

Cotton Domestic Fundamentals:

- Cotton prices remained mixed amid fresh arrivals in most of trading centers and absence of demand. However, sentiments remained weak due to a bearish international market.
- Conversely, demand remained firm at lower price range and may restrict the downtrend. On the other hand, traders added that the new crop coming in has 13-14 per cent moisture content.
- The Directorate General of Foreign Trade has asked exporters to file online applications seeking benefits under the Duty Entitlement Pass Book scheme on a retrospective basis for cotton exported from April 21, 2010, onwards. Exporters have also been asked to seek DEPB benefits retrospectively for cotton yarn exported so far this financial year.

Weather Update

- Dry weather conditions in major sowing areas will support harvest of the cotton crop.

Cotton International Fundamentals:

- Cotton futures continued its weakness due to slow pace of global growth and development.
- Traders say that the U.S is likely to see reduced economic growth convert to minimized demand for supplies.
- ABARE forecasted in their report 2011-12 world cotton output will likely increase 9.2% on year to a record 27.2 million tons; consumption is expected to rise 2.8% to 25.5 million tons in 2011-12.
- Separately, the Obama administration is proposing to cut billions of dollars in agriculture subsidies as part of a \$3 trillion deficit-reduction plan rolled out this week.
- Meanwhile, the textile sector entrepreneurs have asked a visiting US government delegation to provide access to at least apparel products of Pakistan on zero import duty.

Outlook: Domestic and International

- **In the short term, domestic cotton prices move lower on higher acreage, better crop expectations and fresh arrival anticipation.**
- **U.S markets may trade lower on weak demand and weak economy concerns.**

NCDEX Cotton Futures: Updated price as on 23rd September 2011

Contract	+/-	Open	High	Low	Close
12-Feb	-26.7	742.0	744.0	724.6	728.0
12-Mar	-22.4	765.0	765.0	726.7	726.7
12-Apr	-19.0	734.8	741.0	718.6	725.0

Contract	Volume	Change	OI	Change
12-Feb	46	14	154	-28
12-Mar	4	-7	41	-
12-Apr	6406	356	6820	-459

Spread	Feb-12	Mar-12	Apr-12
Basis	122.0	123.3	125.0
Feb-12	-	-1.3	-3.0
Mar-12		-	-1.7
Apr-12			-

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

MCX Cotton Futures: Updated price as on 23rd September 2011

Contract	+/-	Open	High	Low	Close
12-Mar	-26.4	747.3	752.0	726.3	730.2
12-Apr	-19.8	750.0	750.0	724.2	734.2

Contract	Volume	Change	OI	Change
12-Mar	916	237	458	-116
12-Apr	1107	170	935	-148

Spread	Mar-12	Apr-12
Basis	119.8	115.8
Mar-12	-	4.0
Apr-12		-

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

ICE Cotton Futures: 22/09/2011

Contract	Open	High	Low	Close	Change
Oct-11	101.27	101.35	97.27	97.64	-3.65
Dec-11	102.71	103.55	99.07	99.29	-3.46
Mar-12	100.08	100.71	96.20	96.33	-3.67
May-12	98.80	98.80	95.43	95.43	-3.48
Jul-12	97.95	97.95	94.69	94.92	-3.26
Oct-12	94.94	94.94	94.94	94.94	-2.70

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	23-09-11	22-09-11	
Kadi – Bt Cotton#	4600-4700	4700-4850	-150
Amravati – Vunni Mech-1#	3300-3800	3600-3900	-100
Ahmedabad – Shankar-6#	4000-4500	4000-4500	Unch
Abhor – J-34*	3450	3400	50
Muktsar – J-34*	3450	3550	-100

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	23-09-11	22-09-11	
Kadi –Bt Cotton	20	20	Unch
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	7000	5000	2000
Abohar	100	-	-
Muktsar	100	-	-

Kadi-1 Truck-20 kgs

Amravati-1 Truck-100 kgs

Ahmedabad- in bags

Abohar and Muktsar-1 Truck-20 kgs

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