

Cotton Domestic Fundamentals:

- Cotton prices remained weak at major centers as demand remained weak at highs.
- However sentiments may continue to remain firm as government had restored incentives on export of cotton and cotton yarn.
- The government is also considering a call on allowing more exports due to surplus cotton supplies.
- Government added that as surplus has been upped to 5.25 million bales there is more scope for exports beyond the 6.5 million bales limit.

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 end lower for the first time in three days on signs of reduced demand for supplies from the U.S.
- However, USDA said that 41 percent of the cotton crop was in very poor or poor condition on July 24th 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	-2.2	702.0	706.9	695.0	701.1
Mar-12	-12.7	707.4	707.4	691.6	691.6
Apr-12	-1.0	698.0	703.9	689.0	698.0

Contract	Volume	Change	OI	Change
Feb-12	40	-23	129	8
Mar-12	2	-15	13	1
Apr-12	2619	-2266	4897	-22

Spread	Feb-12	Mar-12	Apr-12
Basis	48.9	58.4	52.0
Feb-12	-	-9.5	-3.1
Mar-12		-	6.4
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	3.4	715.0	718.6	708.1	716.0
Apr-12	-1.1	708.9	714.0	700.0	709.5

Contract	Volume	Change	OI	Change
Mar-12	66	-132	206	20
Apr-12	255	-380	541	-

Spread	Mar-12	Apr-12
Basis	34.0	40.5
Mar-12	-	-6.5
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	-1.04	103.84	103.84	101.30	102.81
Dec-11	-1.04	103.61	103.65	100.65	102.57
Mar-12	-0.43	101.00	101.06	98.80	100.75
May-12	-0.27	98.50	99.98	97.90	99.72

Contract	Volume	Change	OI	Change
Oct-11	88	21	545	-
Dec-11	14,642	8006	97,208	185
Mar-12	3,517	2397	24,597	994
May-12	460	404	5,510	25

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	28-07-11	27-07-11	
Kadi – Bt Cotton	3625-3875	3625-3875	Unch
Amravati – Vunni Mech-1	NA	3000-4000	-
Ahmedabad – Shankar-6	3000-3650	3250-3750	-100
Abohar – J-34	3270-3280	3280-3300	-20
Muktsar – J-34	3270-3280	3280-3300	-20

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	28-07-11	27-07-11	
Kadi –Bt Cotton	12	15	-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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