

**Cotton Domestic Fundamentals:**

- Cotton prices remained steady to firm due to reinstatement of incentives on export of cotton and cotton yarn by Commerce Industry.
- 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.
- According to state agriculture department of Rajasthan cotton sowing has remained higher at 5.281 lakh hectares compared to 2.45 lakh hectares during the same time in the corresponding year.
- Government target is 3.80 lakh hectares for this year higher from the corresponding year at 3.35 lakh hectares.

**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 over the next 48 hours which may help sowing.

**Cotton International Fundamentals:**

- U.S futures continued the upward move supported by reports of persistent drought will slash production in the U.S.
- USDA said that 41 percent of the cotton crop was in very poor or poor condition on July 24<sup>th</sup> 2011, compared with 8 percent a year earlier.
- Markets moved higher as USDA cut its domestic production to 16 million bales from 17 million bales in June.

**Outlook: Domestic and International**

- **In the short term, domestic cotton prices move higher due to restoration of incentives on export of cotton. However the medium to long term trend would depend on acreage estimates for the current season.**
- **U.S markets may trade firm on lower U.S crop concerns. However the medium to long term trend would depend on global demand.**

**NCDEX Cotton Futures**

Contract	+/-	Open	High	Low	Close
Feb-12	22.9	700.5	707.3	700.0	703.0
Mar-12	25.4	699.2	706.0	699.2	704.2
Apr-12	8.9	693.0	709.5	693.0	698.5

Contract	Volume	Change	OI	Change
Feb-12	63	36	122	26
Mar-12	17	10	11	-2
Apr-12	4885	1083	4922	342

Spread	Feb-12	Mar-12	Apr-12
Basis	72.0	70.8	76.5
Feb-12	-	1.2	-4.5
Mar-12	-	-	-5.7
Apr-12	-	-	-

**MCX Cotton Futures**

Contract	+/-	Open	High	Low	Close
Mar-12	16.8	702.0	721.0	702.0	713.0
Apr-12	16.1	700.0	718.5	700.0	711.2

Contract	Volume	Change	OI	Change
Mar-12	198	148	186	77
Apr-12	635	373	541	107

Spread	Mar-12	Apr-12
Basis	62.0	63.8
Mar-12	-	-1.8
Apr-12	-	-

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

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**ICE Cotton Futures:**

Contract	+/-	Open	High	Low	Close
Oct-11	2.76	101.86	104.66	101.02	103.85
Dec-11	2.85	100.80	104.44	99.85	103.61
Mar-12	2.10	99.00	102.12	98.08	101.18
May-12	2.04	97.16	100.60	97.16	99.99

Contract	Volume	Change	OI	Change
Oct-11	67	36	545	10
Dec-11	6,636	-201	97,023	-6
Mar-12	1,120	-1076	23,603	592
May-12	56	-75	5,485	-6

**Cotton Prices at Key Spot Markets:**

Centre	Prices (Rs/Qtl)		Change
	27-07-11	26-07-11	
Kadi – Bt Cotton	3625-3875	3500-3650	225
Amravati – Vunni Mech-1	3000-4000	NA	-
Ahmedabad – Shankar-6	3250-3750	3000-3500	250
Abohar – J-34	3280-3300	3330	Unch
Muktsar – J-34	3280-3300	3300	Unch

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	27-07-11	26-07-11	
Kadi –Bt Cotton	15	12	3
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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