

Cotton Domestic Fundamentals:

- Cotton prices remained steady to firm on USDA report of India's cotton exports may jump by 21 per cent in 2011-12.
- USDA said in its report that India's cotton exports are projected to jump by 21% to 8 million bales in the 2011-12 marketing year August-July supported by a record output and a possibly less restrictive government policy. USDA added that India is expected in 2011-12 at 27.3 million 480 lb bales.
- Meanwhile, cotton yarn prices continue to be a matter of concern for mills. Trade sources revealed that a stable policy modular incentive package and no quantitative restrictions on exports would be required.

Weather Update

- Widespread rain would occur over Orissa, Chhattisgarh and Gujarat and North-west India during the next 48 hours.
- Fairly widespread thundershowers would occur over east Madhya Pradesh and other remaining parts of the country.
- Scattered thundershowers would occur over southeast peninsular India.

Cotton International Fundamentals:

- Cotton futures remained positive as severe drought conditions in Texas and Hurricane Irene damaged crops.
- Meanwhile, ongoing rains in Pakistan have almost damaged 5 to 7 per cent of the total size of the anticipated cotton crop 2011-12. Around 300,000 bales have been damaged in Sindh belt and 350,000 bales have been damaged in the Punjab belt.
- Meanwhile, USDA added that export sales improved for U.S cotton which continued to support prices at lows.

Outlook: Domestic and International

- **In the short term, domestic cotton prices move higher supported by higher export expectations.**
- **U.S markets may trade higher on lower crop from U.S and Pakistan.**

NCDEX Cotton Futures: Updated price as on 05th September 2011

Contract	+/-	Open	High	Low	Close
Feb-11	20.2	696.7	711.9	696.7	711.9
Mar-11	20.4	700.0	700.5	700.0	700.5
Apr-11	17.3	684.9	697.5	680.2	697.4

Contract	Volume	Change	OI	Change
Feb-11	6	-21	168	-
Mar-11	7	7	30	-
Apr-11	2970	1782	6065	206

Spread	Feb-12	Mar-12	Apr-12
Basis	193.1	204.5	207.6
Feb-12	-	-11.4	-14.5
Mar-12	-	-	-3.1
Apr-12	-	-	-

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

MCX Cotton Futures Updated price as on 05th September 2011

Contract	+/-	Open	High	Low	Close
Mar-12	7.2	705.0	715.1	702.4	713.0
Apr-12	12.1	697.0	708.8	695.0	706.1

Contract	Volume	Change	OI	Change
Mar-12	31	20	228	-12
Apr-12	300	254	809	-11

Spread	Mar-12	Apr-12
Basis	192.0	198.9
Mar-12	-	-6.9
Apr-12	-	-

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

ICE Cotton Futures: 02/09/2011

Contract	Open	High	Low	Close	Change
Oct-11	107.00	107.00	105.83	106.59	0.51
Dec-11	105.80	107.05	105.01	105.89	0.11
Mar-12	103.13	104.09	102.17	102.66	-0.47
May-12	102.38	102.72	100.83	101.94	-0.29
Jul-12	101.38	101.50	99.54	101.27	-0.21
Oct-12	99.14	99.14	99.14	99.14	-0.55

Cotton Prices at Key Spot Markets:

Centre	Prices (Rs/Qtl)		Change
	05-09-11	03-09-11	
Kadi – Bt Cotton	4375-4675	4375-4625	50
Amravati – Vunni Mech-1	4100-4400	4100-4400	Unch
Ahmedabad – Shankar-6	4000-4500	4100-4450	50
Abhor – J-34	3800	3675	125
Muktsar – J-34	3800	3700	100

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	05-09-11	03-09-11	
Kadi –Bt Cotton	7	12	-5
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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