

Cotton Domestic Fundamentals:

- Cotton markets continue to noticed strong tone on Thursday.
- Andhra Pradesh CM directed CCI to procure cotton from state farmers after cyclone hit the state providing support to the prices.
- Expected higher export demand from Bangladesh mills which are ramping up production to meet expected demand from US and Europe on New Year and Christmas are keeping sentiments positive in the Gujarat, Rajkot market. Farmers are also holding the crop in expectation of higher prices.
- Cotton yarn is expected to touch 992 million kg by March next year on higher demand from China. In October cotton registration fell by 98 percent while yarn export grew by 100 percent to 9.4 million kg. Yarn exports have increased by 20 percent this fiscal. Falling rupee also make exports attractive.
- 5.15 million Bales have arrived in the market across India. Of which, 1.3 million bales of cotton have arrived in North Indian markets, another 1.15 million bales have arrived in Gujarat by November-end. Crop arrivals are also good in Andhra Pradesh and Maharashtra where 1.05 million and 0.85 million bales of cotton arrivals, respectively, have been registered.
- Arrivals this season is 15-16 percent less than previous season.
- 90 lakh bales of cotton production in Gujarat are expected.

Cotton International Fundamentals

- Local textile mills of Bangladesh are worried about reduced production of Indian Cotton.
- USDA gave somewhat bullish Supply & Demand report for cotton which saw production drop 190,000 bales; exports increase 200,000 bales and ending stocks reduced 400,000 bales to 5.4 million bales.
- U.S. Cotton-Crop Estimate Reduced 1.1% in latest USDA report.
- Cotton Futures at NYMEX closed higher amid expectation of good export sales expected in the monthly supply and demand USDA report.

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	24	983.00	983.00	980.00	980.00
Apr-13	19	1010	1031.5	1006	1028.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	2	1	36	0
Apr-13	15023	1394	15289	95

Spread Feb-13 Apr-13

Basis	
Feb-13	98.5
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	19.7	990	1013.5	987.2	1010.00
Apr-13	19	1003.9	1026.4	1002.5	1024.00

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	438	-480	486	14
Apr-13	1767	210	900	61

Spread Feb-13 Apr-13

Basis	-130	
Feb-13		14
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	0.84	16590	16730	16520	16720
31-Jan-13	0.96	16700	16890	16630	16870
28-Feb-13	1.07	16890	17070	16810	17070
29-Mar-13	1	17080	17260	17000	17250
30-Apr-13	0.69	17300	17410	17170	17390

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	13-12-2012	12-12-2012	
Amravati-Vunni Mech-1#	4075	4075	Unch
Kadi-Bt Cotton#	4350	4350	Unch
Ahmedabad-Shankar-6#	4400	4400	Unch
Gondal	-	4385	-
Rajkot-(B.T)	-	4400	-
Abohar-J-34*	3580	3550	30
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3580	3550	30
	4280	4225	55
Fajlika #(Cotton New) #(Kapas BT Cotton)	3570	3525	45
	4320	4225	95
Khandwa-(M.P)	4125	4120	5
Khargaon-(M.P)	4125	4120	5
Sri-Ganganagar	3510	3465	45

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	13-12-2012	12-12-2012	
Amravati -Vunni Mech-1#	1000	2000	-1000
Kadi -Bt Cotton	35000	40000	-5000
Ahmedabad - Shankar-6#	10000	30000	-20000
Gondal	-	981	-
Rajkot-(B.T)	-	1475	-
Abohar-J-34*	900	900	Unch
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	300	450	-150
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1500	2500	-1000
Khandwa (M.P)	3500	3500	Unch
Khargaon-(M.P)	11000	10000	1000
Sri-Ganganagar	5000	7000	-2000

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

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

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (12/12/2012)	Rs. Per Candy (11/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35900	35900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36400	36400	Unch
J-34(202)	26mm	3.5 - 4.9	23	32600	32400	+200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33100	33100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

Cotlook Index: As on 12/12/2012

Cotlook Indices	Cents/Pound	Change
A-Index	83.75	+1.35

China Cotton Index: As on 13/12/2012

Index	RMB/Ton	Change
CCIndex(328)	19029	+5
CCIndex(527)	16714	Unch
CCIndex(229)	19865	+2

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

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

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.87	76.62	1547
North Delta	71.87	73.62	NIL
South Delta	71.87	73.62	77
East TX-OK	69	73.5	7500
West Texas	69	74.25	40511
Desert SW	69.62	76.12	NIL
SJ Valley	70.62	81.27	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 12/12/2012

Contract	Open	High	Low	Close	Change
Dec-12	74.74	75.53	74.53	75.12	0.22
Mar-12	75.62	76.27	75.4	76	0.21
May-12	76.5	76.9	76.1	76.77	0.14
Jul-12	77.35	77.35	77.35	77.35	0.14
Oct-12	78.12	78.4	77.66	78.22	0.09
Dec-12	78.52	78.74	78.48	78.74	0.22

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

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5850	155	6005
Equivalent	40 Kgs	6269	155	6424

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.