

Cotton Domestic Fundamentals:

- Cotton prices moved higher after the government today said exporters will not be fined if the weight of cotton yarn they ship is lower by up to 5% than committed in their contracts.
- Meanwhile, the Bombay High Court on Wednesday stayed a recent Central government circular which directed them to obtain a bank guarantee while registering for exports.
- Separately, ICRA said that the cotton spinning industry is facing a challenging environment yet again due to the steep fall in cotton prices since April 2011 along with rising interest rates.

Weather Update

- According to IMD, widespread rainfall would occur over Gujarat state north-eastern states, northwest, central and remaining parts of India.
- 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 fell as demand continues to be weak.
- However traders are anticipating bullish production data from USDA near 15.29 million bales.
- However global outlook remains upbeat as production is expected to remain higher this year due to good production in India and Pakistan.

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	-3.3	710.0	710.0	694.4	699.9
Mar-12	6.7	703.0	703.0	692.7	692.7
Apr-12	-10.3	700.0	700.0	685.0	686.0

Contract	Volume	Change	OI	Change
Feb-12	16	2	117	5
Mar-12	8	-3	24	3
Apr-12	1825	-305	5088	-13

Spread	Feb-12	Mar-12	Apr-12
Basis	120.1	127.3	134.0
Feb-12	-	-7.2	-13.9
Mar-12	-	-	-6.7
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	-8.3	706.1	712.9	695.0	700.0
Apr-12	-9.7	704.0	708.0	695.3	696.9

Contract	Volume	Change	OI	Change
Mar-12	54	-38	226	6
Apr-12	164	-74	622	30

Spread	Mar-12	Apr-12
Basis	120.0	3.1
Mar-12	-	-3.1
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	-1.37	99.50	99.60	97.26	97.79
Dec-11	-1.28	97.57	99.36	95.78	96.52
Mar-12	-1.15	95.31	96.95	93.66	94.40
May-12	-1.02	95.40	96.28	93.50	94.24

Contract	Volume	Change	OI	Change
Oct-11	89	10	514	-20
Dec-11	12,571	2604	95,865	-1,036
Mar-12	3,337	806	28,312	619
May-12	847	-355	6,084	54

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	11-08-11	10-08-11	
Kadi – Bt Cotton	4000-4200	4000-4175	25
Amravati – Vunni Mech-1	3800-4200	3500-4000	200
Ahmedabad – Shankar-6	3625-4125	3625-4125	Unch
Abohar – J-34	3525	3500	25
Muktsar – J-34	3525	3500	25

Cotton Arrivals in Key Centers

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