

Cotton Domestic Fundamentals:

- Cotton prices in domestic markets noticed weak tone on Friday.
- Arrivals of new crop have sharply dragged the prices down.
- According to market participants, Cotton prices would be under pressure in coming three months.
- Cotton production this year likely to be around 382 lakh bales, with Gujarat contributing 120 lakh bales.
- 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:

- Cotton consumption in Bangladesh will increase significantly in FY 2013-14 due to consistent growth in export of readymade garments and yarn.
- 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 bearish trends amid fresh arrivals of new crop.

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

| Contract | +/- | Open | High | Low | Close |
|----------|------|--------|--------|--------|--------|
| Feb-14 | -5.5 | 920.50 | 920.50 | 893.50 | 914.50 |
| Mar-14 | -4 | 940.00 | 940.00 | 940.00 | 940.00 |
| Apr-14 | -2.5 | 973.00 | 977.00 | 970.50 | 971.00 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-14 | 3 | 0 | 11 | -1 |
| Mar-14 | 9 | 6 | 27 | -3 |
| Apr-14 | 5,941 | -1,223 | 6928 | 72 |

Spread

| | Feb-14 | Mar-14 | Apr-14 |
|--------|--------|--------|--------|
| Feb-14 | 115.5 | | |
| Mar-14 | | 90 | |
| Apr-14 | | | 59 |

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 | -4.70 | 941.60 | 948.00 | 938.30 | 942.10 |
| Apr-14 | -2.30 | 975.00 | 979.60 | 974.50 | 974.50 |

Volumes and OI in Lots

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| | | | | |
| Mar-14 | 14 | 4 | 93 | 3 |
| Apr-14 | 73 | -40 | 283 | 6 |

Spread

| | Apr-14 | May-14 | |
|--------|--------|--------|--|
| Mar-14 | 87.9 | | |
| Apr-14 | | 55.5 | |
| | | | |

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 | 0.97 | 20660 | 20880 | 20250 | 20750 |
| 29-Nov-13 | 0 | 19750 | 19750 | 19460 | 19630 |
| 31-Dec-13 | -0.2 | 19710 | 19720 | 19510 | 19640 |
| 31-Jan-14 | -0.15 | 19760 | 19850 | 19730 | 19800 |
| 27-Feb-14 | -0.35 | 19930 | 20020 | 19900 | 19970 |

Cotton Prices at Key Spot Market:

| Centre | Variety | Prices (Rs/Qtl) | | Change |
|----------------|--------------------|-----------------|------------|--------|
| | | 25-Oct-13 | 24-Oct-13 | |
| Amravati | Mech-1 | 4200 | 4600 | -400 |
| Khandwa | Mech-1 | No Arrival | No Arrival | - |
| Khargaon | Mech-1 | No Arrival | No Arrival | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 5000 | 5250 | -250 |
| Muktsar | B.T. Cotton | 5250 | 5250 | Unch |
| Patan | B.T. Cotton | 5255 | 5500 | -245 |
| Rajkot | B.T. Cotton | 5150 | 5325 | -175 |
| Fazilika* | B.T. Cotton(Narma) | 5200 | 5300 | -100 |
| Bhiwani | B.T. Cotton | 4470 | 4575 | -105 |
| Bhiwani* | B.T. Cotton | 5400 | 5450 | -50 |
| Sirsa* | B.T. Cotton | 4450 | 4530 | -80 |
| | | | | |
| Ahmedabad | Shankar-6 | 5000 | 5000 | Unch |
| Gondal* | Shankar-6 | 5250 | 5135 | +115 |
| | | | | |
| Sri-Ganganagar | J-34 | 4430 | 4515 | -85 |
| Abohar* | J-34 | 4560 | 4625 | -65 |
| Muktsar | J-34 | 4550 | 4620 | -70 |
| Fazilika* | J-34 | 4650 | 4710 | -60 |
| Bhatinda | J-34 | 4560 | 4630 | -70 |
| Mansa | J-34 | 4550 | 4620 | -70 |

* New Crop

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|----------------|-------------|----------------|------------|---------------|
| | | 25-Oct-13 | 24-Oct-13 | |
| Amravati | Mech-1 | 3500 | 500 | +3000 |
| Khandwa | Mech-1 | No Arrival | No Arrival | - |
| Khargaon | Mech-1 | No Arrival | No Arrival | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 20000 | 25000 | -5000 |
| Muktsar | B.T. Cotton | No Arrival | No Arrival | - |
| Patan | B.T. Cotton | 14000 | 15078 | -1078 |
| Rajkot | B.T. Cotton | 8200 | 8000 | +200 |
| Fazilika* | B.T. Cotton | 1500 | 1500 | Unch |
| Bhiwani* | B.T. Cotton | 2000 | 3000 | -1000 |
| Sirsa* | B.T. Cotton | 1700 | 1700 | Unch |
| | | | | |
| Ahmedabad | Shankar-6 | 40000 | 30000 | +10000 |
| Gondal* | Shankar-6 | 1190 | 981 | +209 |
| | | | | |
| Sri-Ganganagar | J-34 | 2000 | 2000 | Unch |
| Abohar* | J-34 | 2040 | 850 | +1190 |
| Muktsar | J-34 | 425 | 340 | +85 |
| Bhatinda | J-34 | 5100 | 3400 | +1700 |
| Mansa | J-34 | 850 | 850 | Unch |

* New Crop

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|-------------|
| | | | | 24-Oct-13 | 23-Oct-13 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 37100 | 36600 | +500 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 38000 | 37500 | +500 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | NQ | NQ | - |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 42300 | 43100 | -800 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 42500 | 43300 | -800 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 43800 | 44300 | -500 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | NQ | NQ | - |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 56000 | 56000 | Unch |



China Cotton Index: As on 25/10/2013

Cotlook Index: As on 24/10/2013

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 87.45 | -1.45 |

| 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 24/10/2013

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 77.21 | 80.71 | NIL |
| North Delta | 76.96 | 79.46 | NIL |
| South Delta | 76.96 | 79.46 | NIL |
| East TX-OK | 78.25 | 80.50 | 1467 |
| West Texas | 78.25 | 81.25 | 730 |
| Desert SW | 73.71 | 80.46 | NIL |
| SJ Valley | 74.21 | 84.86 | 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 24/10/2013

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Dec-13 | 80.81 | 80.85 | 78.76 | 79.21 | -1.48 |
| Mar-14 | 82.32 | 82.32 | 80.55 | 80.80 | -1.47 |
| May-14 | 82.85 | 82.85 | 81.41 | 81.59 | -1.42 |
| Jul-14 | 83.22 | 83.22 | 82.00 | 82.23 | -1.12 |
| Oct-14 | 78.47 | 78.47 | 78.47 | 78.47 | -1.12 |
| Dec-14 | 78.82 | 78.82 | 77.73 | 77.78 | -1.06 |

Pakistan Cotton Spot rates: As on 24/10/2013 (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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