

Cotton Domestic Fundamentals:

- Cotton markets continue to notice strong tone on Friday.
- The Cotton Corporation of India (CCI) has begun its procurement in Madhya Pradesh, Karnataka and Odisha. In these states cotton prices have fallen below MSP on rising arrivals. In Andhra Pradesh National Spot Exchange is procuring in behalf of National Agricultural Cooperative Marketing Federation of India (NAFED). In other major cotton producing states procurement is ready to begin. As on 12 December total all India arrivals across country was 56.30 lakh bales (1 bale=170kg) which is 11.5 percent lower than previous arrival of 62.81 lakh bales at same period last year. Also, it is only 17.5 percent of 320 lakh bales projected for this 2012-2013 cotton season. Latest updates of cotton procurement in Andhra and Maharashtra are 13,000 bales by government agencies. National Spot Exchange are targeting of procuring 15,000 bales of cotton worth of Rs. 500 crore by March 2013 from 18 centers of Andhra Pradesh. Cotton quality is good and procurement is open across 7 centers in Andhra Pradesh.
- Commerce Minister said government will continue with free export policy for cotton this year. Export policy is necessary to ensure better income to farmers.
- India cotton production in 2012-13 is likely to be 21.39 percent of world total cotton production. India's cotton prices are currently USD 5 cents/ lb below the COTLOOK index. Government has formulated National Fiber Policy to make 7 percent annual growth in cotton exports from 2010-20.

Cotton International Fundamentals

- Pakistan cotton crop is likely to decline by 7.34 percent to 12.66 million bales from earlier projected at 13.59 million bales.
- International Cotton Advisory Committee reports decline of cotton wool production by 11% to 23.2 billion tonnes for 2013-14. Farmers in USA, Turkey, China, Central Asia, Pakistan and French Africa are expected to make sharp cuts in cotton crop due to focus on soybean and other crops.
- Local textile mills of Bangladesh are worried about reduced production of Indian Cotton.

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

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

Contract	+/-	Open	High	Low	Close
Feb-13	10	992.50	995.50	992.50	995.50
Apr-13	1	1030	1041	1025.5	1030.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	2	0	36	0
Apr-13	12685	-2338	14214	-1075

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	3.1	1013	1023.5	1010.1	1014
Apr-13	2	1028	1035.3	1021	1026

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	580	142	480	-6
Apr-13	1444	-323	870	-30

Spread

	Feb-13	Apr-13
Basis	-134	
Feb-13		12
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	-0.54	16730	16790	16630	16630
31-Jan-13	-0.41	16900	16960	16790	16800
28-Feb-13	-0.47	17090	17130	16950	16970
29-Mar-13	-0.75	17240	17290	17090	17100
30-Apr-13	-0.81	17400	17420	17230	17230

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	14-12-2012	13-12-2012	
Amravati-Vunni Mech-1#	4100	4075	25
Kadi-Bt Cotton#	4450	4350	100
Ahmedabad-Shankar-6#	4400	4400	Unch
Gondal	4400	-	-
Rajkot-(B.T)	4525	-	-
Abohar-J-34*	3615	3580	35
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3605	3580	25
	-	4280	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	3570	3570	Unch
	4310	4320	-10
Khandwa-(M.P)	4140	4125	15
Khargaon-(M.P)	4140	4125	15
Sri-Ganganagar	3510	3510	Unch

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	14-12-2012	13-12-2012	
Amravati -Vunni Mech-1#	1500	1000	500
Kadi -Bt Cotton	35000	35000	Unch
Ahmedabad - Shankar-6#	35000	10000	25000
Gondal	920	-	-
Rajkot-(B.T)	1500	-	-
Abohar-J-34*	200	900	-700
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	-	300	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1500	1500	Unch
Khandwa (M.P)	3500	3500	Unch
Khargaon-(M.P)	9000	11000	-2000
Sri-Ganganagar	5000	5000	Unch

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

Cotton Association of India Spot Rates: 13/12/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (13/12/2012)	Rs. Per Candy (12/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35700	35900	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36200	36400	-200
J-34(202)	26mm	3.5 - 4.9	23	32700	32600	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33300	33100	+200
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33700	+200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34300	+100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34700	+100
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

Cotlook Index: As on 13/12/2012

Cotlook Indices	Cents/Pound	Change
A-Index	83.90	+0.15

China Cotton Index: As on 14/12/2012

Index	RMB/Ton	Change
CCIndex(328)	19053	+24
CCIndex(527)	+16735	+21
CCIndex(229)	19885	+20

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

USDA Cotton Spot Rates: As on 13/12/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.31	76.06	658
North Delta	71.31	73.06	NIL
South Delta	71.31	73.06	NIL
East TX-OK	69	73.5	2070
West Texas	69	74.25	11060
Desert SW	69.06	75.56	NIL
SJ Valley	70.06	80.71	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 13/12/2012

Contract	Open	High	Low	Close	Change
Dec-12	75	75.2	74.37	74.56	-0.56
Mar-12	75.71	76.05	75.32	75.51	-0.49
May-12	76.5	76.73	76.15	76.33	-0.44
Jul-12	76.91	76.91	76.91	76.91	-0.44
Oct-12	78	78	77.44	77.63	-0.59
Dec-12	78.15	78.15	78.15	78.15	-0.59

Pakistan Cotton Spot rates: As on 13/12/2012 (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.

