

**Cotton Domestic Fundamentals:**

- Cotton prices moved higher supported by good demand by millers and exporters.
- Buying activity increased as buyers went active after prices rose in the international market
- Traders said that prices are likely to remain stable only until fresh crop arrival delays.
- Lower arrivals in the markets also pushed the markets higher.
- Trade sources also added that delay in crop could be seen and this may stop selling at highs however yarn demand remained weak.
- Meanwhile, acreage under cotton this Kharif season has reached 28.84 lakh hectares so far in Gujarat, up by nearly 2.52 lakh hectares as compared to 26.32 lakh hectares sown in last season.

**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 ended lower as weak economy in many developed countries may continue to weaken demand for the commodity.
- However, USDA said that US is forecast to produce about 16.6 million bales in 2011/12, down 12% from the previous year as severe drought conditions caused high abandonment in Texas.
- On the other hand, world cotton production in 2011/12 is forecast at a record high of 122.7 million bales, a 7-percent increase from the preceding year.
- World cotton trade is forecast at 37.6 million bales, up 7 percent from a year earlier and the largest in 4 years.

**Outlook: Domestic and International**

- **In the short term, domestic cotton prices move higher due to better buying activity and crop delay possibilities. However in the longer run prices may fall due to better acreage expectations this year.**
- **U.S markets may trade firm on lower US crop estimates.**

**NCDEX Cotton Futures**

Contract	+/-	Open	High	Low	Close
Feb-12	2.3	729.0	729.0	705.0	714.9
Mar-12	-12.3	697.0	697.0	697.0	697.0
Apr-12	-8.5	704.0	711.0	692.2	695.7

Contract	Volume	Change	OI	Change
Feb-12	30	15	137	9
Mar-12	1	-2	22	-
Apr-12	2302	547	4967	24

Spread	Feb-12	Mar-12	Apr-12
Basis	160.1	178.0	179.3
Feb-12	-	-17.9	-19.2
Mar-12		-	-1.3
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	-7.1	720.0	721.0	707.6	709.0
Apr-12	-8.9	710.0	718.9	704.0	705.9

Contract	Volume	Change	OI	Change
Mar-12	35	16	219	2
Apr-12	165	91	634	14

Spread	Mar-12	Apr-12
Basis	130.2	135.3
Mar-12	-	-5.1
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	-0.41	104.50	104.62	103.59	104.62
Dec-11	-0.19	104.04	104.24	102.36	103.85
Mar-12	-0.25	100.95	100.95	98.76	100.59
May-12	-0.04	98.61	99.65	98.10	99.48

Contract	Volume	Change	OI	Change
Oct-11	66	46	511	9
Dec-11	7,192	-1090	92,938	219
Mar-12	2,635	520	29,616	381
May-12	534	17	6,260	106

**Cotton Prices at Key Spot Markets:**

Centre	Prices (Rs/Qtl)		Change
	16-08-11	12-08-11	
Kadi – Bt Cotton	4250-4500	4100-4275	225
Amravati – Vunni Mech-1	4000-4500	4000-4400	100
Ahmedabad – Shankar-6	3750-4250	3625-4250	Unch
Abohar – J-34	3650	3520	130
Muktsar – J-34	3650	3520	130

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	16-08-11	12-08-11	
Kadi –Bt Cotton	No Arrival	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

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