

Cotton Domestic Fundamentals:

- Cotton prices remained mixed amid reports of removal of restriction of ban on cotton exports.
- Trade sources revealed that the decision to put cotton exports under OGL till September 30th 2011 may help the industry plug the demand-supply gap.
- According to Cotton Advisory Board (CAB) India has a carryover stock of 5.25 million bales (170 kg), against the anticipated stock of 2.75 million bales.
- Meanwhile, Finance Ministry is considering the restoration of a tax refund benefit for cotton yarn exports, which was suspended in April, 2010, to discourage overseas shipments amid high domestic prices

Weather Update

According to IMD, widespread rainfall would occur over many parts of the country which may help sowing activity cotton in the final week.

Cotton International Fundamentals:

- US Futures end higher as India lifted restrictions on exports of raw cotton and persistent drought conditions devastated crops in Texas.
- USDA showed that in the week ending 31st July 2011, 57% of Texas cotton crops were in poor or very poor condition.
- Sentiments also remained firm after the International Cotton Advisory Committee cut its 2011-12 forecasts for global cotton production to 26.9 million tonnes.

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 crop estimates and bad weather conditions is hurting the U.S crop.**

NCDEX Cotton Futures

| Contract | +/- | Open | High | Low | Close |
|----------|-----|-------|-------|-------|-------|
| Feb-12 | 2.8 | 735.0 | 738.8 | 722.6 | 735.0 |
| Mar-12 | 6.0 | 732.9 | 734.9 | 713.8 | 734.9 |
| Apr-12 | 5.5 | 722.0 | 731.0 | 713.0 | 725.1 |

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| Feb-12 | 62 | -23 | 166 | -1 |
| Mar-12 | 13 | 7 | 11 | - |
| Apr-12 | 3636 | -556 | 5110 | 49 |

| Spread | Feb-12 | Mar-12 | Apr-12 |
|--------|--------|--------|--------|
| Basis | 68.0 | 68.1 | 77.9 |
| Feb-12 | - | -0.1 | -9.9 |
| Mar-12 | - | - | -9.8 |
| Apr-12 | - | - | - |

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

MCX Cotton Futures

| Contract | +/- | Open | High | Low | Close |
|----------|-----|-------|-------|-------|-------|
| Mar-12 | 2.0 | 739.0 | 745.0 | 730.2 | 739.0 |
| Apr-12 | 6.0 | 735.0 | 741.0 | 724.0 | 736.7 |

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-----|--------|
| Mar-12 | 165 | 55 | 239 | 23 |
| Apr-12 | 377 | 24 | 608 | 17 |

| Spread | Mar-12 | Apr-12 |
|--------|--------|--------|
| Basis | 64.0 | 66.3 |
| Mar-12 | - | -2.3 |
| Apr-12 | - | - |

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

ICE Cotton Futures:

| Contract | +/- | Open | High | Low | Close |
|----------|------|--------|--------|--------|--------|
| Oct-11 | 1.58 | 105.70 | 108.40 | 102.60 | 107.17 |
| Dec-11 | 1.80 | 105.05 | 108.62 | 102.25 | 106.85 |
| Mar-12 | 1.73 | 102.60 | 105.75 | 100.00 | 104.56 |
| May-12 | 0.32 | 100.33 | 103.50 | 99.23 | 102.74 |

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|----------|--------|
| Oct-11 | 99 | 69 | 545 | 6 |
| Dec-11 | 8,582 | 1544 | 1,00,429 | -925 |
| Mar-12 | 2,228 | 1117 | 25,815 | 396 |
| May-12 | 164 | -131 | 5,729 | 14 |

Cotton Prices at Key Spot Markets:

| Centre | Prices (Rs/Qtl) | | Change |
|-------------------------|-----------------|-----------|--------|
| | 02-08-11 | 01-08-11 | |
| Kadi – Bt Cotton | 3875-4150 | 3900-4175 | -25 |
| Amravati – Vunni Mech-1 | NA | 4000-4500 | - |
| Ahmedabad – Shankar-6 | 3500-4000 | 3000-4000 | Unch |
| Abohar – J-34 | 3375 | 3325 | 50 |
| Muktsar – J-34 | 3375 | 3325 | 50 |

Cotton Arrivals in Key Centers

| Centre | Arrivals | | Change |
|------------------------|----------|----------|--------|
| | 02-08-11 | 01-08-11 | |
| Kadi –Bt Cotton | 12 | 12 | Unch |
| 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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