

## Cotton Domestic Fundamentals:

- Cotton markets noticed mixed tone on Saturday.
- Buying from millers and exporters are normal and prices not likely to rise as arrivals are increasing.
- 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.

## 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	-19	952.00	952.00	943.00	947.50
Apr-13	-6.5	984	985	974	980.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	-6.3	975.1	976	968.5	972.60
Apr-13	-4.2	984	985	977	982.80

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	2	8	34	-5
Apr-13	12414	-5834	13386	-299

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	320	-9	545	14
Apr-13	862	-142	918	39

### Spread

Feb-13

Apr-13

Basis

55

Feb-13

105.5

April-13

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

### Spread

Feb-13

Apr-13

Basis

-97.6

Feb-13

10.2

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	16210	16250	16200	16240
31-Jan-13	-0.06	16480	16530	16450	16510
28-Feb-13	-0.12	16680	16760	16680	16720
29-Mar-13	-0.18	17020	17050	17020	17030
30-Apr-13	-0.35	17250	17300	17250	17290

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	29-12-2012	28-12-2012	
Amravati-Vunni Mech-1#	4000	4025	-25
Kadi-Bt Cotton#	4250	4350	-100
Ahmedabad-Shankar-6#	4375	4350	25
Gondal	4405	4375	30
Rajkot-(B.T)	4360	4350	10
Abohar-J-34*	3555	3565	-10
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	3560	3570	-10
	4175	4205	-30
Fajlika #(Cotton New) #(Kapas BT Cotton)	3555	3555	Unch
	4300	4300	Unch
Khandwa-(M.P)	-	4140	-
Khargaon-(M.P)	-	4140	-
Sri-Ganganagar	3460	3490	-30

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	29-12-2012	28-12-2012	
Amravati -Vunni Mech-1#	3000	1500	1500
Kadi -Bt Cotton	70000	55000	15000
Ahmedabad - Shankar-6#	40000	42000	-2000
Gondal	2086	2124	-38
Rajkot-(B.T)	4000	3500	500
Abohar-J-34*	900	1000	-100
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	-	-	-
	150	300	-150
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1500	1500	Unch
Khandwa (M.P)	-	4000	-
Khargaon-(M.P)	-	10000	-
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: 28/12/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (28/12/2012)	Rs. Per Candy (27/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33700	34200	<b>-500</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34200	34700	<b>-500</b>
J-34(202)	26mm	3.5 - 4.9	23	32500	32500	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33000	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33900	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33900	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34500	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45200	<b>Unch</b>

**Cotlook Index: As on 28/12/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	84.00	<b>-0.80</b>

**China Cotton Index: As on 28/12/2012**

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

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

**USDA Cotton Spot Rates: As on 28/12/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.16	75.41	<b>1330</b>
North Delta	71.41	73.41	NIL
South Delta	71.41	73.41	NIL
East TX-OK	70	74.5	<b>712</b>
West Texas	70	74.5	<b>4862</b>
Desert SW	69.41	75.91	NIL
SJ Valley	70.16	80.81	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 28/12/2012**

Contract	Open	High	Low	Close	Change
Mar-12	75.88	76.01	74.62	74.66	-1.35
May-12	76.55	76.6	75.5	75.59	-1.04
Jul-12	77.28	77.28	76.38	76.61	-0.79
Oct-12	77.78	77.78	77.78	77.78	-0.74
Dec-12	78.13	78.19	77.5	78.11	-0.38
Mar-12	78.71	78.71	78.71	78.71	-0.43

**Pakistan Cotton Spot rates: As on 28/12/2012 (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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