

## Cotton Domestic Fundamentals:

- Cotton prices remained with prices at Maharashtra and Gujarat remained firm as millers demand remained firm and prices at Punjab remained lower due to fresh arrivals in the markets.
- Traders reported that recent increase in cotton production in different parts of Maharashtra has boosted the cotton industry with the state witnessing three times increase in the number of ginning and pressing units during the last five years.
- Five years back, cotton production in the state was 35 lakh bales; this production has now gone up to 92 lakh bales.
- Meanwhile, Madhya Pradesh government has decided that it would not levy value added tax (VAT) on textiles in order to ease the pressure on local traders.

## Weather Update

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

## Cotton International Fundamentals:

- US Cotton futures finished lower due to speculative long liquidation pounded cotton futures as fears of a global recession.
- Trade sources may continue its weakness due to a bleak U.S. outlook from the Federal Reserve, weak data from China and new signs of a slowdown in Europe.
- Markets also continue to slip as U.S. exports are forecast at 12 million bales, down more than 2 million bales from last season owing to a smaller total supply and lower imports by China.
- However, USDA data showed U.S. export sales totaled a light 66,300 running bales during the week ended September 15<sup>th</sup> 2011.
- Meanwhile, China raw cotton import in August increased by 32 per cent from the previous month at 207,028 tons.

## 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 economy concerns and weaker exports from U.S.**

### NCDEX Cotton Futures: Updated price as on 27<sup>th</sup> September 2011

Contract	+/-	Open	High	Low	Close
12-Feb	9.6	745.0	745.0	740.5	740.5
12-Mar	17.9	754.8	754.8	754.8	754.8
12-Apr	-1.8	734.9	750.0	732.2	735.0

Contract	Volume	Change	OI	Change
12-Feb	11	-13	149	7
12-Mar	1	-9	40	-
12-Apr	4260	-141	7036	546

Spread	Feb-12	Mar-12	Apr-12
Basis	121.5	107.2	127.0
Feb-12	-	14.3	-5.5
Mar-12	-	-	-19.8
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 27<sup>th</sup> September 2011

Contract	+/-	Open	High	Low	Close
12-Mar	2.9	750.0	766.0	743.2	749.1
12-Apr	1.3	749.0	760.9	744.1	747.1

Contract	Volume	Change	OI	Change
12-Mar	493	215	477	71
12-Apr	520	137	1025	111

Spread	Mar-12	Apr-12
Basis	112.9	114.9
Mar-12	-	-0.4
Apr-12	-	-

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

**ICE Cotton Futures: 26/09/2011**

Contract	Open	High	Low	Close	Change
Oct-11	100.07	100.07	98.43	98.43	-1.56
Dec-11	100.65	102.30	99.52	99.64	-1.60
Mar-12	98.00	99.07	95.99	96.39	-1.63
May-12	95.74	97.69	95.12	95.16	-1.68
Jul-12	96.57	97.19	94.77	94.77	-1.56
Oct-12	94.99	94.99	94.99	94.99	-1.16

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	27-09-11	26-09-11	
Kadi – Bt Cotton#	4650-4900	4500-4700	200
Amravati – Vunni Mech-1#	3500-4200	No Arrivals	-
Ahmedabad – Shankar-6#	4000-4625	4000-4550	75
Abhor – J-34*	2980	3550	-570
Muktsar – J-34*	2980	3550	-570

\*-Rs/maund, #-Rs.qtl

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	27-09-11	26-09-11	
Kadi –Bt Cotton	20	17	3
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	8000	8000	Unch
Abohar	300	300	Unch
Muktsar	100	100	Unch

Kadi-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmedabad, Abohar and Muktsar-Bales

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