

Cotton Domestic Fundamentals:

- Cotton prices trade steady to higher in the spot market.
- Fresh arrivals in most of trading centers and absence of demand remain price limiting factors on the domestic front, although optimism in international market lent support.
- 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:

- US Cotton futures finished higher Friday defying a commodity-wide meltdown as mill and commercial buying enabled the market to end the session as virtually the only winner in a beleaguered commodity sector
- 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 24th September 2011

Contract	+/-	Open	High	Low	Close
12-Feb	+7.00	735.00	740.00	731.00	739.00
12-Mar	+15.70	727.70	742.40	727.70	742.40
12-Apr	+9.80	732.50	738.00	726.80	735.00

Contract	Volume	Change	OI	Change
12-Feb	10	-36	149	-5
12-Mar	3	-1	40	-1
12-Apr	2025	-4381	6526	-294

Spread	Feb-12	Mar-12	Apr-12
Basis	111.0	107.6	115.0
Feb-12	-	3.4	-4.0
Mar-12	-	-	-7.4
Apr-12	-	7.4	-

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

MCX Cotton Futures: Updated price as on 24th September 2011

Contract	+/-	Open	High	Low	Close
12-Mar	+9.40	737.00	744.90	734.10	742.70
12-Apr	+9.40	739.30	747.00	737.00	744.60

Contract	Volume	Change	OI	Change
12-Mar	76	-840	448	-10
12-Apr	174	-933	922	-13

Spread	Mar-12	Apr-12
Basis	107.3	105.4
Mar-12	-	1.9
Apr-12	-1.9	-

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

ICE Cotton Futures: 23/09/2011

Contract	Open	High	Low	Close	Change
Oct-11	98.00	99.99	98.00	99.99	+2.35
Dec-11	99.50	102.00	99.00	101.24	+1.95
Mar-12	96.90	98.73	95.95	98.02	+1.69
May-12	96.25	97.50	95.00	96.84	+1.41
Jul-12	95.92	96.98	94.82	96.33	+1.41
Oct-12	96.15	96.15	96.15	96.15	+1.21

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	24-09-11	23-09-11	
Kadi – Bt Cotton#	4450-4700	4600-4700	Unch
Amravati – Vunni Mech-1#	3500-4000	3300-3800	+200
Ahmedabad – Shankar-6#	4000-4500	4000-4500	Unch
Abhor – J-34*	3450	3450	Unch
Muktsar – J-34*	3650	3450	+200

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	24-09-11	23-09-11	
Kadi –Bt Cotton	25	20	+5
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	7000	7000	Unch
Abohar	100	100	-
Muktsar	100	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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