

U.S. Futures Daily Cotton Market - 28th September, 2010

Contract	Open *	High	Low	Close *	Settle	Change
Oct '10	109.10	109.10	108.25	108.25	108.14	+221
Dec '10	104.44	106.40	104.26	105.33	105.24	+131
Mar '11	102.89	105.40	102.89	104.14	104.15	+140
May '11	103.15	104.46	103.00	103.50	103.34	+99
Jul '11	102.10	103.50	102.03	102.40	102.47	+64

* Open and Close prices reflect the first and last trade in the market and do not correlate to any opening or closing periods.

LOOKING FOR THIRD PARTY EXPORTS FOR COTTON YARN. IMPORTERS NEED TO FULFILL THEIR EPCG COMMITMENTS
****MARKET OUTLOOK****
India :

Export of cotton will now be allowed from November 1 and not October 1 from which date the current ban was to go. A Group of Ministers (GoM), which met here on Tuesday, decided to permit export of up to 55 lakh bales from November 1. The registration of export contracts will begin from October 1, the Textile Secretary, Ms Rita Menon, told presspersons. Further, it had already proposed an export duty of Rs 2,500 a tonne alongside the 55-lakh bales cap on total shipments. The GoM, on its part, decided that the 55-lakh bale exports would not be subject to any duty. At the same time, the situation would be reviewed again on October 15, by which time a clear picture on the size of the crop will emerge.

Cotton traded higher amid increase in demand forward and ready bargain across major spot markets of north India on Tuesday. Prices quoted in forward bargain Haryana full October Rs 3620/25, November Rs 3570/75, December Rs. 3550/55 (R/G) per maund and Punjab full October price Rs. 3650/60, November Rs. 3590/3600 and December Rs. 3570/80. Demand from millers, exporter and traders continued to higher spot cotton prices 200-400 per candy in west India on Tuesday. Cotton price in Gujarat Shankar-6 was Rs 37,500-38,000 a candy (356 kg). While in Maharashtra the price stood at Rs 37,000-37,500 a candy. Cotton spot price steady across the major trading centers of south India on Tuesday. All India arrivals stood at around 21,700 bales.

US Cotton Futures :

Cotton contracts started the tuesday session on strong gains as carryover buying followed the limit up 400

point move at the start of the week. Dec advanced to intraday high of 106.40 c/lb and deferred months followed the most active contract to strong 200 point gains before easing late in the session. Early strength came from Monday's four cent advance, continued rumours and news out of India regarding its export policy and bullish signs from Chinese futures markets overnight. By day's end New York futures had cooled and moved off daily highs, and late reports indicated that India would permit export registrations beginning Oct 1, while shipments could begin Nov 1. India will however review the situation in a meeting on Oct 15.

Pakistan :

Cotton spot rate rises by Rs 100/maund: KARACHI: The cotton prices sustained an upward rally as spot rate increased on back of higher demand amid strong physical prices at the Karachi Cotton Association (KCA), traders said Tuesday. The KCA revised the spot rate further upward by Rs 100 per maund to Rs 7,250 per maund. Buyers bought all grades of the produce on competitive prices, as there were reports of increase in physical prices in the next coming sessions, floor brokers said. A cotton analyst Shakeel Ahmad said, "Prices are influenced by growing domestic demand and high prices in the international market." The ginners with strong withholding powers offered their produce on slightly higher prices around Rs 7,425 per maund in most of the Sindh stations, he added. He said New York cotton market and Indian cotton prices are still on the higher side besides there is uncertainty whether Indian exports would resume or not. He said increasing dollar trend against the rupee was not allowing any sort of import from any of the major cotton producing countries while Indian traders have totally stopped export to Pakistan. Ahmad said the weak ginners sold their produce on buyers' offer at Rs 7,200 per maund in order to buy more and more cottonseed for ginning for coming next sessions. He said most of the deals in Sindh stations changed hands above the spot rate around at Rs 7,425 per maund while in Punjab deals matured between Rs 7,325 per maund to Rs 7,350 per maund during the trading session. He said Sindh stations fetched higher prices during the trading session and some deals matured above Rs 7,440 per maund.

