

Cotton Domestic Fundamentals:

- Cotton prices continued its uptrend as cotton exports could come under Open General License (OGL) before the beginning of the next cotton season in October.
- 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.
- According to state agriculture department of Rajasthan, cotton area has increased by 109% to 5.31 lakh hectares compared to the corresponding area same time last year. Government target of 3.8 lakh hectares has also been surpassed by 40%.

Weather Update

- According to IMD, widespread rainfall would occur over Utrakhand, 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 higher as persistent drought conditions devastated crops in Texas.
- Cotton for December delivery gained 0.76 cents to settle at \$1.0492 a pound on ICE Futures U.S.
- 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	2.7	752.0	752.0	740.2	744.9
Mar-12	2.2	715.7	741.0	715.7	740.0
Apr-12	-8.8	742.0	750.0	730.2	732.0

Contract	Volume	Change	OI	Change
Feb-12	16	-14	168	6
Mar-12	7	1	14	2
Apr-12	2500	-1282	5164	38

Spread	Feb-12	Mar-12	Apr-12
Basis	105.1	110.0	118.0
Feb-12	-	-4.9	-12.9
Mar-12		-	-8.0
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	-4.0	758.7	758.7	742.0	747.4
Apr-12	-6.9	757.5	757.5	741.5	743.0

Contract	Volume	Change	OI	Change
Mar-12	67	-17	252	8
Apr-12	215	-107	627	57

Spread	Mar-12	Apr-12
Basis	102.6	107.0
Mar-12	-	-4.4
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	0.59	104.60	105.71	102.74	105.01
Dec-11	0.76	103.95	105.68	102.51	104.92
Mar-12	0.59	101.52	103.00	100.50	102.41
May-12	1.52	99.50	102.00	99.43	101.41

Contract	Volume	Change	OI	Change
Oct-11	127	6	526	4
Dec-11	13,690	1573	1,00,533	917
Mar-12	4,085	1930	26,247	135
May-12	753	146	5,792	100

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	04-08-11	03-08-11	
Kadi – Bt Cotton	4125-4375	4000-4175	200
Amravati – Vunni Mech-1	4000-4500	4000-4500	Unch
Ahmedabad – Shankar-6	3750-4500	3500-4000	500
Abohar – J-34	3450-3475	3415-3420	55
Muktsar – J-34	3450-3475	3415-3420	55

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	04-08-11	03-08-11	
Kadi –Bt Cotton	17	7	10
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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