

## Cotton Domestic Fundamentals:

- Cotton markets noticed week tone on Thursday.
- Lower arrivals across country in various mandis.
- Lower cotton crop production than earlier estimate are making Gujarat ginner to depend on supply from others states. Currently, 50 percent of the total arrivals are coming from Maharashtra, Andhra Pradesh and other cotton producing states. So far around 1.8-1.9 million bales of cotton had arrived in Gujarat, of which 700,000-800,000 bales of cotton came from other states.
- Andhra Pradesh cotton production is raised to 70 lakh bales from 65 lakh bales last year. Due to good rains received in last part of monsoon.
- At this time demand in cotton is normal. Mills and exporters are buying hand-to-mouth and no one wants to build inventories. Cotton growers are dissatisfied with prices at MSP levels on which they are demanding government to raise it to Rs.5000/ql.
- Andhra Pradesh is expected to harvest around 700,000 bales of cotton during the current cotton season, as against last year's output of 650,000 bales.

## Cotton International Fundamentals

- ICE cotton futures rose due to some mill and speculative buying helped support prices. Also, anticipation of China releasing some of its stockpile.
- 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.

**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	3	969.50	971.50	969.00	969.00
Apr-13	7.5	996.5	1012	996.5	1004

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

Contract	+/-	Open	High	Low	Close
Feb-13	1.6	991.8	998.9	990.8	991.20
Apr-13	6.1	998	1009.5	998	1002.1

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	7	-6	34	-2
Apr-13	9131	-3971	13430	145

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	343	-194	526	18
Apr-13	897	-668	829	21

### Spread

	Feb-13	Apr-13
Basis	58	
Feb-13		132
April-13		

### Spread

	Feb-13	Apr-13
Basis	119.2	
Feb-13		10.9
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	16370	16470	16320	16340
31-Jan-13	0.24	16650	16730	16590	16610
28-Feb-13	0.36	16820	16970	16810	16850
29-Mar-13	0.47	17180	17280	17150	17160
30-Apr-13	0.52	17440	17500	17380	17420

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	27-12-2012	26-12-2012	
Amravati-Vunni Mech-1#	4025	4050	-25
Kadi-Bt Cotton#	4300	4350	-50
Ahmedabad-Shankar-6#	4360	4350	10
Gondal	4300	4380	-80
Rajkot-(B.T)	4350	4350	Unch
Abohar-J-34*	3550	3545	5
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	3545	3540	5
	4200	4160	40
Fajlika #(Cotton New) #(Kapas BT Cotton)	3510	3530	-20
	4250	4270	-20
Khandwa-(M.P)	4120	4140	-20
Khargaon-(M.P)	4120	4140	-20
Sri-Ganganagar	3450	3450	Unch

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	27-12-2012	26-12-2012	
Amravati -Vunni Mech-1#	2000	2500	-500
Kadi -Bt Cotton	50000	50000	Unch
Ahmedabad - Shankar-6#	42000	40000	2000
Gondal	2194	1474	720
Rajkot-(B.T)	3200	5200	-2000
Abohar-J-34*	1000	1100	-100
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	-	-	-
	300	300	Unch
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1800	2000	-200
Khandwa (M.P)	3500	4000	-500
Khargaon-(M.P)	8000	10000	-2000
Sri-Ganganagar	800	800	Unch

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

**Cotton Association of India Spot Rates: 26/12/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (26/12/2012)	Rs. Per Candy (24/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34200	34900	-700
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34700	35400	-700
J-34(202)	26mm	3.5 - 4.9	23	32300	32500	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	34000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	34000	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45200	Unch

**Cotlook Index: As on 24/12/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	84.35	+0.25

**China Cotton Index: As on 27/12/2012**

Index	RMB/Ton	Change
CCIndex(328)	19183	+11
CCIndex(527)	16831	+3
CCIndex(229)	19977	+6

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

**USDA Cotton Spot Rates: As on 26/12/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.56	78.31	NIL
North Delta	73.81	75.81	NIL
South Delta	73.81	75.81	NIL
East TX-OK	70.75	75.25	420
West Texas	70.75	75.25	3316
Desert SW	71.56	78.06	NIL
SJ Valley	72.56	83.21	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 26/12/2012**

Contract	Open	High	Low	Close	Change
Mar-12	76.51	77.07	76.4	77.06	0.66
May-12	77.08	77.6	76.95	77.58	0.61
Jul-12	77.6	78.11	77.46	78.11	0.59
Oct-12	78.75	78.75	78.75	78.75	0.5
Dec-12	78.69	79.01	78.65	79.01	0.23
Mar-12	79.72	79.72	79.72	79.72	0.23

**Pakistan Cotton Spot rates: As on 26/12/2012 (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	-	-	-

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