

## Cotton Domestic Fundamentals:

- Cotton markets noticed mixed tone on Monday.
- 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	0	0.00	0.00	0.00	0.00
Apr-13	1.5	976	987.5	975	982

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

Contract	+/-	Open	High	Low	Close
Feb-13	0.9	972.9	977.9	967.5	973.5
Apr-13	3.9	982	990	979	986.7

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	10	-10	29	0
Apr-13	6580	349	13087	410

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	280	-40	573	28
Apr-13	905	43	896	-22

### Spread

Feb-13

Apr-13

Basis

60

Feb-13

112

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

-103.5

Feb-13

13.2

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	0.99	16310	16390	16290	16390
31-Jan-13	0.42	16520	16670	16520	16570
28-Feb-13	0.48	16760	16910	16760	16800
29-Mar-13	0.29	17140	17200	17070	17080
30-Apr-13	0.29	17360	17430	17240	17320

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	31-12-2012	29-12-2012	
Amravati-Vunni Mech-1#	4025	4000	25
Kadi-Bt Cotton#	4350	4250	100
Ahmedabad-Shankar-6#	4350	4375	-25
Gondal	4360	4405	-45
Rajkot-(B.T)	4375	4360	15
Abohar-J-34*	3580	3555	25
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	3575	3560	15
	4265	4175	90
Fajlika #(Cotton New) #(Kapas BT Cotton)	3565	3555	10
	4298	4300	-2
Khandwa-(M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Sri-Ganganagar	3480	3460	20

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	31-12-2012	29-12-2012	
Amravati -Vunni Mech-1#	3000	3000	Unch
Kadi -Bt Cotton	65000	70000	-5000
Ahmedabad - Shankar-6#	40000	40000	Unch
Gondal	2001	2086	-85
Rajkot-(B.T)	4200	4000	200
Abohar-J-34*	1000	900	100
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	-	-	-
	500	150	350
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1200	1500	-300
Khandwa (M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Sri-Ganganagar	7000	8000	-1000

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

**Cotton Association of India Spot Rates: 29/12/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (29/12/2012)	Rs. Per Candy (28/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33900	33700	+200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34400	34200	+200
J-34(202)	26mm	3.5 - 4.9	23	32400	32500	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32900	33000	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33800	33900	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34400	34500	-100
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45200	Unch

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

Cotlook Indices	Cents/Pound	Change
A-Index	84.00	-0.80

**China Cotton Index: As on 31/12/2012**

Index	RMB/Ton	Change
CCIndex(328)	19201	+8
CCIndex(527)	16839	+6
CCIndex(229)	19981	+1

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	1330
North Delta	71.41	73.41	NIL
South Delta	71.41	73.41	NIL
East TX-OK	70	74.5	712
West Texas	70	74.5	4862
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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