

U.S. Futures Daily Cotton Market - 29th September, 2010

Contract	Open *	High	Low	Close *	Settle	Change
Oct '10	103.40	103.41	103.40	103.41	103.19	-495
Dec '10	105.25	106.03	101.24	101.24	101.24	-400
Mar '11	104.20	104.75	100.15	100.15	100.15	-400
May '11	103.00	103.00	99.34	99.34	99.34	-400
Jul '11	102.90	102.90	98.47	98.47	98.47	-400

* 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 :

The Confederation of Indian Textile Industry (CITI) has welcomed the decision of central government to defer export of cotton from the new crop by a month to November 1, 2010. In an official statement, Shishir Jaipuria, chairman, CITI, also welcomed the reiteration that exports would be restricted to the exportable surplus of 55 lakh bales. The decision to defer cotton export registration by one month - from October 1 to November 1 – may help the textile companies in the short term because of sufficient availability, but there are concerns on how long that would last. Arrivals of cotton are uncertain across India with farmers apprehensive about the yield due to inclement weather.

Cotton prices traded in a bullish tone amid average business across major spot markets of north India on Wednesday. Prices were quoted up by Rs 15-25 per maund. Prices quoted in forward bargain Haryana full October Rs 3640/45, November Rs 3590/95, December Rs. 3570/75 (R/G) per maund and Punjab full October price Rs. 3670/80, November Rs. 3620/3630 and December Rs. 3600/10. Demand from millers, exporter and traders continued to higher spot cotton prices 200-500 per candy in west India on Wednesday. Cotton price in Gujarat Shankar-6 was Rs 37,000-37,500 a candy (356 kg) in new crop. While in Maharashtra the price stood at Rs 36,500-37,000 a candy in new crop. Cotton spot prices traded steady across major markets of South India on slowed buying coupled with sluggish demand on Wednesday. All India arrivals stood at around 24,000 bales.

US Cotton Futures :

Over the last week or so we have been describing the impressive gains cotton has been making as "explosive". However perhaps "volatile" is a more appropriate description at the moment with the front month contract closing limit down after trading limit up just two days ago. In the sharpest correction of this rally so far December through to July closed 400 points lower, while losses on the back of the board were not as severe. While the market has been able to shake of any bearish influences over the last couple of months with relative ease this was not the case overnight with ICE, the Chinese and Pakistani cotton futures markets all closing deep into negative territory. A slowing in export activity has coincided with month/quarter end profit taking and a pullback in speculative type buying. Further confirmation that Indian cotton will be available for registrations as of tomorrow and shipments to begin on the 1st of November may have also weighed on the market. Technically the bears had their best day out in quite a while but if the last few months have shown us anything is that the bulls have such strong fundamental support behind them and that it is going to take much more than one poor session to put an end to this rally. Tonight's session is likely to be just as volatile and interesting with the release of the weekly sales and shipment report out of the US matched against the possibility of continued profit taking. The bulls and bear may be up for a bit more evenly matched fight tonight.

Pakistan :

Cotton market faces dull trading session: KARACHI: The Karachi cotton market witnessed a dull trading session amid firm spot rate, traders at the Karachi Cotton Association (KCA) said on Wednesday. The KCA kept the spot rate firm at 7,250 per maund. Buyers remained selective for deals, as there were reports of some correction in spot rate in the next coming sessions, floor brokers said. A cotton analyst Shakeel Ahmad said, "India's announcement to lift ban on cotton export and speedy arrival of cottonseed in the ginneries put pressure on sellers and they made several deals slightly below the spot rate." He said increasing number of operational activities in Sindh and Punjab have started putting pressure on the spot rate while physical prices could also be affected. Ahmad said, "These conditions have provided buyers to take a fresh look of the trading situation and they are in a position to make deals on their rates." Fluctuating prices generally take the buyers' nerves on test while sellers take cautious note on price mechanism on such report, he added. The ginneries with strong withholding powers offered their produce on slightly higher prices at around Rs 7,325 per maund in most of the Sindh stations, he added.

China :

Cotton Climbs to Highest Price in 15 Years as China Says Output to Decline: Cotton futures climbed to the highest level in more than 15 years after China, the world's largest consumer, said production was forecast to decline this year. December-delivery cotton advanced 1.1 percent to \$1.051 per pound on the ICE Futures U.S. in New York at 9:04 a.m. Singapore time.

