

**Cotton Domestic Fundamentals:**

- Cotton prices continue to fall in the spot market. Weak sentiment extends to other markets after north Indian markets as Millers continued to resell while dull buying is reported due to bearish trend.
- Market derives nervousness from Prospects of excessive rains in north-west India as they anticipate If the rain continues after the ball opens, the kapas quality may get affected .
- The crop is ready for picking in less than 15 days from now as the cotton crop is reportedly in the late boll development stage as of now in south-west Punjab, west Haryana and north Rajasthan. The balls are likely to begin bursting in another 10 -15 days.
- 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%.

**Weather Update**

According to IMD isolated heavy rainfall would occur over Rajasthan, west Madhya Pradesh, north Gujarat, south Chattisgarh and Telangana during next 48 hours.

**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
Feb-11	4.8	721	721	700	707
Mar-11	2.5	678	691.5	678	691.5
Apr-11	1.3	692	697	685.1	691.5

Contract	Volume	Change	OI	Change
Feb-11	25	-6	163	-1
Mar-11	2	0	31	0
Apr-11	1428	642	5505	-18

Spread	Feb-12	Mar-12	Apr-12
Basis	253.0	268.5	268.5
Feb-12	-	-15.5	-15.5
Mar-12		-	0.0
Apr-12			-

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
	29-08-11	27-08-11	
Kadi – Bt Cotton	4375-4800	4500-4875	-75
Amravati – Vunni Mech-1	3800-4200	4100-4500	-300
Ahmedabad – Shankar-6	3750-4250	4000-4500	-250
Abohar – J-34	3875-3900	3900	Unch
Muktsar – J-34	3875-3900	3900	Unch

#### Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	29-08-11	27-08-11	
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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