

## Cotton Domestic Fundamentals:

- Cotton prices remained steady to firm at major trading centers as crop condition was good in the region except some parts of Andhra Pradesh where water is needed for proper development of crop.
- Traders added that demand is outpacing supply currently and this may continue to support prices at lower levels.
- Traders also added that millers and exporters do not have enough stock for the month and may enter the markets at current levels.
- ICAC says that global cotton stocks will likely rise 21% to 10.9 million metric tons as production is expected to exceed consumption.

## Weather Update

- Dry weather conditions in the northern region of India.
- Scattered rain would occur of South A.P, interior Karnataka, North Tamil Nadu, South Madhya Maharashtra and Marathwada which may hinder crop pickings.

## Cotton International Fundamentals:

- US Cotton futures surged higher after the International Cotton Advisory Committee ICAC warned that cotton crop in the U.S may be lower due to sever drought conditions.
- Traders added that irrigated fields are not harvested because of crop failures and yield anticipated this year may be much lower than USDA estimates.
- ICAC has forecasted US crop at 3.4m tonnes, a drop of 540,000 tonnes year on year, and 200,000 tonnes below the official USDA estimate.

## Outlook: Domestic and International

- **In the short term, domestic cotton prices move higher lower supply and higher demand.**
- **U.S markets may trade higher on lower crop outlook from ICAC.**

### NCDEX Kapas Futures: Updated price as on 05<sup>th</sup> October 2011

Contract	+/-	Open	High	Low	Close
12-Feb	0.9	735.5	742.4	731.0	740.0
12-Mar	-2.5	733.2	733.2	733.2	733.2
12-Apr	7.6	730.0	737.0	725.5	734.9

Contract	Volume	Change	OI	Change
12-Feb	7	1	141	-1
12-Mar	1	-4	35	-
12-Apr	2735	-157	7208	-282

Spread	Feb-12	Mar-12	Apr-12
Basis	122.0	128.8	127.1
Feb-12	-	-6.8	-5.1
Mar-12		-	1.7
Apr-12			-

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

### MCX Kapas Futures: Updated price as on 05<sup>th</sup> October 2011

Contract	+/-	Open	High	Low	Close
12-Mar	2.9	747.0	749.0	739.0	746.0
12-Apr	6.9	745.0	747.9	738.8	748.0

Contract	Volume	Change	OI	Change
12-Mar	135	-387	525	-21
12-Apr	345	-26	1097	-36

Spread	Mar-12	Apr-12
Basis	116.0	114.0
Mar-12	-	2.0
Apr-12		-

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

**ICE Cotton Futures: 04/10/2011**

Contract	Open	High	Low	Close	Change
Oct-11	99.69	103.99	99.69	100.92	3.17
Dec-11	99.25	103.21	98.65	101.87	2.66
Mar-12	97.22	100.60	96.01	98.87	2.27
May-12	95.65	99.40	95.25	97.55	2.15
Jul-12	94.65	98.12	94.35	96.19	1.86
Oct-12	95.12	95.12	95.12	95.12	1.31

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	04-10-11	03-10-11	
Kadi – Bt Cotton#	4650-4850	4650-4850	Unch
Amravati – Vunni Mech-1#	3600-4100	3500-4000	100
Ahmedabad – Shankar-6#	4000-4625	4000-4625	Unch
Abhor – J-34*	3750	3700	50
Muktsar – J-34*	3750	3700	50

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

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	04-10-11	03-10-11	
Kadi –Bt Cotton	35	60	-25
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	12000	12000	Unch
Abohar	400	300	100
Muktsar	200	300	-100

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

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