

Cotton Domestic Fundamentals:

- Cotton prices traded broadly lower in the spot market. Fundamentals remains steady.
- 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.
- Cotton output in the year 2011 -12 is expected to go up by 9 per cent to 35.5 million bales. An increase in acreage and favorable weather condition will boost the output.
- 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 in another trading session .
- Earlier USDA report showed that in the week ended August 18th 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	-1.8	700	706.1	691.8	702.7
Mar-11	-	-	-		
Apr-11	-10.4	691.6	692.5	680	683

Contract	Volume	Change	OI	Change
Feb-11	20	-5	159	-3
Mar-11	2	0	31	0
Apr-11	1816	388	5720	219

Spread	Feb-12	Mar-12	Apr-12
Basis	232.3	245	252
Feb-12		-12.7	-19.7
Mar-12		-	-7.0
Apr-12			-

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

ICE Cotton Futures: 29/08/2011

Contract	Open	High	Low	Close	Change
Oct-11	103.10	105.41	103.10	104.77	+0.85
Dec-11	104.10	105.78	103.50	104.92	+0.60
Mar-12	101.74	102.75	101.15	102.38	+0.50
May-12	100.15	101.84	100.15	101.17	+0.31
Jul-12	99.34	100.94	99.34	100.13	+0.08
Oct-12	98.02	98.02	98.02	98.02	-0.78

This section will be updated the next day .

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	30-08-11	29-08-11	
Kadi – Bt Cotton	4375-4675	4375-4800	-125
Amravati – Vunni Mech-1	3900-4200	3800-4200	Unch
Ahmedabad – Shankar-6	4000-4375	3750-4250	+125
Abohar – J-34	3850	3875-3900	-50
Muktsar – J-34	3850	3875-3900	-50

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	30-08-11	29-08-11	
Kadi –Bt Cotton	3	3	Unch
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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