar* | J-34 | 1190 | 1020 | 170 |
| Muktsar | J-34 | 255 | 340 | -85 |
| Bhatinda | J-34 | 850 | 289 | 561 |
| Mansa | J-34 | 850 | 1020 | -170 |

* New Crop

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|--|---------------|------------|------------------|------------------|------------------|--------|
| | | | | 17-Oct-13 | 16-Oct-13 | |
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 37000 | 36600 | +400 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 38000 | 37600 | +400 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | NQ | NQ | - |
| H-4/ MECH-1(105) | 28mm | 3.5 – 4.9 | 27 | 44600 | 45100 | -500 |
| Shankar-6(105) | 29mm | 3.5 – 4.9 | 28 | 45100 | 44900 | +200 |

| | | | | | | |
|---------------------|------|-----------|----|-------|-------|------|
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 46000 | 46000 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | NQ | NQ | - |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 56500 | 56500 | Unch |

China Cotton Index: As on 18/10/2013

Cotlook Index: As on 17/10/2013

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 89.45 | -0.30 |

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | NQ | - |
| CCIndex(527) | NQ | - |
| CCIndex(229) | NQ | - |

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

USDA Cotton Spot Rates: As on 18/10/2013

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | NQ | NQ | - |
| North Delta | NQ | NQ | - |
| South Delta | NQ | NQ | - |
| East TX-OK | NQ | NQ | - |
| West Texas | NQ | NQ | - |
| Desert SW | NQ | NQ | - |
| SJ Valley | NQ | NQ | - |

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 17/10/2013

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Dec-13 | 83.25 | 83.92 | 82.57 | 83.82 | 0.66 |
| Mar-14 | 84.37 | 85.03 | 83.70 | 84.95 | 0.67 |
| May-14 | 84.72 | 85.51 | 84.22 | 85.48 | 0.71 |
| Jul-14 | 84.69 | 85.44 | 84.25 | 85.44 | 0.71 |
| Oct-14 | 81.44 | 81.44 | 81.44 | 81.44 | 0.66 |
| Dec-14 | 79.75 | 80.45 | 79.50 | 80.41 | 0.55 |

Pakistan Cotton Spot rates: As on 15/10/2013 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6900 | 155 | 7055 |
| Equivalent | 40 Kgs | 7395 | 155 | 7550 |

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