

Cotton Domestic Fundamentals:

- Cotton prices continued its weakness due to better acreage estimates for 2012-13 season.
- Buying activity from millers and traders remained lower and continued to pull markets lower.
- Sentiments also remained weak as traders and other sources predict higher production next year than this year.
- Meanwhile, farmers in Andhra Pradesh now have decided to form commodity-wise groups within farmers' associations to discuss problems.

Weather Update

- According to IMD, widespread rainfall would occur over Jharkhand, Gujarat state and South Rajasthan.
- Widespread rains would be seen over the west coast, northeastern states and remaining parts of central and east India.
- Scattered to isolated rainfall over the Northwest India during the next 24 hours.

Cotton International Fundamentals:

- US futures moved higher as farmers in the U.S are abandoning crops in mass numbers as a result of the most severe drought.
- The market is waiting for the USDA monthly supply report on Thursday, the first for the 2011/12 marketing year (August/July).
- Meanwhile, Weak demand and higher output has depressed world cotton prices and will cost Pakistan more than \$1 billion in key textile exports for the fiscal year 2011/12, despite an expected bumper crop. This year's textile exports will be between \$12.0 billion and \$12.5 billion compared to \$13.80 billion in the previous year.

Outlook: Domestic and International

- **In the short term, domestic cotton prices move lower due to better acreage estimates compared to last year and weak demand.**
- **U.S markets may trade firm on lower US crop estimates due to bad weather conditions in Texas.**

NCDEX Cotton Futures

Contract	+/-	Open	High	Low	Close
Feb-12	25.6	690.0	710.0	690.0	710.0
Mar-12	2.4	684.0	691.3	684.0	690.0
Apr-12	17.6	681.0	698.5	680.0	698.0

Contract	Volume	Change	OI	Change
Feb-12	14	-26	112	6
Mar-12	11	9	20	5
Apr-12	2130	-241	5086	49

Spread	Feb-12	Mar-12	Apr-12
Basis	108.0	128.0	120.0
Feb-12	-	-20.0	-12.0
Mar-12	-	-	8.0
Apr-12	-	-	-

MCX Cotton Futures

Contract	+/-	Open	High	Low	Close
Mar-12	18.5	694.0	710.4	690.4	708.2
Apr-12	16.0	693.1	708.7	690.0	707.0

Contract	Volume	Change	OI	Change
Mar-12	92	45	220	-24
Apr-12	238	-11	592	21

Spread	Mar-12	Apr-12
Basis	109.8	111.0
Mar-12	-	-1.2
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	1.90	99.00	99.84	97.00	99.16
Dec-11	2.00	97.92	99.03	95.76	97.80
Mar-12	1.97	95.00	96.40	93.22	95.55
May-12	1.83	95.21	95.97	93.00	95.26

Contract	Volume	Change	OI	Change
Oct-11	79	-11	534	20
Dec-11	9,967	-42	96,901	-1,116
Mar-12	2,531	-73	27,693	116
May-12	1,202	54	6,030	259

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	10-08-11	09-08-11	
Kadi – Bt Cotton	4000-4175	3900-4250	-75
Amravati – Vunni Mech-1	3500-4000	4000-4500	-500
Ahmedabad – Shankar-6	3625-4125	3625-4125	Unch
Abohar – J-34	3500	3600	-100
Muktsar – J-34	3500	3600	-100

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	10-08-11	09-08-11	
Kadi –Bt Cotton	No Arrival	12	-
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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