

U.S. Futures Daily Cotton Market - 30th September, 2010

Contract	Open *	High	Low	Close *	Settle	Change
Oct '10	105.13	105.13	105.13	105.13	104.18	+99
Dec '10	100.12	103.53	99.29	102.02	101.92	+68
Mar '11	98.89	102.00	98.10	100.39	100.46	+31
May '11	99.00	101.10	97.65	99.70	99.87	+53
Jul '11	97.47	99.85	96.50	98.60	99.00	+53

* 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 :

Amid uncertainty on cotton export and anticipation of further price rise, textile majors are thinking of doing all or the bulk of their procurement during the initial part of the season. The Indian cotton year, which runs from October to September, begins today.

Over 20,000 cotton farmers in Saurashtra will take out a rally on Friday in protest against the government's cotton export policy. The rally has been organised by Maha Gujarat AgriCotton Producer Company, a firm promoted by farmers and supported by Bharat Vikas Sangh..

Cotton market across northern India is going up by Rs. 10-20 per maund both in ready and forward bargain on Thursday. Prices quoted in forward bargain Haryana full October Rs 3660/65, November Rs 3610/15 and December Rs. 3585/90 (R/G) per maund, and Punjab full October price Rs. 3690/95, November Rs. 3650/55 and December Rs. 3625/30. Cotton spot prices steady tone across west India markets on Thursday. Gujarat Sankar-6 price for forward trade is Rs 37,500-38,000 a candy. Cotton price in Gujarat reached Rs 37,500-38,000 a candy last week. Arrivals of new raw cotton have started since the last week. About 5,000-7,000 quintals of raw cotton arrive every day in the various mandis in Gujarat. The price of the new crop is Rs 650-800 for 20 kg and old cotton is traded on Rs 800-900 for 20 kg. While in Maharashtra the price stood at Rs 36,500-37,000 a candy in new crop. Cotton spot price steady across the major trading centers of south India on Thursday. All India arrivals stood at around 26,900 bales.

US Cotton Futures :

It was a volatile session for cotton futures overnight with prices trading back and forth for much of the day in choppy conditions. The spot month December contract traded a 424-point range but only managed to close 53 points higher. Technically the bulls will be disappointed that they were able to gain such little ground after yesterday's limit down close. The session had a lot of mixed influences overnight from a season-record exports report to end of month/quarter selling and buying! The US export sales and shipment report was a massive one with sales of 780,000 bales for last week. While the market was expecting another impressive export number this figure more than beat the highest of expectations. However the market took very little notice of the report apart from providing a little bit of support to prices straight after its release. The bears gained support from follow through profit taking by both the speculators and funds which weighed on the market on and off throughout much of the day. Looking back over the week it is almost surprising that December is only 199 points higher after limit moves in both directions cancelled each other out. Export inquiry and price fixations continue to support the market below the \$1 per pound level, however the bears have gained some confidence this week with the market correcting somewhat after weeks of near vertical gains. China again is only holidays next week !! and we all know what happened after their last holiday break (limit moves in both directions and increased volatility). With cotton prices at 15-year highs and extreme volatility there is no signs of boring trading conditions on the radar.

Pakistan :

Cotton market faces range-bound trade: KARACHI: The Karachi cotton market witnessed a range-bound trading session on Thursday while the spot rate maintained stability, traders at the Karachi Cotton Association (KCA) said on Thursday. Mills in particular made selective deals, as the Indian government extended the ban of maturity on export till November 1, 2010, floor brokers said. The KCA spot rate committee kept the rates unchanged at Rs 7,250 per maund. A cotton analyst Shakeel Ahmad said, "Due to delay in implementation of the reformed general sales tax by the government, the buyers in general preferred to strengthen their long positions before levy of the tax." The influx of cottonseed in the ginneries on fast note has put pressure on the ginners to bring out their stocks in the market and that made the price suitable for all. He said the ginning activities have been increased and more and more numbers of ginning units have started operational activities in Sindh and Punjab. Ahmad said, "International prices are on a correctional phase and lint output in Punjab and Sindh will hopefully meet the set target of 13.5 million on better weather conditions." The ginners with strong withholding powers offered their produce on slightly higher prices around Rs 7,355 per maund in most of the Sindh stations, he added. He said most of the deals in Punjab stations changed hands at around Rs 6,950 per maund while in Punjab deals matured between Rs 7,100 per maund to Rs 7,150 per maund during the trading session. He said Sindh stations fetched higher prices during trading session and some deals matured above

Rs	7,200	per	maund.
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China :

China Selling More Cotton Reserves As Supplies Stay Tight : The Chinese government has decided to put an additional 400,000 tons of cotton reserves onto the market to ease supply shortages, reports yicai.com, citing a State-owned Assets Supervision and Administration Commission report. Previously, a total of 600,000 tons of cotton reserves were put on the market, of which 581,600 tons had been sold as of September 27. The average weighted transaction price of the cotton reserves was 19,098 yuan per ton.

