

**Cotton Domestic Fundamentals:**

- Cotton prices depicted firm tone at major trading centers. 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.
- Despite cotton exports being allowed under the open general licence (OGL) from October 1, there seem to be few takers for these. While nearly 10 million bales of cotton shipments were completed last weekend, new exports are likely to take off slowly.
- 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:**

- Cotton futures settled higher Thursday for the fourth straight session on investor buying. The market barely reacted to the weekly export sales report of the U.S. Agriculture Department which showed net upland cotton sales in 2011/12 at 88,600 running bales (RBs, 500-lbs each). U.S. cotton export shipments hit 69,800 RBs.
- 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 07<sup>th</sup> October 2011**

Contract	+/-	Open	High	Low	Close
Feb-11	3.6	743	743	739.7	739.7
Apr-11	-5.2	739	739.5	739.5	729.3

Contract	Volume	Change	OI	Change
12-Feb	5	-2	142	2
12-Mar	0	-1	35	0
12-Apr	2112	-623	7400	195

Spread	Feb-12	Mar-12	Apr-12
Basis	130.3	142.9	140.8
Feb-12	-	-12.6	-10.5
Mar-12		-	2.1
Apr-12	10.5	-2.1	-

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

**MCX Kapas Futures: Updated price as on 07<sup>th</sup> October 2011**

Contract	+/-	Open	High	Low	Close
Mar-11	-4	750	752	742.1	743
Apr-11	-5.2	749.1	751	741.2	742

Contract	Volume	Change	OI	Change
12-Mar	95	-40	514	-11
12-Apr	248	-97	1092	-5

Spread	Mar-12	Apr-12
Basis	127.0	128.0
Mar-12	-	-1.0
Apr-12	1	-

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

**ICE Cotton Futures: 06/10/2011**

Contract	Open	High	Low	Close	Change
Oct-11	102.25	102.25	102.25	102.25	-0.50
Dec-11	102.30	103.50	101.65	102.73	+0.43
Mar-12	100.00	100.25	98.87	99.75	+0.32
May-12	98.84	99.05	97.96	98.79	+0.60
Jul-12	96.92	97.95	96.92	97.63	+0.78
Oct-12	96.44	96.44	96.44	96.44	+0.76

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	07-10-11	05-10-11	
Kadi – Bt Cotton#	4750	4850	-100
Amravati – Vunni Mech-1#	4100	4100	Unch
Ahmedabad – Shankar-6#	4700	4625	+75
Abhor – J-34*	3860	3750	+110
Muktsar – J-34*	3860	3750	+110

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

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	07-10-11	05-10-11	
Kadi –Bt Cotton	75	35	+40
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	12000	12000	Unch
Abohar	400	400	Unch
Muktsar	200	200	Unch

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

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