

Cotton Domestic Fundamentals:

- Cotton prices traded firm in Kadi and weak in Abohar, Muktsar and Ahmedabad.
- However, the current year sowing progress is down for cotton at 44.62 lakh hectares as on 9th July 2011 compared to 66.09 lakh hectares as on 9th July 2010.
- The acreage has declined by 32.49% due to decline in rainfall in the major growing regions.
- Meanwhile, cotton yarn sector has estimated a loss of Rs 11,000 crore for the cotton yarn sector due to measures like withdrawal of export incentives, restrictions on exports, and imposition of excise duty.
- However weak demand millers will continue to persist and may pull down the markets further in the long term.

Weather Update

As per IMD, Fairly widespread thundershowers would occur over north-eastern states, Gujarat, A.P Interior Karnataka Marathwada and Vidarbha.

Cotton International Fundamentals:

- U.S futures fell as the dollar's rally reduced the appeal of exports from the U.S.
- The market sentiments remained weak due to ongoing concerns over a slowdown in demand from China.
- However, bad weather conditions still remained a concern in the U.S with little rain in the forecast for major growing areas this week.

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 weaker demand, however sentiments may remain firm in the long run on lower acreage estimates in U.S.**

NCDEX Cotton Futures

Contract	+/-	Open	High	Low	Close
Feb-12	-5.1	665.0	667.3	652.0	652.0
Mar-12	-20.2	659.1	659.1	655.4	655.4
Apr-12	-13.3	665.0	667.7	651.1	652.8

Contract	Volume	Change	OI	Change
Feb-12	26	21	82	7
Mar-12	2	-	9	-1
Apr-12	1162	528	3727	169

Spread	Feb-12	Mar-12	Apr-12
Basis	78.0	74.6	77.2
Feb-12	-	3.4	0.8
Mar-12		-	-2.6
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	-9.3	680.0	680.0	659.3	666.7
Apr-12	-11.6	670.5	673.0	658.5	660.7

Contract	Volume	Change	OI	Change
Mar-12	10	-58	97	-260
Apr-12	99	88	391	298

Spread	Mar-12	Apr-12
Basis	63.3	69.3
Mar-12	-	-6.0
Apr-12		-

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

ICE Cotton Futures:

Contract	+/-	Open	High	Low	Close
Dec-11	-5.00	113.57	113.80	108.88	108.88
Mar-12	-5.00	108.04	108.50	103.44	103.44
May-12	-5.00	104.12	104.12	100.38	100.38

Contract	Volume	Change	OI	Change
Dec-11	10,071	723	1,03,583	884
Mar-12	1,450	559	20,388	488
May-12	309	178	4,563	-18

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	11-07-11	09-07-11	
Kadi – Bt Cotton	3425-3650	3375-3625	25
Amravati – Vunni Mech-1	NA	3500-4000	-
Ahmedabad – Shankar-6	3500-4000	3500-4125	-125
Abohar – J-34	3600-3625	3600-3650	-25
Muktsar – J-34	3600-3625	3600-3650	-25

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	11-07-11	09-07-11	
Kadi –Bt Cotton	12	25	13
Amravati –Vunni Mech-1	NA	NA	NA
Ahmedabad – Shankar-6	500	1000	-500

Kadi-1 Truck-20 kgs

Amravati-1 Truck-100 kgs

Ahmedabad- in bags

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