

Cotton Domestic Fundamentals:

- Cotton markets notice mixed tone on Friday..
- Cotton yarn prices have jumped 14.7 percent from Rs.170/Kg to Rs. 195/Kg in Mumbai benchmark market of cotton yarn due to spur in demand from millers and exporters. Demand is mainly coming from China. While domestic market demand is also picking up on seasonal demand. Apparels manufacturer are preparing for summers by building their stocks of four months.
- Yarn traders and exporters hope the trend will continue till the end of the current year, on uninterrupted buying from China and increased potential for imports from Bangladesh, another major buyer of Indian cotton yarn. Cotton Yarn has been on rise to China due to rising labor wages as a result it focusing on value added products and spinning.
- Export of cotton yarn to China is expected to continue its uptrend, as cotton in that country is priced nearly 20 cents a pound higher than in the international markets
- Cotton shortage ahead, warns industry as cotton prices are lower than what farmers are expecting. If prices will be lower than Rs. 5000 then cotton seed demand is likely to go down.

Cotton International Fundamentals

- Pakistan is the only country in the world that has seen stagnating cotton output over the last 20 years
- Estimates of US cotton plantings were raised 97.7 million hectares to 99.03 million hectares in research report of private analytical firm, which could put pressure on prices on ICE.

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)						MCX Kapas Futures: (Prices in Rs/20kg)					
Contract	+/-	Open	High	Low	Close	Contract	+/-	Open	High	Low	Close
Feb-13	-3	997.00	997.00	996.50	996.50	Feb-13	0.2	1020	1020	1012	1015
Apr-13	2.5	1028.5	1034	1023	1028.00	Apr-13	1.9	1032	1032	1024	1027.00

Volumes and OI in Lots					Volumes and OI lots				
Contract	Volume	Change	OI	Change	Contract	Volume	Change	OI	Change
Feb-13	3	1	36	0	Feb-13	200	-50	513	-14
Apr-13	8379	-656	15703	339	Apr-13	841	-16	889	12

Spread	Feb-13	Apr-13	Spread	Feb-13	Apr-13
Basis	-50		Basis	-135	
Feb-13		148	Feb-13		12
April-13			April-13		

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

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

Contract	% Change	Open	High	Low	Close
31-Dec-12	0.67	16500	16660	16500	16600
31-Jan-13	0.66	16800	16940	16770	16870
28-Feb-13	0.65	16980	17150	16960	17070
29-Mar-13	0.82	17160	17350	17160	17300
30-Apr-13	0.87	17390	17540	17390	17480

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	21-12-2012	20-12-2012	
Amravati-Vunni Mech-1#	4100	4050	50
Kadi-Bt Cotton#	4325	4350	-25
Ahmedabad-Shankar-6#	4400	4400	Unch
Gondal	4375	4380	-5
Rajkot-(B.T)	4425	4425	Unch
Abohar-J-34*	3540	3545	-5
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3550	3540	10
	4150	4150	Unch
Fajlika #(Cotton New) #(Kapas BT Cotton)	3520	3540	-20
	4250	4260	-10
Khandwa-(M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Sri-Ganganagar	3450	3450	Unch

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	21-12-2012	20-12-2012	
Amravati -Vunni Mech-1#	1000	2000	-1000
Kadi -Bt Cotton	35000	10000	25000
Ahmedabad - Shankar-6#	35000	32000	3000
Gondal	1527	1503	24
Rajkot-(B.T)	1350	1700	-350
Abohar-J-34*	1000	1200	-200
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	500	400	100
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	2000	2000	Unch
Khandwa (M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Sri-Ganganagar	8000	8000	Unch

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

Cotton Association of India Spot Rates: 20/12/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (20/12/2012)	Rs. Per Candy (19/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35600	36100	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	36600	-500
J-34(202)	26mm	3.5 - 4.9	23	32300	32500	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32800	33100	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	34000	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33700	34000	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34400	34600	-200
DCH-32(107)	34mm	3.0 - 3.8	33	45700	45700	Unch

Cotlook Index: As on 20/12/2012

Cotlook Indices	Cents/Pound	Change
A-Index	84.15	Unch

China Cotton Index: As on 21/12/2012

Index	RMB/Ton	Change
CCIndex(328)	19129	+11
CCIndex(527)	16800	+9
CCIndex(229)	19938	+5

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

USDA Cotton Spot Rates: As on 20/12/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.33	77.08	553
North Delta	72.58	74.58	NIL
South Delta	72.58	74.58	NIL
East TX-OK	69.75	74.25	389
West Texas	69.75	74.25	9748
Desert SW	70.33	76.83	NIL
SJ Valley	71.33	81.98	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 20/12/2012

Contract	Open	High	Low	Close	Change
Dec-12	75.76	75.88	75.05	75.83	-0.06
Mar-12	76.09	76.54	75.76	76.48	-0.14
May-12	76.61	77.07	76.26	77.04	-0.09
Jul-12	77.54	77.89	77.54	77.89	0.04
Oct-12	77.91	78.25	77.42	78.23	-0.02
Dec-12	78.78	78.78	78.78	78.78	-0.02

Pakistan Cotton Spot rates: As on 20/12/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	155	6155
Equivalent	40 Kgs	6430	155	6585

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