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	3600	3630
SIRSA	3600	3630
KALANWALI	3600	3630

PUNJAB (J-34)

	Rate S/G* (Ready)	Rate R/G*
MANSA	3645	3655
ABOHAR	3640	3660
MUKTSAR (OLD)	3640	3660

UCHANA	3605	3635
TOHANA	3610	3640
Arrival (Bales)	2000	

RAJSTHAN (J-34)

	Rate S/G* (Ready)	Rate R/G*
SRI GANGANAGAR	3530	3560
HANUMANGARH	3600	3635
Arrival (Bales)	500	

BHATINDA	3640	3660
BUDLADHA (OLD)	3645	3665
Arrival (Bales)	5000	

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

MAHARASHTRA

	Rate**(Ready)	Estimated Length HVI
MECH-1 (New Crop)	36500-37000	29 mm
MECH-1	36800-37300	29 mm
MECH-1	37400-37800	30 mm
Bunny / Brahma	-	31 mm
Arrival (Bales)	3500	

MADHYA PRADESH

	Rate**(Ready)	Estimated Length HVI
MECH-1 (New Crop)	36500-37000	29 mm
MECH-1	37000-37500	29 mm
MECH-1	37600-38000	30 mm
Bunny / Brahma	-	31 mm
DCH-32	44000-45500	34-35 mm
Arrival (Bales)	4500	

GUJARAT

	Rate**(Ready)	Estimated Length HVI
V-797 (Kalayan)	24500-25000	22 mm
S-6 (New Crop)	37000-37500	28-29 mm
SHANKAR-6 (Old)	37000-37800	28-29 mm
SHANKAR-6 (Old)	37900-38000	GONDAL
Arrival (Bales)	4000	

ANDHRA PRADESH

	Rate**(Ready)	Estimated Length HVI
MECH-1 (Adilabad)	-	29-30 mm
Bunny / Brahma (Warangal)	38500-39500	30-31 mm
MCU-5 (Guntur)	39500-40500	31-32 mm
Arrival (Bales)	3000	

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)	1500	

Total Arrival : 24,000 Bales

CURRENCY CONVERSION

	In US Dollar	Per US Dollar		In US Dollar	Per US Dollar
Argentine Peso	0.25240	3.96200	Indian Rupee	0.02239	44.66000
Australian Dollar	0.96712	1.03400	Japanese Yen	0.01198	83.51000
Brazilian Real	0.58962	1.69600	Korean Won	0.00088	1140.79997
British Pound	1.58428	0.63120	Mexican Peso	0.07986	12.52200
Canadian Dollar	0.96731	1.03380	Russian Ruble	0.03284	30.45340
Chinese Yuan	0.14955	6.68690	Swedish Krona	0.14852	6,73330
Euro	1.36036	0.73510	Swiss Franc	1.02333	0.97720
Hong Kong Dollar	0.12889	7.75860	US Dollar	1.00000	1.00000

COTTON & TEXTILES NEWS :

CITI happy with decision to defer cotton exports: The Confederation of Indian Textile Industry (CITI) has welcomed the decision of central government to defer export of cotton from the new crop by a month to November 1, 2010. In an official statement, Shishir Jaipuria, chairman, CITI, also welcomed the reiteration that exports would be restricted to the exportable surplus of 55 lakh bales. "We thank the minister of Textiles, Dayanidhi Maran, for resisting the attempts of cotton traders and the Agriculture ministry to overestimate exportable surplus and to commence exports immediately. The estimates of global crop are gradually coming down with the unraveling of the problems that cotton production has faced this year in Pakistan and China," Jaipuria stated. He said that similar uncertainties were present around India's crop because of excessive rains in certain areas and therefore the approach to cotton exports should be cautious, especially until firm crop estimates and a clearer picture of the increasing cotton consumption in the country are available. However, the textile industry body is of the opinion that November 1 will be too early to permit cotton exports and that they should be deferred up to January 1, 2011 by which time a clearer picture of the cotton scenario of the season would be available. "The industry is prepared to pay international cotton prices to Indian farmers and exports should be restricted to the quantity for which the industry was not able to offer international prices to Indian farmers. The interests of farmers are of primary importance and the industry only wanted to curtail speculation in the domestic market," Jaipuria added. Apparently, the announcement of exports from November 1 has already resulted in an increase of more than Rs 500 a candy in cotton prices in the country as a reflection of the market sentiments. "Currently cotton prices in India are significantly higher than international prices and the situation will only worsen in the coming months unless a firm announcement is made that exports would be monitored closely and restricted to exportable surplus," said Jaipuria. Meanwhile, countries like China, Pakistan and Bangladesh are scouting for cotton at present with their respective governments going out of their way to procure Indian cotton and supply it to their mills at lower prices through visible and invisible internal subsidies. "Unless our government takes effective steps to ensure cotton security for Indian mills by providing affordable access to our own cotton, without hasty exports, the textile value chain of the country from yarn to garments and made ups and the over 35 million workers employed by them will be hit irreparably", Jaipuria stated **Courtesy – Sify Finance**

