

Cotton Domestic Fundamentals:

- Cotton prices continued its uptrend as textiles ministry said that it will take a call on continuing exports of the natural fibre under Open General License (OGL) before the beginning of the next cotton season in October.
- However mills are urging to delay cotton exports to January 01st 2012 as it will create speculation in the market.
- Meanwhile, new cotton registration policy, which will be announced by the Directorate General of Foreign Trade (DGFT) this week, may do away with the eligibility criteria.
- Cotton acreage in Saurashtra has increased in some parts this year as prices remain high. Cotton has been sown over 18 lakh hectares in Gujarat and the total acreage in Saurashtra-Kutch has touched 13 lakh hectares.

Weather Update

- According to IMD, widespread rainfall would occur over Uttrakhand, U.P East, Central and North-eastern states.
- Scattered rains would be seen over the remaining parts and west Rajasthan.

Cotton International Fundamentals:

- US futures ended lower as some investors sold the fiber to take profits.
- December cotton futures on ICE Futures US were down sharply at the end, falling \$2.69, or 2.52%, to \$1.0416 per lb.
- However traders still remained concerned about weak export from the U.S and reveal that it might pull markets lower from highs.

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	17.9	739.6	753.9	735.3	752.0
Mar-12	14.2	734.9	739.0	734.9	739.0
Apr-12	15.6	729.1	742.0	727.1	740.5

Contract	Volume	Change	OI	Change
Feb-12	30	-32	161	-6
Mar-12	6	-7	11	-
Apr-12	3782	146	5141	31

Spread	Feb-12	Mar-12	Apr-12
Basis	66.0	79.0	77.5
Feb-12	-	-13.0	-11.5
Mar-12	-	-	1.5
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	13.3	742.0	752.0	740.0	752.0
Apr-12	14.0	740.0	751.0	736.1	749.7

Contract	Volume	Change	OI	Change
Mar-12	84	-81	244	5
Apr-12	322	-55	570	-38

Spread	Mar-12	Apr-12
Basis	66.0	68.3
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	-2.75	106.52	106.53	103.53	104.42
Dec-11	-2.69	105.95	106.74	103.91	104.16
Mar-12	-2.74	103.56	103.56	101.41	101.82
May-12	-2.85	101.08	101.10	99.75	99.89

Contract	Volume	Change	OI	Change
Oct-11	121	22	522	-23
Dec-11	12,117	3535	99,616	-813
Mar-12	2,155	-73	26,112	297
May-12	607	443	5,692	-37

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	03-08-11	02-08-11	
Kadi – Bt Cotton	4000-4175	3875-4150	25
Amravati – Vunni Mech-1	4000-4500	NA	-
Ahmedabad – Shankar-6	3500-4000	3500-4000	Unch
Abohar – J-34	3415-3420	3375	45
Muktsar – J-34	3415-3420	3375	45

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	03-08-11	02-08-11	
Kadi –Bt Cotton	7	12	-5
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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.