

Cotton Domestic Fundamentals:

- Cotton prices ended higher on Tuesday amid weak demand and lack of buyers in the markets.
- Cotton exports could fall from 6.5 million bales approved the previous year as poor rains reduce the amount of land sown with the crop.
- Cotton acreage in Gujarat will decline significantly due to a scarcity of rains.
- Cotton has been sown only in 5.76 lakh hectares as compared to 10.74 lakh hectares during the corresponding period last year.

Weather Update

- Fairly widespread rain/thundershowers would occur over East M.P, Marathwada and Vidarbha.
- Widespread rain would occur over Orissa and Northeastern states.
- Isolated to heavy rainfall would occur over coastal Andhra Pradesh and Telengana over the next 48 hours.
- Scattered rainfall activity would prevail over the southern peninsula.
- Fairly widespread rain would occur over Gujarat region.

Cotton International Fundamentals:

- U.S futures remained weak amid adverse weather conditions in the U.S. and India added to concerns over deteriorating crop conditions.
- Sentiments remained weak after cotton demand from China may weaken as high costs encourage consumers to switch to cheaper synthetic fibers.
- According to the USDA data, approximately 41% of U.S. cotton crops were in poor to very poor conditions as of July 3rd 2011.

Outlook: Domestic and International

- **In the short term, domestic cotton prices move higher on lower acreage expected in India.**
- **Prices trend in the medium to long term will depend on sowing estimates in India.**
- **U.S markets may trade lower on higher acreage estimates in U.S.**

NCDEX Cotton Futures

Contract	+/-	Open	High	Low	Close
Feb-12	-15.8	670.1	675.1	657.0	660.2
Mar-12	-17.0	670.1	674.0	663.0	664.0
Apr-12	-16.0	675.0	676.1	656.2	660.4

Contract	Volume	Change	OI	Change
Feb-12	31	24	69	-
Mar-12	12	12	11	-6
Apr-12	1423	799	3444	84

Spread	Feb-12	Mar-12	Apr-12
Basis	64.8	61.0	64.6
Feb-12	-	3.8	0.2
Mar-12	-	-	-3.6
Apr-12	-	-	-

NB: Spread was done by taking Spot prices at Kadi markets for Bt cotton.

MCX Cotton Futures

Contract	+/-	Open	High	Low	Close
Mar-12	-13.0	687.9	687.9	665.0	671.5
Apr-12	-15.2	677.0	678.8	659.8	665.0

Contract	Volume	Change	OI	Change
Mar-12	35	18	97	12
Apr-12	228	171	292	23

Spread	Mar-12	Apr-12
Basis	53.5	60.0
Mar-12	-	-6.5
Apr-12	-	-

NB: Spread was done by taking Spot prices at Kadi markets for Bt cotton.

ICE Cotton Futures:

Contract	+/-	Open	High	Low	Close
Jul-11	-3.60	159.97	160.95	152.00	155.40
Dec-11	-2.10	115.85	117.73	112.60	113.42
Mar-12	-1.61	108.07	111.00	106.54	107.35
May-12	-0.90	105.97	107.00	103.64	104.17
Jul-12	-0.51	102.81	103.03	100.50	101.56

Contract	Volume	Change	OI	Change
Jul-11	143	-99	1,374	-184
Dec-11	6,734	-5663	1,05,543	839
Mar-12	564	-1827	18,152	-14
May-12	176	-451	4,550	-86
Jul-12	116	-190	6,453	-3

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	05-07-11	04-07-11	
Kadi – Bt Cotton	3375-3625	3400-3600	25
Amravati – Vunni Mech-1	NA	NA	NA
Ahmedabad – Shankar-6	NA	NA	NA
Abohar – J-34	3750	3725	25
Muktsar – J-34	3750	3650-3700	50

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	05-07-11	04-07-11	
Kadi –Bt Cotton	17	12	5
Amravati –Vunni Mech-1	NA	NA	NA
Ahmedabad – Shankar-6	NA	NA	NA

Kadi-1 Truck-20 kgs

Amravati-1 Truck-100 kgs

Ahmedabad- in bags

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.