

Cotton Domestic Fundamentals:

- Cotton markets noticed mixed tone on Saturday.
- Good buying by exporters and millers supported prices.
- Arrivals are picking up in certain mandis.
- Government has procured 20.74 lakh quintals of cotton in the current marketing year 2012 -13 till date.
- The current fluctuation in Indian rupee versus dollar is likely to affect exports in the current season.
- According to the Cotton Advisory Board (CAB), exports are projected to fall by 46 per cent to 70 lakh bales (of 170 kg each) this year from 129 lakh bales during previous year.
- Till the month of November, about 51 lakh bales cotton arrived in the country which was almost 15-16 per cent less than last year arrivals.
- DGFT has raised cap for cotton export registration to 30,000 bales which was 10,000 earlier and 3,000 for new exporters which was 1,500 bales earlier. Prices in international markets are about the same to less so the impact would not be substantial.
- Yarn Demand from Bangladesh is supporting prices and contracts of nearly 1 million bales are signed. Also yarn exports registrations have been doubled from last year in same period.

Cotton International Fundamentals

- Cotton Futures at NYMEX closed higher amid expectation of good export sales expected in the monthly supply and demand USDA report.
- China cotton production estimates have raised estimates to 6.9 million tonnes for current year 2011-12.
- According to the International Cotton Advisory Committee, cotton production is set to fall by 11% to 23.2m tons in 2013/14.
- The Cotton Assessment Committee has estimated cotton production at 13.3 million bales in Pakistan for 2012 -13.
- Prices are firm in Pakistan amid good buying by millers.
- The British Government has announced that license will be required for import of cotton yarn from Pakistan.
- Pakistan current cotton arrivals have reached 9.58 million bales by Dec. 1, 2012, which is 1 percent lower than last year arrivals at same time last year.

Outlook: We expect domestic cotton prices to continue steady to firm tone amid good demand from the exporters.

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

Contract	+/-	Open	High	Low	Close
Feb-13	9	959.00	959.00	959.00	959.00
Apr-13	11.5	981	996.5	980.5	991

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	1	0	37	0
Apr-13	6890	54	14333	366

Spread
Feb-13
Apr-13

Basis

-230

Feb-13

61

April-13

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

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

Contract	+/-	Open	High	Low	Close
Feb-13	8.7	973	983.9	973	977.6
Apr-13	6.5	982.5	998	982.5	988.6

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	161	-137	587	-9
Apr-13	845	256	650	101

Spread
Feb-13
Apr-13

Basis

-277.6

Feb-13

11

April-13

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

MCX Cotton Futures (29 mm Variety): Prices in Bales

Contract	% Change	Open	High	Low	Close
31-Dec-12	0.96	16900	16920	16820	16910
31-Jan-13	0.97	16640	16740	16640	16730
28-Feb-13	0.79	16470	16620	16470	16600
29-Mar-13	0.55	16370	16470	16370	16430

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	08-12-2012	07-12-2012	
Amravati-Vunni Mech-1#	2000	2000	Unch
Kadi-Bt Cotton#	35000	25000	+10000
Ahmedabad-Shankar-6#	35000	35000	Unch
Gondal	762	1341	-579
Rajkot-(B.T)	1250	1550	-300
Abohar-J-34*	850	1000	-150
Muktsar-J-34 *(Cotton)	-	-	-
*(Kapas BT Cotton)	350	300	+50
Fajlika *(Cotton New)	-	-	-
*(Kapas BT Cotton)	2000	2500	-500
Khandwa-(M.P)	-	3000	-
Khargaon-(M.P)	-	8000	-
Sri-Ganganagar	7000	6000	+1000

*-Rs/maund, #-Rs.qtl,

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	08-12-2012	07-12-2012	
Amravati -Vunni Mech-1#	2000	2000	Unch
Kadi -Bt Cotton	35000	25000	+10000
Ahmedabad - Shankar-6#	35000	35000	Unch
Gondal	762	1341	-579
Rajkot-(B.T)	1250	1550	-300
Abohar-J-34*	850	1000	-150
Muktsar-J-34 *(Cotton)	-	-	-
*(Kapas BT Cotton)	350	300	+50
Fajlika *(Cotton New)	-	-	-
*(Kapas BT Cotton)	2000	2500	-500
Khandwa (M.P)	-	3000	-
Khargaon-(M.P)	-	8000	-
Sri-Ganganagar	7000	6000	+1000

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmadabad, Abohar and Muktsar-Bales

Cotton Association of India Spot Rates: 07/12/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (07/12/2012)	Rs. Per Candy (06/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
J-34(202)	26mm	3.5 - 4.9	23	32200	32200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32900	32800	+100
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33400	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34000	+100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	Unch

Cotlook Index: As on 07/12/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.35	+0.50

China Cotton Index: As on 07/12/2012

Index	RMB/Ton	Change
CCIndex(328)	18991	+24
CCIndex(527)	+16690	+3
CCIndex(229)	19836	+4

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

USDA Cotton Spot Rates: As on 06/12/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	71.55	75.05	620
North Delta	70.55	72.05	988
South Delta	70.55	72.05	NIL
East TX-OK	67.5	72	1368
West Texas	67.5	72.75	8322
Desert SW	68.05	74.55	NIL
SJ Valley	69.05	79.7	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 07/12/2012

Contract	Open	High	Low	Close	Change
Dec-12	72.25	72.29	72.24	72.24	0.2
Mar-12	73.54	73.92	73.1	73.79	0.24
May-12	74.27	74.73	73.95	74.7	0.23
Jul-12	74.75	75.54	74.72	75.52	0.28
Oct-12	76.69	76.69	76.69	76.69	0.29
Dec-12	76.92	77.64	76.78	77.61	0.15

Pakistan Cotton Spot rates: As on 07/12/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5900	155	6055
Equivalent	40 Kgs	6323	155	6478

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.