

Cotton Domestic Fundamentals:

- Cotton prices remained steady to firm supported by reports that the union government has lifted export restrictions on cotton and allowed it to be shipped under open general licenses (OGL) for the rest of the cotton season.
- Government has done this in response to a fall in prices of the commodity and its adequate availability in the country.
- According to Cotton Advisory Board (CAB) after the additional exports of 10 lakh bales the exports are revised to 65 lakh bales and production of raw cotton has been revised from 312 lakh bales to 325 lakh bales. The carry-out stocks will be 52.5 lakh bales and with the textile consumption over 20 lakh bales a month enough stock will be at hand till the fresh arrivals start in October.
- So this may keep the prices in check.

Weather Update

- According to IMD, widespread rainfall would occur over northeastern states during the week, scattered rain/thundershowers would occur over plains of northwest India.
- Rainfall may remain subdued over Gujarat and extreme southeast Peninsula.
- Rainfall would help sowing activity in the final week of cotton.

Cotton International Fundamentals:

- US Futures end higher as India lifted restrictions on exports of raw cotton.
- Cotton for December delivery gained 3.28 cents, or 3.2% to settle at \$1.0505 a pound on ICE Futures U.S. in New York.
- Bad weather in the US also threatens the Texas crop and may support prices at lows.

Outlook: Domestic and International

- **In the short term, domestic cotton prices move higher as restrictions has been lifted over cotton exports. However the medium to long term trend would depend on acreage estimates for the current season.**
- **U.S markets may trade firm on lower global demand and possible lower U.S crop due to bad weather expected in Texas.**

NCDEX Cotton Futures

Contract	+/-	Open	High	Low	Close
Feb-12	17.4	734.0	741.0	726.7	730.0
Mar-12	15.4	723.2	734.0	723.2	728.0
Apr-12	4.5	719.0	734.0	715.0	719.5

Contract	Volume	Change	OI	Change
Feb-12	85	26	167	32
Mar-12	6	4	11	-
Apr-12	4192	2064	5112	53

Spread	Feb-12	Mar-12	Apr-12
Basis	78.0	80.0	88.5
Feb-12	-	-2.0	-10.5
Mar-12	-	-	-8.5
Apr-12	-	-	-

MCX Cotton Futures

Contract	+/-	Open	High	Low	Close
Mar-12	6.9	734.0	748.4	734.0	735.2
Apr-12	6.3	726.9	743.9	726.9	730.9

Contract	Volume	Change	OI	Change
Mar-12	110	47	216	21
Apr-12	353	253	591	69

Spread	Mar-12	Apr-12
Basis	72.8	77.1
Mar-12	-	-4.3
Apr-12	-	-

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

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ICE Cotton Futures:

Contract	+/-	Open	High	Low	Close
Oct-11	3.51	100.90	105.99	100.61	105.59
Dec-11	3.28	101.75	105.32	100.08	105.05
Mar-12	3.47	99.20	102.99	97.83	102.83
May-12	3.96	98.50	102.45	98.00	102.42

Contract	Volume	Change	OI	Change
Oct-11	30	-31	539	3
Dec-11	7,038	-5929	1,01,354	1,389
Mar-12	1,111	-909	25,419	297
May-12	295	-32	5,715	163

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	01-08-11	30-07-11	
Kadi – Bt Cotton	3900-4175	3650-3925	250
Amravati – Vunni Mech-1	4000-4500	NA	-
Ahmedabad – Shankar-6	3000-4000	3300-3750	250
Abohar – J-34	3325	3325	Unch
Muktsar – J-34	3325	3325	Unch

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	01-08-11	30-07-11	
Kadi –Bt Cotton	12	20	-8
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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