

Cotton Domestic Fundamentals:

- Cotton remained steady to firm as the government announced restoration of incentives on export of cotton and cotton yarn following a sharp fall in domestic and international prices.
- The decision to restore the Duty Entitlement Pass Book (DEPB) scheme on cotton yarn would be on a retrospective effect basis from April 2011 and on cotton from October 2010.
- Meanwhile Indian cotton crop estimates for 2010-11 have been increased by 4.1% at 32.5 million bales, up from an earlier estimate of 31.2 million bales.

Weather Update

- According to IMD, dry weather conditions would be likely over Gujarat, Rajasthan and the North-west regions in India.
- Isolated rainfall would occur over coastal Karnataka and A.P, Telengana and Rayalaseema over the next 48 hours which may help sowing.

Cotton International Fundamentals:

- U.S futures rebounds on concerns that dry weather may reduce output in the U.S.
- USDA said that 29 percent of the cotton crop was in good or excellent condition on July 24th 2011, compared with 68 percent a year earlier.
- Prices also weakened as demand slowed in China due to slower imports from the country.

Outlook: Domestic and International

- **In the short term, domestic cotton prices move lower due to surplus of stocks in the domestic markets. However the medium to long term trend would depend on acreage estimates for the current season.**
- **U.S markets may trade weak on lower global demand. However the medium to long term trend would depend on production estimates for the current season in the U.S.**

NCDEX Cotton Futures

Contract	+/-	Open	High	Low	Close
Feb-12	20.1	669.0	687.2	669.0	687.2
Mar-12	18.7	668.0	687.0	668.0	685.9
Apr-12	26.4	669.0	691.0	666.1	688.6

Contract	Volume	Change	OI	Change
Feb-12	27	12	97	-7
Mar-12	7	5	13	1
Apr-12	3802	2706	4602	229

Spread	Feb-12	Mar-12	Apr-12
Basis	62.8	64.1	61.4
Feb-12	-	-1.3	1.4
Mar-12		-	2.7
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	21.6	676.0	695.7	676.0	695.7
Apr-12	22.7	675.0	696.9	673.1	695.0

Contract	Volume	Change	OI	Change
Mar-12	50	38	109	-8
Apr-12	262	182	434	-42

Spread	Mar-12	Apr-12
Basis	54.3	55.0
Mar-12	-	-0.7
Apr-12		-

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

ICE Cotton Futures:

Contract	+/-	Open	High	Low	Close
Oct-11	4.00	97.68	101.09	93.50	101.09
Dec-11	4.00	96.76	100.76	93.20	100.76
Mar-12	3.85	94.74	99.23	92.55	99.08
May-12	3.22	94.70	98.52	92.00	97.95

Contract	Volume	Change	OI	Change
Oct-11	31	-18	535	2
Dec-11	6,837	-811	97,029	-255
Mar-12	2,196	-70	23,011	670
May-12	131	-263	5,491	37

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	26-07-11	25-07-11	
Kadi – Bt Cotton	3500-3650	3000-3625	25
Amravati – Vunni Mech-1	NA	2800-3500	-
Ahmedabad – Shankar-6	3000-3500	3000-3500	Unch
Abohar – J-34	3330	3280-3300	Unch
Muktsar – J-34	3300	3300	Unch

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	26-07-11	25-07-11	
Kadi –Bt Cotton	12	25	-13
Amravati –Vunni Mech-1	Nil	Nil	-
Ahmedabad – Shankar-6	2000	2000	Unch

Kadi-1 Truck-20 kgs

Amravati-1 Truck-100 kgs

Ahmedabad- in bags

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