

## Cotton Domestic Fundamentals:

- Cotton markets noticed steady to firm tone on Saturday except slight weakness in Amravati market.
- Buying by government agencies, millers and exporters supported prices.
- Arrivals in the country are lower in various mandis.
- In Gujarat around 35000 bales and in north India around 33000 bales arrived according to trade sources.
- Farmers are bringing less produce to the market amid expectation of better remuneration in the medium –term.
- Good export and yarn demand added to the positive tone of the market.
- 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.
- The textile industry has asked the Commerce Ministry to ease the process of imports of cotton yarn and fabric to boost exports.
- 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 International Fundamentals

- Cotton futures at NYMEX closed slightly higher amid buying around current levels by millers.
- Pakistan is the only country in the world that has seen stagnating cotton output over the last 20 years .
- Prices in Pakistan remained sluggish following holiday season.
- 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 continue steady to firm tone amid good demand from the millers and exporters.

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

Contract	+/-	Open	High	Low	Close
Feb-13	13	1,013.00	1,013.00	1,008.00	1,009.50
Apr-13	14.5	1032	1047	1032	1040

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	4	1	36	0
Apr-13	10681	2302	16039	336

### Spread Feb-13 Apr-13

Basis	-47.5
Feb-13	157.5
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	9.4	1020	1028	1020	1022.5
Apr-13	11.1	1030	1042	1030	1036.80

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	194	-6	526	13
Apr-13	582	-259	855	-34

### Spread Feb-13 Apr-13

Basis	-142.5
Feb-13	14.3
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
<b>31-Dec-12</b>	<b>0.48</b>	16720	16730	16650	16670
<b>31-Jan-13</b>	<b>0.59</b>	16920	17050	16900	16960
<b>28-Feb-13</b>	<b>0.53</b>	17150	17230	17120	17150
<b>29-Mar-13</b>	<b>0.58</b>	17400	17450	17330	17390
<b>30-Apr-13</b>	<b>0.63</b>	17600	17760	17590	17600

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	22-12-2012	21-12-2012	
Amravati-Vunni Mech-1#	4075	4100	<b>-25</b>
Kadi-Bt Cotton#	4250-4350	4325	<b>+25</b>
Ahmedabad-Shankar-6#	4350-4475	4400	<b>+75</b>
Gondal	3850-4405	4375	<b>+30</b>
Rajkot-(B.T)	4165-4435	4425	<b>+10</b>
Abohar-J-34*	3590	3540	<b>+50</b>
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	3585	3550	<b>+35</b>
	4100-4200	4150	<b>+50</b>
Fajlika #(Cotton New) #(Kapas BT Cotton)	3555	3520	<b>+35</b>
	4270	4250	<b>+20</b>
Khandwa-(M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Sri-Ganganagar	3500	3450	<b>+50</b>

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	22-12-2012	21-12-2012	
Amravati -Vunni Mech-1#	1000	1000	<b>Unch</b>
Kadi -Bt Cotton	55000	35000	<b>+20000</b>
Ahmedabad - Shankar-6#	34000	35000	<b>-1000</b>
Gondal	1485	1527	<b>-42</b>
Rajkot-(B.T)	2300	1350	<b>+950</b>
Abohar-J-34*	1000	1000	<b>Unch</b>
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	-	-	-
	400	500	<b>-100</b>
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	2000	2000	<b>Unch</b>

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: 21/12/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (21/12/2012)	Rs. Per Candy (20/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35400	35600	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	36100	-200
J-34(202)	26mm	3.5 - 4.9	23	32400	32300	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32600	32800	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33700	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33300	33700	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45700	-500

**Cotlook Index: As on 21/12/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	84.10	-0.05

**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 21/12/2012**

Contract	Open	High	Low	Close	Change
<b>Dec-12</b>	75.6	76.28	75.29	76.18	<b>0.35</b>
<b>Mar-12</b>	76.25	76.92	75.95	76.76	<b>0.28</b>
<b>May-12</b>	76.67	77.4	76.67	77.31	<b>0.27</b>
<b>Jul-12</b>	78.14	78.14	78.14	78.14	<b>0.25</b>
<b>Oct-12</b>	78.25	78.52	77.96	78.52	<b>0.29</b>
<b>Dec-12</b>	79.02	79.02	79.02	79.02	<b>0.24</b>

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

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

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