

**Cotton Domestic Fundamentals:**

- Cotton prices remained mixed with Kadi ending higher and Abohar and Muktsar ending lower.
- However demand remained weak 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**

- Widespread rain/thundershowers would occur over Marathwada, central Maharashtra and Gujarat region.
- Widespread thundershowers would occur over East Rajasthan. Isolated rains would occur over West Rajasthan in the next 48 hours.
- Isolated to heavy rainfall would occur over coastal Karnataka and west Madhya Pradesh over the next 48 hours.

**Cotton International Fundamentals:**

- U.S futures moved higher as adverse weather in the U.S. and India added to concerns over deteriorating crop conditions in both countries.
- Sentiments remained weak after cotton demand from China may weaken after the People's Republic of China announced another increase in the Yuan benchmark interest rate as of July 7<sup>th</sup> 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 higher on lower acreage estimates in U.S.**

**NCDEX Cotton Futures**

| Contract | +/-  | Open  | High  | Low   | Close |
|----------|------|-------|-------|-------|-------|
| Feb-12   | -0.8 | 668.0 | 668.0 | 653.2 | 662.0 |
| Mar-12   | -    | -     | 666.0 | 666.0 | 666.0 |
| Apr-12   | -    | 657.0 | 667.0 | 649.0 | 660.4 |

| Contract | Volume | Change | OI   | Change |
|----------|--------|--------|------|--------|
| Feb-12   | 29     | -2     | 69   | -      |
| Mar-12   | -      | -12    | 10   | -      |
| Apr-12   | 1337   | -86    | 3512 | 68     |

| Spread | Feb-12 | Mar-12 | Apr-12 |
|--------|--------|--------|--------|
| Basis  | 89.8   | 84.0   | 89.6   |
| Feb-12 | -      | 5.8    | 0.2    |
| Mar-12 | -      | -      | -5.6   |
| 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   | -5.2 | 668.0 | 670.0 | 661.0 | 666.3 |
| Apr-12   | 0.5  | 667.0 | 671.1 | 655.0 | 665.5 |

| Contract | Volume | Change | OI  | Change |
|----------|--------|--------|-----|--------|
| Mar-12   | 19     | -209   | 94  | -198   |
| Apr-12   | 108    | 73     | 311 | 214    |

| Spread | Mar-12 | Apr-12 |
|--------|--------|--------|
| Basis  | 83.7   | 84.5   |
| Mar-12 | -      | -0.8   |
| 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   | -19.20 | 148.00 | 151.25 | 135.57 | 136.20 |
| Dec-11   | 0.10   | 113.20 | 114.88 | 112.26 | 113.52 |
| Mar-12   | 0.54   | 108.53 | 108.93 | 106.33 | 107.89 |
| May-12   | 0.65   | 103.39 | 105.36 | 103.00 | 104.82 |
| Jul-12   | 0.88   | 102.03 | 103.19 | 101.76 | 102.44 |

| Contract | Volume | Change | OI       | Change |
|----------|--------|--------|----------|--------|
| Jul-11   | 282    | 139    | 1,102    | -272   |
| Dec-11   | 12,096 | 5362   | 1,03,487 | -2,056 |
| Mar-12   | 3,374  | 2810   | 19,488   | 1,336  |
| May-12   | 247    | 71     | 4,577    | 27     |
| Jul-12   | 221    | 105    | 6,368    | -85    |

This section will be updated the next day.

**Cotton Prices at Key Spot Markets:**

| Centre                  | Prices (Rs/Qtl) |           | Change |
|-------------------------|-----------------|-----------|--------|
|                         | 06-07-11        | 05-07-11  |        |
| Kadi – Bt Cotton        | 3500-3750       | 3375-3625 | 125    |
| Amravati – Vunni Mech-1 | NA              | NA        | NA     |
| Ahmedabad – Shankar-6   | NA              | NA        | NA     |
| Abohar – J-34           | 3680-3700       | 3750      | -50    |
| Muktsar – J-34          | 3700            | 3750      | -50    |

**Cotton Arrivals in Key Centers**

| Centre                 | Arrivals |          | Change |
|------------------------|----------|----------|--------|
|                        | 06-07-11 | 05-07-11 |        |
| Kadi –Bt Cotton        | 12       | 17       | -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

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