

**Cotton Domestic Fundamentals:**

- Cotton prices traded mix in the spot market. It depicted a weak sentiment in major north Indian markets as Millers continued to resell while dull buying is reported due to bearish trend .
- Millers(with stocks) are holding themselves from fresh buying as they see more downside for the prices.
- As per data from the Ministry of Agriculture, Cotton has been sown in 118.05 lakh hectares as against 107.53 lakh hectares last year on this date representing an increase of 10.52 lakh hectares or an increase of 9.783%.
- Meanwhile, ahead of the arrival of fresh raw cotton, cotton ginners in Haryana have gone on indefinite strike to protest high market fee and rural development fund .

**Weather Update**

According to IMD, fairly widespread rain would occur over many parts of the country expect for isolated rains in interior Maharashtra and south interior peninsula India.

**Cotton International Fundamentals:**

- US markets ended higher on the last trading date.
- Earlier USDA report showed that in the week ended August 18<sup>th</sup> 2011, canceled orders for upland cotton exceeded sales by 230,308 bales for the current crop year .
- However China cotton output is likely to rise for the first time in four years in the 2011 -2012 season. The cotton output may rise by 10% to 7.9 million tonnes from 7.2 million tonnes a year earlier due to good weather during most of the growing season and larger planter area.

**Outlook: Domestic and International**

- **In the short term, domestic cotton prices move lower due to weak buying activity and weak miller's demand. In the longer run prices may fall due to better acreage expectations this year.**
- **U.S markets may trade lower on cancelations of exports and higher production expected in China.**

**NCDEX Cotton Futures**

Contract	+/-	Open	High	Low	Close
12-Feb	0.9	695	706	695	702.2
12-Mar	-0.3	685	693	685	693
12-Apr	3.4	686.1	695	678.3	690.2

Contract	Volume	Change	OI	Change
12-Feb	31	-4	164	-10
12-Mar	2	-4	31	0
12-Apr	786	-1033	5523	142

Spread	Feb-12	Mar-12	Apr-12
Basis	272.8	282	284.8
Feb-12	-	-9.2	-12.0
Mar-12	-	-	-2.8
Apr-12	-	-	-

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

ICE Cotton Futures: 26/08/2011

Contract	Open	High	Low	Close	Change
Oct-11	103.10	104.86	101.89	103.92	+1.33
Dec-11	103.86	104.88	102.15	104.32	+1.33
Mar-12	101.26	102.25	99.71	101.88	+1.40
May-12	99.48	101.07	98.91	100.86	+1.29
Jul-12	98.60	100.26	98.49	100.05	+1.51
Oct-12	98.80	99.80	98.80	98.80	+0.51

This section will be updated the next day .

### Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	27-08-11	26-08-11	
Kadi – Bt Cotton	4500-4875	4375-4625	+250
Amravati – Vunni Mech-1	4100-4500	4000-4400	+100
Ahmedabad – Shankar-6	4000-4500	4375-4625	-125
Abohar – J-34	3900	4000	-100
Muktsar – J-34	3900	4000	-100

### Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	27-08-11	26-08-11	
Kadi –Bt Cotton	-	3	-
Amravati –Vunni Mech-1	Nil	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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