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	3620	3650
SIRSA	3620	3650
KALANWALI	3620	3650
UCHANA	3625	3655
TOHANA	3630	3660
Arrival (Bales)	2500	

PUNJAB (J-34)

	Rate S/G* (Ready)	Rate R/G*
MANSA	3645	3665
ABOHAR	3650	3670
MUKTSAR (OLD)	3650	3670
BHATINDA	3650	3670
BUDLADHA (OLD)	3655	3675
Arrival (Bales)	5000	

RAJSTHAN (J-34)

	Rate S/G* (Ready)	Rate R/G*
SRI GANGANAGAR	3540	3570
HANUMANGARH	3615	3645
Arrival (Bales)	400	

**** 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)	5500	

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)	4500	

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)	2500	

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	44000-46000	34-35 mm
Arrival (Bales)	2000	

Total Arrival : 26,900 Bales

CURRENCY CONVERSION

	In US Dollar	Per US Dollar		In US Dollar	Per US Dollar
Argentine Peso	0.25278	3.95600	Indian Rupee	0.02237	44.71000
Australian Dollar	0.96852	1.03250	Japanese Yen	0.01199	83.40000
Brazilian Real	0.59418	1.68300	Korean Won	0.00088	1131.55003
British Pound	1.57381	0.63540	Mexican Peso	0.07973	12.54200
Canadian Dollar	0.97163	1.02920	Russian Ruble	0.03273	30.55650
Chinese Yuan	0.14957	6.68600	Swedish Krona	0.14879	6,72110
Euro	1.36631	0.73190	Swiss Franc	1.02020	0.98020
Hong Kong Dollar	0.12886	7.76020	US Dollar	1.00000	1.00000

COTTON & TEXTILES NEWS :

Textile firms rush to complete year's cotton buying: A mid uncertainty on cotton export and anticipation of further price rise, textile majors are thinking of doing all or the bulk of their procurement during the initial part of the season. The Indian cotton year, which runs from October to September, begins today. Companies say they would prefer not to procure on a month-to-month basis. R K Dalmia, president of Century Textiles and Industries, part of the B K Birla group, told Business Standard, "We will buy cotton in the first few months only, as prices are likely to go further up and there are concerns on quality of the crop." Industry leaders at the recent annual general meeting of Confederation of Indian Textile Industry said mills had no cotton stocks. There are also reports that quality has suffered due to excessive rain in Punjab and Haryana. According to Sunil Khandelwal, chief financial officer of Alok Industries, "Globally, there are supply constraints as the crop in China and Pakistan has suffered. Prices in the domestic market move with the international prices, which are rising." Alok would, he said, finish cotton procurement for the main season during November-February. The CFO of Arvind Ltd, chose not to disclose the buying plan but said, "There is a general caution on cotton prices presently." Normally, the new crop starts arriving by the first week of October. This year, say industry players, arrival would get delayed by a month. "We expect cotton arrival this year to be around the last week of October or first week of November," said Dalmia. The price of the Shankar-6 variety is Rs 38,000 a candy (a candy is 356 kg). The country is expecting an over all production of 29.2 million bales against 29 million bales last year. **Courtesy – Business Standard**

Forward trade pushes up cotton: With the Centre deferring export of cotton to November 1, the natural fibre's price increased by Rs 300-500 a candy (of 356 kg) on Thursday on the heels of fresh demand, especially for forward trade. Gujarat Sankar-6 price for forward trade is Rs 37,000-37,500 a candy. Cotton price in Gujarat reached Rs 37,500-38,000 a candy last week. Arrivals of new raw cotton have started since the last week. About 5,000-7,000 quintals of raw cotton arrive every day in the various mandis in Gujarat. The price of the new crop is Rs 650-800 for 20 kg and old cotton is traded on Rs 800-900 for 20 kg. A Rajkot based broker said: "We have had some fresh export demand in the market which has pushed up the price of cotton. However, there will not be any further price rise as a new crop is expected from October 10." The government has fixed an export cap of 55 lakh bales for 2010-11 but the Agriculture Minister has said that there is a scope for increasing it to 75-80 lakh bales. **Courtesy – The Hindu Business Line**