China :

Cotton prices hit historic high : (Source: Global Times) Cotton prices rose to a new historic high recently due to tight supplies and growing demand, putting the textile industry under great cost pressures that may eventually trickle down to consumers. According to the China Cotton Index Tuesday, the average spot price for grade A cotton was 22,817 yuan (\$3,392.86) per ton, up 687 yuan (\$102.16) over Sunday's prices. The future price of cotton for November delivery closed at 23,370 yuan (\$3,475.09) per ton Tuesday, up a whopping 34 percent from the previous month, according to the Zhengzhou Commodity Exchange. Future prices started on a strong upward trend one month ago, said Wang Yong, a cotton industry analyst with Hongyuan Futures. "We had expected the price rise in view of the tight supply this year, but it has risen so fast within such a short period of time that the price has gone beyond our expectations," Wang told the Global Times. The price hikes have been fueled by a decrease in production while demand has continued to rise, according to a teleconference held Monday by the National Development and Reform Commission and included six other major regulators including the Ministry of Agriculture and the Ministry of Finance. Together these government bodies concluded they would work to alleviate industry issues by further ensuring market supply, purchasing cotton from farmers and strengthening regulations to keep speculation in check, the NDRC said on its official website without providing further details. Ongoing cotton price hikes have already dried up profits at smaller textile firms and forced some to raise prices as well as stockpile the raw material, which has acted to drive prices up further, Wang from Hongyuan Futures said Tuesday. "We have already seen some price increases in the (garment) industry due to the rising cost of the cloth," Wang Miao, president of the China National Garment

Association, told the Global Times. But with new cotton becoming available in the market in October, prices are expected to retreat a little, Wang said without specifying the exact price level. Following the August release of 600,000 tons of cotton from the country's reserves in August, policymakers will place an additional 400,000 tons of reserves into the market, according to China Cotton Association.

Market Arrival & Price of Cotton in Various Regions of India

*Rate (INR) per Maund (1 Maund = 37.324 KG.)

HARYANA (J-34)

	Rate S/G* (Ready)	Rate R/G*
ELNABAD	3580	3610
SIRSA	3580	3610
KALANWALI	3580	3610
UCHANA	3585	3615
TOHANA	3590	3620
Arrival (Bales)	1500	

PUNJAB (J-34)

	Rate S/G* (Ready)	Rate R/G*
MANSA	3610	3630
ABOHAR	3620	3640
MUKTSAR (OLD)	3625	3645
BHATINDA	3625	3645
BUDLADHA (OLD)	3630	3650
Arrival (Bales)	5500	

RAJSTHAN (J-34)

	Rate S/G* (Ready)	Rate R/G*
SRI GANGANAGAR	3520	3550
HANUMANGARH	3590	3625
Arrival (Bales)	400	

** Rate (INR) per Candy (1 Candy = 355.6188 KG.)

MAHARASHTRA

	Rate**(Ready)	Estimated Length HVI
MECH-1 (New Crop)	36200-36700	29 mm
MECH-1	36800-37300	29 mm

MADHYA PRADESH

	Rate**(Ready)	Estimated Length HVI
MECH-1 (New Crop)	36200-36500	29 mm
MECH-1	37000-37500	29 mm

MECH-1	37400-37800	30 mm
Bunny / Brahma	-	31 mm
Arrival (Bales)	3000	

GUJARAT

	Rate**(Ready)	Estimated Length HVI
V-797 (Kalayan)	24500-25000	22 mm
S-6 (New Crop)	36000-37000	28-29 mm
SHANKAR-6 (Old)	37000-37800	28-29 mm
SHANKAR-6 (Old)	37900-38000	GONDAL
Arrival (Bales)	3500	

KARNATAKA

	Rate**(Ready)	Estimated Length HVI
Jaydhar	25500-26500	22 mm
MECH-1	37000-37500	29 mm
Bunny / Brahma	37500-38000	30 mm
DCH-32	44000-45500	34-35 mm
Arrival (Bales)	800	

MECH-1	37600-38000	30 mm
Bunny / Brahma	-	31 mm
DCH-32	44000-45500	34-35 mm
Arrival (Bales)	4500	

ANDHRA PRADESH

	Rate**(Ready)	Estimated Length HVI
MECH-1 (Adilabad)	-	29-30 mm
Bunny / Brahma (Warangal)	38700-39500	30-31 mm
MCU-5 (Guntur)	39500-40200	31-32 mm
Arrival (Bales)	2500	

Total Arrival : 21,700 Bales

CURRENCY CONVERSION

	In US Dollar	Per US Dollar		In US Dollar	Per US Dollar
Argentine Peso	0.25202	3.96800	Indian Rupee	0.02229	44.87000
Australian Dollar	0.96871	1.03230	Japanese Yen	0.01195	83.71000
Brazilian Real	0.58685	1.70400	Korean Won	0.00088	1140.20002
British Pound	1.58378	0.63140	Mexican Peso	0.08010	12.48400
Canadian Dollar	0.97333	1.02740	Russian Ruble	0.03292	30.38130
Chinese Yuan	0.14967	6.68140	Swedish Krona	0.14818	6,74840
Euro	1.35980	0.73540	Swiss Franc	1.02533	0.97530
Hong Kong Dollar	0.12892	7.75680	US Dollar	1.00000	1.00000

