

Cotton Domestic Fundamentals:

- Cotton prices traded broadly lower in the spot market, barring Amravati, where the same surged higher. Activity remain dull due to festivity. Rest of the fundamentals remain steady.
- 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

Isolated heavy rainfall would occur over Konkan & Goa, coastal Karnataka, Kerala, south Madhya Pradesh, Vidarbha, Telangana and south Chhattisgarh during next 48 hours.

Cotton International Fundamentals:

- Cotton futures were up for the fourth consecutive day on Wednesday, as severe drought conditions in Texas continued to buoy prices of the fiber and added to fears over tightening U.S. supplies.
- As put by the U.S. Department of Agriculture in its weekly crop-progress report, approximately 41% of U.S. cotton crops were rated in 'poor' to 'very poor' condition as of August 28, up significantly from 12% in the same week a year earlier .

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 : Updated price as on 30 Aug 2011

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: 30/08/2011

Contract	Open	High	Low	Close	Change
Oct-11	104.45	105.58	103.60	104.91	+0.14
Dec-11	104.70	107.00	103.64	105.42	+0.50
Mar-12	102.75	104.29	101.35	102.80	+0.42
May-12	100.92	103.08	100.78	101.92	+0.75
Jul-12	100.10	101.90	99.94	101.01	+0.88
Oct-12	99.22	99.22	99.22	99.22	+1.20

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	31-08-11	30-08-11	
Kadi – Bt Cotton	4375-4625	4375-4675	-50
Amravati – Vunni Mech-1	4250-4500	3900-4200	+300
Ahmedabad – Shankar-6	4000-4375	4000-4375	Unch
Abhor – J-34	3825	3850	-25
Muktsar – J-34	3825	3850	-25

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	31-08-11	30-08-11	
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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