

## Cotton Domestic Fundamentals:

- Cotton markets noticed strong tone on Tuesday except Gondal.
- Yarn exports are likely to see export boom in 2013. Industry is expecting 12-15% Y-o-Y growth. Demand from China is supporting the prices.
- Cotton prices remain stable amid rising arrivals and demand from millers and exporters. No major fluctuation seen in coming days. Around 23 lakh bales export registration reported in current season.
- 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.

## 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	-10	940.00	940.00	940.00	940.00
Apr-13	-23	995	996.5	966.5	970.50

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

Contract	+/-	Open	High	Low	Close
Feb-13	-19.5	983	983.7	955.1	962
Apr-13	-19.5	997.7	999	972	975.3

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	0	1	29	0
Apr-13	6929	6777	13497	-20

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	603	323	664	91
Apr-13	1527	622	1025	129

### Spread

	Feb-13	Apr-13
Basis	55	
Feb-13		95.5
April-13		

### Spread

	Feb-13	Apr-13
Basis	-87	
Feb-13		13.3
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-Jan-13	-0.66	16720	16720	16510	16550
28-Feb-13	-0.65	16880	16930	16740	16780
29-Mar-13	-0.64	17150	17150	17020	17040
30-Apr-13	-0.12	17350	17350	17270	17340

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	02-01-2013	31-12-2012	
Amravati-Vunni Mech-1#	4050	4025	25
Kadi-Bt Cotton#	4350	4350	Unch
Ahmedabad-Shankar-6#	4375	4350	25
Gondal	4345	4360	-15
Rajkot-(B.T)	4380	4375	5
Abohar-J-34*	3580	3580	Unch
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	3585	3575	10
	4280	4265	15
Fajlika #(Cotton New) #(Kapas BT Cotton)	3570	3565	5
	4311	4298	13
Khandwa-(M.P)	4130	-	-
Khargaon-(M.P)	4130	-	-
Sri-Ganganagar	3500	3480	20

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	02-01-2013	31-12-2012	
Amravati -Vunni Mech-1#	2500	3000	-500
Kadi -Bt Cotton	75000	65000	10000
Ahmedabad - Shankar-6#	42000	40000	2000
Gondal	2121	2001	120
Rajkot-(B.T)	4850	4200	650
Abohar-J-34*	1000	1000	Unch
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	-	-	-
	400	500	-100
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	2200	1200	1000
Khandwa (M.P)	3500	-	-
Khargaon-(M.P)	8000	-	-
Sri-Ganganagar	7000	7000	Unch

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

**Cotton Association of India Spot Rates: 01/01/2013**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (01/01/2013)	Rs. Per Candy (29/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34100	33900	+200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34600	34400	+200
J-34(202)	26mm	3.5 - 4.9	23	32700	32400	+300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	32900	+100
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33800	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33800	+100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34400	+100
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45200	Unch

**Cotlook Index: As on 31/12/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	82.95	-1.05

**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 31/12/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.64	75.89	531
North Delta	71.89	73.89	NIL
South Delta	71.89	73.89	NIL
East TX-OK	69.75	74.25	NIL
West Texas	69.75	74.25	7101
Desert SW	69.89	76.39	NIL
SJ Valley	70.64	81.29	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 31/12/2012**

Contract	Open	High	Low	Close	Change
Mar-12	74.71	75.81	74.65	75.14	0.48
May-12	75.63	76.54	75.49	75.86	0.27
Jul-12	76.86	77.5	76.44	76.87	0.26
Oct-12	78.55	78.55	78.55	78.55	0.77
Dec-12	78.25	78.98	77.73	78.74	0.63
Mar-12	79.1	79.41	79.1	79.41	0.7

**Pakistan Cotton Spot rates: As on 31/12/2012 (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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