COTTON & TEXTILES NEWS :

Cotton exports to be permitted only from Nov 1 : Export of cotton will now be allowed from November 1 and not October 1 from which date the current ban was to go. A Group of Ministers (GoM), which met here on Tuesday, decided to permit export of up to 55 lakh bales from November 1. The registration of export contracts will begin from October 1, the Textile Secretary, Ms Rita Menon, told presspersons. The GoM decision strikes a compromise between the conflicting interests of cotton growers and the textile industry. The Textile Ministry, battling on behalf of mills, had apparently wanted opening of exports delayed till January. Further, it had proposed an export duty of Rs 2,500 a tonne alongside the 55-lakh bales cap on total shipments. The GoM, on its part, decided that the 55-lakh bale exports would not be subject to any duty. At the same time, the situation would be reviewed again on October 15, by which time a clear picture on the size of the crop will emerge. Prolonged rains have resulted in delay in harvesting operations and arrival of the crop into the market. **Courtesy – The Hindu Business Line**

Price rise could delay cotton exports: Mumbai: Major producer may delay cotton exports by two weeks to mid-October because of dwindling stockpiles and poor arrivals of a new crop, industry officials said, potentially spurring global prices. “India, world's second biggest producer, was expected to start exports from October 1 with a cap of 5.5 million bales for 2010-11 season,” trade secretary Rahul Khullar said earlier this month. Earlier this month, India delayed registration of cotton for export to October 1 from September 15, after the textile industry raised concerns over gains in local prices. Agriculture and textile ministry officials are slated to meet on Tuesday to decide export quantities for the 2010-11 season and when that quantity should be shipped. “Considering arrivals from the new crop, I think the government is unlikely to allow exports from Oct. 1,” said an official at the Cotton Advisory Board (CAB), a federal body drawn from farmers, industry groups, traders and the government. “If they allow exports, local millers and exporters will fight for limited supplies and will push up prices further, which no-one wants,” the official added on condition of anonymity. In India, the price of the most common Shankar-6 variety was Rs 37,700 (\$837.8) per candy (of 356 kg each) on Saturday, up over 68% from a year ago. The price hit a record high of Rs 38,500 earlier this month. Cotton futures in New York rose to a fresh 15-year high last week on investment and mill buying, and analysts said most of the price push has come from speculative funds that expect cotton prices to move higher if bad weather hits top producers China and Pakistan. About 60% of India's current season shipments have gone to China, the world's biggest consumer. The CAB expects India to begin the 2010-11 year with opening stocks of 4.05 million bales, down over 43% on a year ago. **Courtesy – The Financial Express**

India to Allow Cotton Shipments Starting Nov. 1 Boosting Local Supplies: India, the second-biggest grower of cotton, will allow shipments starting Nov. 1, said Rita Menon, secretary in the ministry of textiles. Suppliers can register shipments starting Oct. 1 to export as much as 5.5 million bales of 170 kilograms each, Menon told reporters after a meeting of a group of ministers today in New Delhi, reiterating earlier government decisions. India said Sept. 14 it would start registering contracts from Oct. 1. A delay in exports from the Asian country, also the second- biggest shipper, may widen a supply deficit that's made cotton the best performer this year on the Reuters/Jefferies CRB Index of 19 commodities. Global output will increase to 116.97 million bales, short of demand of 119.16 million, Macquarie Group Ltd. forecast last week. A U.S. bale weighs 480 pounds or 218 kilograms. “The delay will improve availability of cotton in the domestic market” helping textile makers, who expected shipments to start in October, said Shishir Jaipuria, chairman of Confederation of Indian Textile Industry. Indian textile mills

have demanded a halt in registration of contracts in the quarter ending Dec. 31 and sought a duty of 10,000 rupees (\$221) a metric ton to deter exporters. The government will consider imposing a duty on exports in the middle of October, Menon said. **Futures Surge:** December-delivery futures surged as much as 2.4 percent to \$1.064 per pound on the ICE Futures U.S. and traded at \$1.039 at 11:24 a.m. New York time. Yesterday, the most-active contract rose to the exchange limit as the China Cotton Association said demand in the top producer and user of the fiber exceeded output by 3.6 million tons in the year ended August and the U.S., the largest exporter, said local crop conditions deteriorated. The harvest in India may be less than forecast because of an extended monsoon season, according to the Confederation of Indian Textile Industry. Production in the year from Oct. 1 may be less than the 32.55 million bales estimated by the state-run Cotton Advisory Board last month, Confederation Vice Chairman Prem Malik said in an interview on Sept. 16. Output this year is estimated at 29.5 million bales, according to the board. The monsoon rains, the main source of irrigation for the nation's 235 million farmers, were 4 percent above the 50-year average between June 1 and Sept. 22, according to the weather bureau. India will review the 5.5 million bales limit on exports in the middle of December, Farm Minister Sharad Pawar told reporters in New Delhi today. The nation can export 7.5-8 million bales in the year starting Oct. 1, he said. "Cotton crop in India is extremely good this year" as are international prices, Pawar said. "This is a golden opportunity for cotton growers to get a better price." The government today extended duty free imports of edible oils and rice, and said it would continue the sale of rice and wheat in the open market to keep inflation in check. **Courtesy - Bloomberg**

