

Cotton Domestic Fundamentals:

- Cotton markets notice strong tone on Tuesday except Fazilika, Rajkot and Kadi.
- Latest arrivals recorded in spot market are 6.2 million bales compared to 6.9 million bales arrive in same time last year.
- While prices are dropping in Rajkot due to low export demand and low buying by mills, rising intervals may put further pressure on prices. Also, about 34,000 bales arrived in Gujarat, while 1.48 lakh bales arrived in the rest of the country.
- Indian mills use in 2012-13 is expected to offset export decline from China.
- 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.

Cotton International Fundamentals

- 10.7 million bales of cotton has been procured by 15 Dec 2012 across Pakistan. That is 2.42 percent higher than same time last year.
- Cotton futures rose to highest point first time in eight weeks on rising demand perspective from China. Chinese manufacturing is picking up pace. Also USDA raised global demand in their latest report.
- In Pakistan, domestic lint prices would remain firm with rising demand of fine grade in the next coming sessions, as demand of fine lint would grow on back of local as well as foreign orders of yarn and cloth.

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	2	1,006.50	1,019.00	1,006.50	1,011.50
Apr-13	-2	1046	1051	1035	1039
Volumes and OI in Lots					
Contract	Volume	Change	OI	Change	
Feb-13	5	-6	38	2	
Apr-13	13142	-50	15263	-721	
Spread					
Basis		Feb-13	Apr-13		
		-45			
			154		
Feb-13					
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	-0.3	1022	1033	1020	1022.5
Apr-13	-0.6	1037.3	1046	1032	1035
Volumes and OI lots					
Contract	Volume	Change	OI	Change	
Feb-13	362	50	491	-3	
Apr-13	1308	94	900	-14	
Spread					
Basis		Feb-13	Apr-13		
		-137.5			
			12.5		
Feb-13					
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	-0.06	16690	16760	16600	16640
31-Jan-13	0.12	16870	16960	16820	16860
28-Feb-13	0.12	17040	17130	16980	17030
29-Mar-13	0.17	17220	17280	17170	17210
30-Apr-13	0.58	17400	17440	17350	17400

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	18-12-2012	17-12-2012	
Amravati-Vunni Mech-1#	4050	4050	Unch
Kadi-Bt Cotton#	4300	4350	-50
Ahmedabad-Shankar-6#	4425	4400	25
Gondal	4355	4300	55
Rajkot-(B.T)	4420	4425	-5
Abohar-J-34*	3575	3551	24
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3590	3560	30
	4235	4235	Unch
Fajlika #(Cotton New) #(Kapas BT Cotton)	3570	3550	20
	4320	4350	-30
Khandwa-(M.P)	-	4150	-
Khargaon-(M.P)	-	4100	-
Sri-Ganganagar	3500	3500	Unch

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	18-12-2012	17-12-2012	
Amravati -Vunni Mech-1#	2000	1700	300
Kadi -Bt Cotton	35000	45000	-10000
Ahmedabad - Shankar-6#	35000	30000	5000
Gondal	1869	700	1169
Rajkot-(B.T)	4300	4500	-200
Abohar-J-34*	1100	1000	100
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	500	450	50
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	2000	1500	500
Khandwa (M.P)	-	3500	-
Khargaon-(M.P)	-	9000	-
Sri-Ganganagar	6000	6000	Unch

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

Cotton Association of India Spot Rates: 17/12/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (17/12/2012)	Rs. Per Candy (15/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36200	36200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36700	36700	Unch
J-34(202)	26mm	3.5 - 4.9	23	32600	32800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33100	33300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	34100	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34500	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34900	-400
DCH-32(107)	34mm	3.0 - 3.8	33	45700	45700	Unch

Cotlook Index: As on 17/12/2012

Cotlook Indices	Cents/Pound	Change
A-Index	83.70	+0.20

China Cotton Index: As on 18/12/2012

Index	RMB/Ton	Change
CCIndex(328)	19082	+22
CCIndex(527)	16759	+6
CCIndex(229)	19901	+12

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

USDA Cotton Spot Rates: As on 17/12/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.6	77.35	439
North Delta	72.6	74.35	NIL
South Delta	72.6	74.35	NIL
East TX-OK	69.75	74.25	4668
West Texas	69.75	75	17166
Desert SW	70.35	76.85	NIL
SJ Valley	71.35	82	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 17/12/2012

Contract	Open	High	Low	Close	Change
Dec-12	75.01	76.25	75.01	75.85	0.76
Mar-12	75.99	77.09	75.99	76.66	0.62
May-12	76.81	77.56	76.8	77.24	0.36
Jul-12	78.03	78.03	77.58	78.03	0.45
Oct-12	78.23	78.66	78.21	78.55	0.31
Dec-12	79.09	79.09	78.78	79.09	0.31

Pakistan Cotton Spot rates: As on 17/12/2012 (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	6232	155	6478

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