

**Cotton Domestic Fundamentals:**

- Cotton markets continue to notice mixed tone on Saturday.
- Rajkot, Gujarat gains prices on export demand and lower arrivals due to elections in state.
- 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. 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.
- 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. 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	7	997.00	1,000.50	997.00	1,000.50
Apr-13	3	1033	1038	1028	1033.00

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-13	2	0	36	0
Apr-13	6721	-5964	14867	653

**Spread**
**Feb-13**
**Apr-13**

Basis

Feb-13

103

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	5.2	1018.3	1028.8	1014	1018.90
Apr-13	2.8	1031	1033	1024.9	1028.70

**Volumes and OI lots**

Contract	Volume	Change	OI	Change
Feb-13	182	-398	482	2
Apr-13	556	-888	899	29

**Spread**
**Feb-13**
**Apr-13**

Basis

-138.9

Feb-13

9.8

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	16700	16730	16620	16640
31-Jan-13	0.06	16870	16910	16810	16820
28-Feb-13	0.12	17050	17080	16980	16990
29-Mar-13	0.12	17210	17230	17130	17140
30-Apr-13	0.06	17340	17430	17280	17280

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	15-12-2012	14-12-2012	
Amravati-Vunni Mech-1#	4100	4100	Unch
Kadi-Bt Cotton#	4400	4450	-50
Ahmedabad-Shankar-6#	4400	4400	Unch
Gondal	4260	4400	-140
Rajkot-(B.T)	4500	4525	-25
Abohar-J-34*	3600	3615	-15
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	3590	3605	-15
	4300	-	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	3575	3570	5
	4340	4310	30
Khandwa-(M.P)	-	4140	-
Khargaon-(M.P)	-	4140	-
Sri-Ganganagar	3520	3510	10

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	15-12-2012	14-12-2012	
Amravati -Vunni Mech-1#	2500	1500	1000
Kadi -Bt Cotton	45000	35000	10000
Ahmedabad - Shankar-6#	35000	35000	Unch
Gondal	524	920	-396
Rajkot-(B.T)	2000	1500	500
Abohar-J-34*	800	200	600
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	-	-	-
	250	-	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1500	1500	Unch
Khandwa (M.P)	-	3500	-
Khargaon-(M.P)	-	9000	-
Sri-Ganganagar	6000	5000	1000

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

**Cotton Association of India Spot Rates: 14/12/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (14/12/2012)	Rs. Per Candy (13/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36000	35700	+300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36500	36200	+300
J-34(202)	26mm	3.5 - 4.9	23	32900	32700	+200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33400	33300	+100
Shankar-6(105)	29mm	3.5 - 4.9	28	34200	33900	+300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34400	+200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	34800	+200
DCH-32(107)	34mm	3.0 - 3.8	33	45700	45500	+200

**Cotlook Index: As on 14/12/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	83.50	-0.40

**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 14/12/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.84	76.59	5729
North Delta	71.84	73.59	NIL
South Delta	71.84	73.59	NIL
East TX-OK	69	73.5	1134
West Texas	69	74.25	12366
Desert SW	69.59	76.09	NIL
SJ Valley	70.59	81.24	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 14/12/2012**

Contract	Open	High	Low	Close	Change
<b>Dec-12</b>	74.5	75.16	74.4	75.09	<b>0.53</b>
<b>Mar-12</b>	75.56	76.08	75.5	76.04	<b>0.53</b>
<b>May-12</b>	76.3	76.88	76.29	76.88	<b>0.55</b>
<b>Jul-12</b>	77.58	77.58	77.58	77.58	<b>0.67</b>
<b>Oct-12</b>	77.6	78.29	77.6	78.24	<b>0.61</b>
<b>Dec-12</b>	78.78	78.78	78.78	78.78	<b>0.63</b>

**Pakistan Cotton Spot rates: As on 14/12/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	5850	155	6005
<b>Equivalent</b>	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.