Cotton Extends Rally to 15-Year High on Rising Concern Supplies Trail Use: Cotton futures extended a rally to a 15-year high on escalating concern that global supplies will trail demand. China, the world's biggest grower and consumer, plans to auction an additional 400,000 metric tons from reserves to meet demand from the textile industry. The nation's output may fall "slightly" this year, the National Development and Reform Commission said yesterday. Inventories monitored by ICE Futures U.S. are close to the lowest level since at least 2002. "For months, we've been talking about tight stocks," said Keith Brown, the president of Keith Brown & Co., a brokerage in Moultrie, Georgia. "The market has an upside destiny, and it's just going to go there." Cotton for December delivery rose 1.31 cents, or 1.3 percent, to settle at \$1.0524 a pound at 2:49 p.m. on ICE in New York. Earlier, the price reached \$1.064, the highest level for a most-active contract since June 1995. The fiber has jumped 67 percent in the past 12 months. The China Cotton Association said yesterday that domestic use exceeded output by 3.6 million tons in the year ended Aug. 31, wider than the year-earlier deficit of 2.6 million, "Cotton prices have been driven higher by rising Chinese imports," Deutsche Bank said today in a report. The U.S. is the biggest exporter. India, the second-biggest grower, will allow exports starting Nov. 1, Rita Menon, the secretary in the ministry of textiles, said today. Suppliers can register shipments starting Oct. 1 Menon said, reiterating earlier government decisions. Crop conditions in the U.S. deteriorated in the week ended Sept. 26 with 55 percent of cotton rated in good or excellent condition, down from 58 percent a week earlier, the government said yesterday. **Courtesy - Bloomberg**

Ghana to tap Egypt's experience in cotton production: Accra, GNA-Ghana is to collaborate with Egypt in the fields of research, private sector investment, seed and textile production, marketing, and transfer of knowledge and skills towards the revival of the cotton industry in Ghana. This agreement was reached when the Deputy Minister for Trade and Industry, Mr. Mahama Ayariga, held bilateral talks with the Egyptian Ambassador to Ghana, Mr. Omar Selim, on the development of the cotton industry in the three Northern regions of Ghana. A statement issued by Nana Akraasi Sarpong, Acting Director, Communications and Public Relations, Ministry of Trade and Industry, said Mr. Ayariga disclosed that all

available options that would facilitate the development of a vibrant cotton industry would be exploited. He said experiences and best practices of countries that had been in cotton production would be taped to ensure that "the cotton industry survives the test of time". When this is done, Mahama Ayariga said, Ghana would benefit immensely from the production of cotton by providing a lot of economic activities in the three Northern regions and this would go a long way to facilitate poverty alleviation. "Egypt has been producing long yarn cotton for the past 200 years and therefore something must be learnt from them. As part of this collaboration, experts from the two countries would establish about 1000 acres of farm on pilot basis", the statement said. 29 Sept.10 **Courtesy – Ghana Web**

Bangladesh - Increasing cotton waste prices: With the rise in export prices some items in Bangladesh, which is the raw material used in the manufacture of yarn and denim, terry towel, cotton waste price has been set high in the local market. Cotton waste, which is sold at Tk 60 to Tk 80 per kg six months ago, now with prices between Tk 75 Tk to 125 kg. Some traders prefer to export cotton waste per level of the government of \$ 1.6 per kg, rather than sell at low prices in the domestic market. Some mills are not able to operate their plants with optimum capacity, due to gas and electricity crises, which in turn has created a shortage of trash. Denim industry and towel towel cotton waste price increases felt in the local market, because of the shortage. Terry-towel with a price of \$ 4 per kg, while the cotton waste is exported at \$ 1.6 per kg or even lower prices. This country requires 750,000 kg of cotton waste, every day, and meet most of the mills, according to experts. **Source: Indotextiles**

Note: We are also dealing in cotton yarn New 6s to Ne120s (Ring Spun as well as Open End yarn) in single and double both. If you are interested to sell or buy yarn through us, please feel free to contact us.

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