

Cotton Domestic Fundamentals:

- Cotton prices remained mixed amid depleting stocks coupled with buying by small millers.
- Trader sources say that new crop will be delayed in the North due to rains and millers will get their stock for ginning in October.
- Cotton has been sown in 116.81 lakh hectares as against 106.80 lakh hectares last year on this date. Sown area has increased by 9.373%. Sown area under Bt. Cotton has increased from 66.69 lakh hectares in 2008-09 to 93.36 lakh hectares in 2010-11 and in 2011-12 it is expected to increase to 95.04 lakh hectares.
- Separately, Director General of Foreign Trade (DGFT) has allowed the cotton exporters to obtain more than one registration certificates in the running marketing year.

Weather Update

- According to IMD, widespread rainfall would occur over Uttar Pradesh east India during next 24 hours.
- Isolated rainfall is expected in west Rajasthan in the next 24 hours which would support the sowing activity. Heavy rainfall could be seen over Gujarat and South Rajasthan after 48 hours.

Cotton International Fundamentals:

- US sentiments remained weak on signs of dwindling demand for supplies from the U.S.
- USDA said that in the week ended August 11th 2011 overseas buyers scrapped orders for 337,000 bales of upland cotton.
- Meanwhile, world cotton producers received \$1.3bn in subsidies despite market prices doubling to a record high, with farmers in some countries enjoying a rise in state support.

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 weak on sales cancellation and weak demand. However in the medium to long term prices will trade firm on lower output from U.S.**

NCDEX Cotton Futures

Contract	+/-	Open	High	Low	Close
Feb-12	16.8	713.9	728.0	711.0	728.0
Mar-12	16.3	707.0	717.0	707.0	717.0
Apr-12	14.2	699.0	718.5	695.0	714.2

Contract	Volume	Change	OI	Change
Feb-12	28	25	133	-10
Mar-12	10	1	21	-1
Apr-12	3271	1823	5248	131

Spread	Feb-12	Mar-12	Apr-12
Basis	110.0	121.0	123.8
Feb-12	-	-11.0	-13.8
Mar-12	-	-	-2.8
Apr-12	-	-	-

MCX Cotton Futures

Contract	+/-	Open	High	Low	Close
Mar-12	9.2	709.0	728.0	709.0	722.0
Apr-12	13.0	706.1	726.0	705.9	723.0

Contract	Volume	Change	OI	Change
Mar-12	44	18	203	-8
Apr-12	240	94	588	-36

Spread	Mar-12	Apr-12
Basis	116.0	115.0
Mar-12	-	1.0
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	-0.79	106.87	108.00	105.90	106.76
Dec-11	-0.73	106.50	108.39	105.13	106.22
Mar-12	-0.92	103.02	104.75	101.80	102.89
May-12	-0.61	101.50	102.80	100.60	101.55
Jul-12	-0.46	99.90	101.39	99.50	100.32
Oct-12	-0.46	100.59	100.59	100.59	100.59

Contract	Volume	Change	OI	Change
Oct-11	39	8	462	-17
Dec-11	11,341	6045	94,242	1,805
Mar-12	4,804	3845	31,070	1,119
May-12	1,841	1688	6,595	261
Jul-12	666	581	8,198	287
Oct-12	0	-1	3	-

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	19-08-11	18-08-11	
Kadi – Bt Cotton	4000-4375	4375-4600	-225
Amravati – Vunni Mech-1	4200-4600	4200-4700	-100
Ahmedabad – Shankar-6	4000-4500	4000-4500	Unch
Abohar – J-34	3750	3750	Unch
Muktsar – J-34	3800	3750	50

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	19-08-11	18-08-11	
Kadi –Bt Cotton	6	3	3
Amravati –Vunni Mech-1	Nil	Nil	-
Ahmedabad – Shankar-6	3000	2000	1000

Kadi-1 Truck-20 kgs

Amravati-1 Truck-100 kgs

Ahmedabad- in bags

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