Rains, pests may cause damage to cotton crop: The decision to defer cotton export registration by one month – from October 1 to November 1 – may help the textile companies in the short term because of sufficient availability, but there are concerns on how long that would last. Arrivals of cotton are uncertain across India with farmers apprehensive about the yield due to inclement weather. The early varieties of cotton from Punjab and Haryana have also been affected by leaf curl virus and tobacco caterpillar. According to sources in the Punjab Agriculture University in Ludhiana, cotton yield is estimated to be 1-1.5 quintal per acre, against 2-3 quintal in ideal conditions. Cotton crop is not harvested but is picked three to four times a year. However, the sources said the yield may improve during future picking if the weather remains dry. Pest was reported in 25 per cent of the area under cotton. Farmers who procure spurious Bt seed from Gujarat are more susceptible to this virus. Insufficient sunlight and high moisture content coupled with loss of balls are likely to affect productivity. In Maharashtra and Andhra Pradesh the situation is uncertain, said K N Viswanathan of South India Cotton Association. He said the South West Monsoon has withdrawn but the North East monsoon is round the corner and excessive rains can damage the crop. Andhra Pradesh and Maharashtra are expected to contribute 1.17 crore bales to the total projections of 3.25 crore bales. Punjab and Haryana are expected to contribute 20,00,000

bales. Crop estimates for Gujarat – 98,00,000 bales – may be affected due to extended rain in coastal Saurashtra. Prices of cotton touched Rs 37,000 per candy (1 candy = 356 kilogram) and registered an increase of Rs 500 in a single day following the decision to extend registration dates for cotton export by one month. According to members of Confederation of Indian Textile industry (CITI), the industry has sought an extension of cotton exports registration to January 1. **Courtesy – Business Standard**

Cotton traders look at renegotiating export contracts: Mumbai: Cotton traders could renegotiate export deals and even cancel a few following a surge in local prices and a government decision to delay shipments, industry officials said on Wednesday. Exporters from the world's second-biggest cotton producer have so far contracted to ship 1.65 million bale between October and February, but are likely to renegotiate deals for 4,50,000 bale and may even cancel deals for 2,40,000 bale, officials said. The cancellations are expected to be mostly for October shipments, they added. The government on Tuesday said it will delay cotton exports by one month until Nov 1 as rains hurt the pace of harvesting and that registration for exports in 2010/11 season will start from Oct 1. The south Asian country's cotton marketing year runs from October to September. It's government policy. Exporters can't do anything. They will export contracted quantity for October in November and December depending on buyer's convenience, said a senior official at Cotton Association of India (CAI). More than 70% of cotton contracted for exports are bought by traders in China and Pakistan, said CAI official. Usually exporters sign deals two to six months before shipments. Dealers said a sharp rise in domestic and overseas prices in the past two months was also forcing exporters to renegotiate deals. US cotton futures finished Tuesday at a 15-year peak for the second day in a row on a steady influx of investment fund and mill buying which kept the market poised to challenge all-time highs. Over the past two months, Indian cotton prices have surged more than 27% to Rs 37,700 (\$838) per candy (of 356 kg each), data from the CAI showed. "No one had anticipated such a rally in cotton. In India we were expecting prices to correct on a record crop," said Dilip Patel, president, All Gujarat Cotton Ginners Association. Cotton output in India is likely to jump to a record 35 million bale in 2010/11. **Courtesy – The Financial Express**

Cotton exports postponement hailed : The Confederation of Indian Textile Industry (CITI) has welcomed the Government's decision to defer export of cotton from the new crop by a month to November 1. In a statement, Mr Shishir Jaipuria, Chairman of CITI, also welcomed the "reiteration" that exports would be restricted to the exportable surplus of 55 lakh bales. **Global crop estimates:** Mr Jaipuria said that the estimates of global crop are gradually coming down with the unravelling of the problems that cotton production has faced this year in Pakistan and China. "Similar uncertainties are there in India's crop because of excessive rains in certain areas, and, therefore, the approach to cotton exports should be cautious, especially until firm crop estimates, and a clearer picture of the significantly increasing cotton consumption in the country are available," he said in the statement. **Courtesy – The Hindu Business Line**

Cotton 'Overbought,' May Decline 11%, Steel Vine Says: Technical Analysis: Cotton futures may be headed to an 11 percent decline, ending a rally that sent prices to a 15-year high, according to a technical analysis by Spencer Patton, the chief investment officer at Steel Vine Investments LLC. The 14-day relative-strength index and stochastics are signaling that the price likely will drop to 96 cents a pound within a couple of days and then slip to 90 cents by the end of October, Patton said. Yesterday, cotton for December delivery plunged 4 cents, the maximum allowed, to close at \$1.0124 a pound on ICE Futures U.S. in New York. "Cotton is extremely overbought, according to the stochastics, but the indicator is just about to roll over, indicating a good time to sell," Patton said yesterday in an interview from Chicago.

