

Cotton Domestic Fundamentals:

- Cotton markets noticed strong tone on Friday except Ahmadabad.
- Rising 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

- Cotton was the biggest decliner on SnP commodities in 2012.
- New York Futures market prices remained fundamental for translating international lint prices, which was evident from the trend in local market as it would likely keep the physical prices strong.
- ICE cotton futures rose due to some mill and speculative buying helped support prices. Also, anticipation of China releasing some of its stockpile.

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	-14	976.00	976.00	956.50	956.50
Apr-13	-16	1002	1009	984	988.00

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

Contract	+/-	Open	High	Low	Close
Feb-13	-12.8	990	996	977.8	979.00
Apr-13	-13.9	1001	1007	984.5	988.00

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	2	-5	34	0
Apr-13	12414	3283	13386	-44

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	329	-14	531	5
Apr-13	1004	107	879	50

Spread

Feb-13	Apr-13
60	
Feb-13	118
April-13	

Spread

Feb-13	Apr-13
-109	
Feb-13	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	-0.37	16340	16380	16230	16280
31-Jan-13	-0.54	16620	16620	16490	16520
28-Feb-13	-0.53	16830	16830	16720	16750
29-Mar-13	-0.7	17130	17150	17050	17050
30-Apr-13	-0.75	17380	17380	17310	17310

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	28-12-2012	27-12-2012	
Amravati-Vunni Mech-1#	-	4025	-
Kadi-Bt Cotton#	4350	4300	50
Ahmedabad-Shankar-6#	4350	4360	-10
Gondal	4375	4300	75
Rajkot-(B.T)	4350	4350	Unch
Abohar-J-34*	3565	3550	15
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3570	3545	25
	4205	4200	5
Fajlika #(Cotton New) #(Kapas BT Cotton)	3555	3510	45
	4300	4250	50
Khandwa-(M.P)	4140	4120	20
Khargaon-(M.P)	4140	4120	20
Sri-Ganganagar	3490	3450	40

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	28-12-2012	27-12-2012	
Amravati -Vunni Mech-1#	-	2000	-
Kadi -Bt Cotton	55000	50000	5000
Ahmedabad - Shankar-6#	42000	42000	Unch
Gondal	2124	2194	-70
Rajkot-(B.T)	3500	3200	300
Abohar-J-34*	1000	1000	Unch
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	300	300	Unch
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1500	1800	-300
Khandwa (M.P)	4000	3500	500
Khargaon-(M.P)	10000	8000	2000
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: 27/12/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (27/12/2012)	Rs. Per Candy (26/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34200	34200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34700	34700	Unch
J-34(202)	26mm	3.5 - 4.9	23	32500	32300	+200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33800	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34500	Unch
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	84.80	+0.45

China Cotton Index: As on 28/12/2012

Index	RMB/Ton	Change
CCIndex(328)	19193	+10
CCIndex(527)	16833	+2
CCIndex(229)	19978	+1

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

USDA Cotton Spot Rates: As on 27/12/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.51	76.76	1006
North Delta	72.76	74.76	NIL
South Delta	72.76	74.76	NIL
East TX-OK	70.5	75	4049
West Texas	70.5	75	10673
Desert SW	70.76	77.26	440
SJ Valley	71.51	82.16	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 27/12/2012

Contract	Open	High	Low	Close	Change
Mar-12	77.06	77.1	75.42	76.01	-1.05
May-12	77.57	77.59	75.99	76.63	-0.95
Jul-12	78.07	78.07	76.61	77.4	-0.71
Oct-12	78.7	78.7	78.52	78.52	-0.23
Dec-12	78.8	78.85	77.57	78.49	-0.52
Mar-12	79.55	79.55	79.14	79.14	-0.58

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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