

Cotton Domestic Fundamentals:

- Cotton prices remained steady to firm as the Union Government has notified the restoration of incentives on exports of cotton and cotton yarn.
- The Duty Entitlement Pass Book (DEPB) scheme on cotton has been put into effect on a retrospective basis from October 2010, while on cotton yarn from April 2011, according to Directorate General of Foreign Trade (DGFT).
- However, Cotton has been sown in 109.92 lakh hectare till date as against 104.36 lakh hectare last year on this date.

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 dropped over 3% on investor sales sparked by the weak global macroeconomic environment.
- Cotton futures for December delivery fell 3.34 cents, or 3.2%, to \$1.0158 a pound on ICE.
- Traders still remained concerned about weak export from the U.S and reveal that it might pull markets lower from highs.
- Traders also remained concerned about supply in the domestic markets as drought conditions continue to harm the Texas crop.

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	-12.1	737.9	738.9	724.1	732.9
Mar-12	-17.0	721.3	723.0	721.3	723.0
Apr-12	-10.5	731.0	731.0	715.1	723.0

Contract	Volume	Change	OI	Change
Feb-12	49	33	156	-15
Mar-12	2	-5	14	-
Apr-12	2930	430	4930	-237

Spread	Feb-12	Mar-12	Apr-12
Basis	130.1	140.0	140.0
Feb-12	-	-9.9	-9.9
Mar-12	-	-	-
Apr-12	-	-	-

MCX Cotton Futures

Contract	+/-	Open	High	Low	Close
Mar-12	-17.8	735.0	747.0	726.2	730.0
Apr-12	-13.7	738.0	739.5	721.5	730.0

Contract	Volume	Change	OI	Change
Mar-12	85	18	248	-4
Apr-12	309	94	613	-14

Spread	Mar-12	Apr-12
Basis	133.0	133.0
Mar-12	-	-
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	-3.53	103.10	104.90	101.02	101.48
Dec-11	-3.34	103.92	105.41	101.12	101.58
Mar-12	-3.29	101.23	102.10	98.66	99.12
May-12	-2.62	99.00	100.48	97.67	98.79

Contract	Volume	Change	OI	Change
Oct-11	85	-42	517	-9
Dec-11	7,665	-6025	99,412	-1,121
Mar-12	4,141	56	26,737	490
May-12	309	-444	5,793	1

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	05-08-11	04-08-11	
Kadi – Bt Cotton	4125-4500	4125-4375	125
Amravati – Vunni Mech-1	4000-4500	4000-4500	Unch
Ahmedabad – Shankar-6	3750-4500	3750-4500	Unch
Abohar – J-34	3450-3475	3450-3475	Unch
Muktsar – J-34	3450-3475	3450-3475	Unch

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	05-08-11	04-08-11	
Kadi –Bt Cotton	17	17	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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