“Also, the RSI has broken below 70, which is an indicator that the price is losing strength and is headed for a pullback.” Cotton futures rose 65 percent in the past year, as of yesterday, touching a 15-year high of \$1.064 on Sept. 28, on concern that supplies will lag behind demand. India, the second-biggest supplier, said on Sept. 28 it will delay overseas shipments by a month. China is the world’s largest grower and the U.S. is the biggest exporter. “The fundamentals of cotton are bullish, but the move has probably been too much, too quickly,” Patton said. “Long-term support for cotton is at 80 cents, and it should certainly stay above that through year end.” Patton, who founded Steel Vine last year and invests mostly in commodities and equities, correctly predicted in July that raw-sugar futures would rally to 19 cents a pound. In technical analysis, investors and analysts study charts of trading patterns and prices to predict changes in a security, commodity, currency or index. **Courtesy - Bloomberg**

Cotton Costs in China, Pakistan to Rise on Delay in India Sales, Olam Says: A delay in starting cotton exports from India, the second-biggest supplier, may lift spot prices in China, Bangladesh and Pakistan as buyers rush to secure supplies to meet immediate needs, according to Olam International Ltd. Shipments will begin Nov. 1, Rita Menon, secretary in the textiles ministry, said in New Delhi yesterday. That’s a month later than expected by exporters. “The hit to October commitments will force buyers to cover their needs from wherever they can,” said Unupom Kausik, head of the cotton business at Olam Agro India Ltd., one of the top traders of the commodity in the country. Cotton futures yesterday extended a rally to a 15-year high on mounting concern that supplies will lag behind demand. China, the biggest consumer, plans to auction an extra 400,000 metric tons from state reserves to meet demand and Pakistan, the third-biggest user, may buy 2.8 million bales this year after floods ruined crops, Farm Minister Nazar Muhammad Gondal said yesterday. “International prices are going up because of a structural supply-demand mismatch,” Kausik said in a telephone interview. “The difference between spot prices and New York futures will widen” because of delayed supplies from India, he said. Indian textile mills had demanded a halt in registration of contracts in the December quarter to augment domestic supply and sought a tax of 10,000 rupees (\$223) a ton to deter exports. A duty may be imposed in the middle of October, Menon said. “The Indian textile industry wanted to reserve the initial arrival for themselves and that pressure has played significantly behind this delay,” said Kausik. **‘Credibility’** : Traders may have contracted to ship about 1.5 million to 2 million bales of 170 kilograms each in the three months ending December, Kausik said. An estimate on how much cotton has been committed for exports next month isn’t immediately available, he said, echoing a view by Dhiren Sheth, president of the Cotton Association of India. The delay may lead to disputes between buyers and sellers from the nation, Sheth said. “People entered into contracts which are not likely to be met now and this will affect the long-term credibility of origin of supplies,” Kausik said. “There will be some heartburn and sourness between buyers and sellers.” India halted exports in April to cool domestic prices and bolster supplies, and then introduced a new licensing system for shipments a month later. The curbs would end for the crop year starting Oct. 1 amid forecasts for a record harvest, A.B. Joshi, the textiles commissioner, said in an interview on July 1. Shipments have been limited to 5.5 million bales and the cap will be reviewed in the middle of December, Farm Minister Sharad Pawar said yesterday. Output may top 34.5 million bales, higher than the 32.55 million bales forecast by the state-run Cotton Advisory Board last month, Kausik said, citing a survey by Olam. Production this season may be 29.5 million bales, according to the board. The nation will have enough supplies to ship 7.5 million to 8 million bales in the 2010-11 season, Pawar said. “In our opinion, India can easily export around 8 million bales next year,” Olam’s Kausik said. **Courtesy - Bloomberg**

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.

CONTACT US :

M. R. TEXTILES

5, Birch Court, Nirvana Country,
South City - 2,
Gurgaon-122018. (HARYANA) INDIA
Phone : 91-124-2218128
Fax: 91-124-4223529
Email : info@mrtextiles.info
Visit us at :- www.mrtextiles.info

Head Office (Gurgaon)

RAHUL MEHTA (Managing Director)
Mobile : 91- 9810033714 •
Email : rahul.mrtextiles@gmail.com

PRIYANKA GIRDONIA (Manager -Yarn
Export) **Mobile** : 91- 9873810971 •
Email : priyanka.mrtextiles@gmail.com

Branch Office (Mumbai)

KIRAN H. BADIGER (Manager - Yarn Export)
C-403, Sakai Mauli, Sakai Nagar, Umela, Naigaon
(West) Mumbai-401202
Mobile : 91- 9870374742 / 9892510176 •
Email : kiran.mrtextiles@gmail.com
Skype : kiran_sunshinekiran

- Your Valuable Suggestions are invited for the quality enhancement of our bulletin •
If you do not wish to receive this mail in future please click the link below:-
[==> Unsubscribe <==](#)