

Cotton Domestic Fundamentals:

- Cotton prices remained steady to firm as incentives on exports of cotton and cotton yarn were renovated.
- 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).
- Meanwhile, farmers in Punjab, Malwa region are worried about the recent dry spell as they fear that the quality of their produce will be hit if rains continued to elude the region.
- However, Cotton has been sown in 109.92 lakh hectare till date as against 104.36 lakh hectare last year on this date. The increase in area has been over 5%.

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 weak on investor booked profits.
- 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	-29.2	716.9	730.0	702.3	702.3
Mar-12	-18.0	712.0	712.0	701.0	705.0
Apr-12	-28.8	720.1	725.0	693.0	693.0

Contract	Volume	Change	OI	Change
Feb-12	56	7	119	-37
Mar-12	6	4	13	-2
Apr-12	2710	-220	5002	74

Spread	Feb-12	Mar-12	Apr-12
Basis	160.7	158.0	170.0
Feb-12	-	2.7	-9.3
Mar-12	-	-	-12.0
Apr-12	-	-	-

MCX Cotton Futures

Contract	+/-	Open	High	Low	Close
Mar-12	-29.2	731.8	731.8	703.3	703.4
Apr-12	-28.9	733.3	734.1	702.5	702.9

Contract	Volume	Change	OI	Change
Mar-12	91	6	240	-8
Apr-12	290	-19	594	-19

Spread	Mar-12	Apr-12
Basis	159.6	160.1
Mar-12	-	-0.5
Apr-12	-	-

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

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	-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
	06-08-11	05-08-11	
Kadi – Bt Cotton	4125-4500	4125-4500	Unch
Amravati – Vunni Mech-1	4000-4500	4000-4500	Unch
Ahmedabad – Shankar-6	3750-4250	3750-4500	250
Abohar – J-34	3680-3700	3450-3475	225
Muktsar – J-34	3680-3700	3450-3475	225

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	06-08-11	05-08-11	
Kadi –Bt Cotton	15	17	-2
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.