

**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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