Cotton farmers to rally against export policy today: Over 20,000 cotton farmers in Saurashtra will take out a rally on Friday in protest against the government's cotton export policy. The rally has been organised by Maha Gujarat AgriCotton Producer Company, a firm promoted by farmers and supported by Bharat Vikas Sangh. Chairman of the company Prafful Senjaliya said that the farmers in Gujarat would be affected the most by the government policy as the state accounts for about 40 per cent of the cotton production in the country. Agriculture Minister Sharad Pawar has said that the government has fixed a cap of 55 lakh bales for 2010-11 and that there is a scope for increasing it to 80 lakh bales. The farmers are demanding that the government should export one crore bales as cotton production is expected to increase by 15 per cent, Senjaliya said. He said that neighbouring countries like China and Pakistan would produce much less cotton this year duo to heavy rains and this is the time when farmers of the country can earn more by exporting the product. **Courtesy – indianexpress.com**

Cotton Prices Resume Rally as U.S. Exports Increase: Cotton futures rose for the fourth time in five

sessions on signs of increasing demand for supplies from the U.S., the world's biggest exporter. U.S. export sales of upland cotton in the week ended Sept. 23 jumped 54 percent to 780,045 bales from a week earlier, the U.S. Department of Agriculture said today. India, the second- biggest exporter, halted shipments in April to bolster domestic supplies. Prices have surged 62 percent in the past year. "The export numbers were real strong," said Gary Raines, an economist at FCStone Fibers & Textiles in Nashville, Tennessee. There were "solid increases to a number of countries, but definitely to China," he said. Cotton for December delivery rose 0.68 cent, or 0.7 percent, to settle at \$1.0192 a pound at 2:42 p.m. on ICE Futures U.S. in New York, capping an 18 percent gain for the month and 33 percent rally in the quarter. On Sept. 28, the fiber reached a 15-year high of \$1.064 as U.S. inventories dwindled. Yesterday, cotton tumbled the most in a year on signs of higher production in India. The country will resume exports on Nov. 1. "It's looking increasingly like we have a top in place," said Sharon Johnson, a senior analyst at First Capital Group LLC in Atlanta. "Once you start taking the momentum out of the rally, it's really tough to get that back." Yesterday, stockpiles held at warehouses monitored by ICE rose 5.3 percent, the most since March 3. They plummeted 98 percent in the past four months. The International Cotton Advisory Committee will release its monthly forecast tomorrow for world production and demand. **Courtesy - Bloomberg**

Tanzania to start growing genetically-modified cotton: Tanzania will start growing genetically-modified cotton and offer credit to farmers to almost triple the country's output, the country's Cotton Board said. The legal framework to grow the genetically modified cotton strain, or BT, had been set up and trials would start "any time," Marco Mtunga, a regulation officer at the Dar es Salaam-based board, said recently. Lint cotton output may rise to 260 000 tonnes in 2014/15 from an expected 90 000 tonnes this season through improved productivity, by extending credit to farmers and introducing contract farming. "The timeline for introduction of BT has not been charted but the legal framework is in place. "Results from the pilot study indicate that productivity will go up as farmers will receive inputs on credit, reliable extension services will be provided in collaboration of the private sector and the government." Tanzania is Africa's fifth-largest lint cotton producer by volume after Egypt, Nigeria, Burkina Faso and Benin, according to 2007 statistics from the Food and Agriculture Organisation. Mtunga added that commercial banks had agreed to offer loans for contract farming, and the government was finalising plans to set up an agricultural bank. As many as 500 000 Tanzanian farmers cultivate about 485 000 hectares of cotton in the country's northern, coastal and western regions, according to the board. The country grows the medium fibre variety of the crop. BT cotton is a genetically modified strain that produces toxins lethal to bollworms, which are a serious threat to crops. — feedblitz.com **Courtesy – The Herald**

APTMA welcomes Indian Govt decision on cotton : KARACHI: Chairman, All Pakistan Textile Mills Association (APTMA) Shahzad Ahmed on Thursday appreciated the decision of Indian Government to allow exports of 5.5 million bales of cotton from Oct 1. Shahzad Ahmed, in a press statement here, said this decision would leave positive impact on the price structure of Pakistani cotton. He also appreciated the unchanged stance of Indian Government relating to export of cotton. APTMA Chairman advised the spinning mills interested to import Indian cotton to book their import requirement as the registration process for export of cotton in India would start from Oct 15, for the shipments from Nov 1, and onward. **Courtesy – DAWN.COM**

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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