

Cotton Domestic Fundamentals:

- Cotton prices fell on the day at major trading centers. Improvement in arrivals weighed on the price, that was confiding in demand, earlier.
- 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 finished lower Friday for the first time in 5 sessions, weighed down by light investor sales as traders looked toward release of a key government crop report next week.
- 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 08th October 2011

Contract	+/-	Open	High	Low	Close
Feb-11	-4.7	734.2	735	734	735
Mar-11	-6.2	730	730	728.1	728.3
Apr-11	-3.3	732.5	732.8	725.6	726.8

Contract	Volume	Change	OI	Change
12-Feb	3	-2	142	0
12-Mar	4	4	35	0
12-Apr	1604	-508	7567	163

Spread	Feb-12	Mar-12	Apr-12
Basis	127.5	134.2	135.7
Feb-12	-	-6.7	-8.2
Mar-12	-	-	-1.5
Apr-12	8.2	1.5	-

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

MCX Kapas Futures: Updated price as on 08th October 2011

Contract	+/-	Open	High	Low	Close
Mar-11	-2.9	749	749	740.1	740.6
Apr-11	-2.9	743.6	745.7	738.8	739.5

Contract	Volume	Change	OI	Change
12-Mar	57	-38	524	10
12-Apr	146	-102	1136	44

Spread	Mar-12	Apr-12
Basis	122.4	123.5
Mar-12	-	-1.1
Apr-12	1.1	-

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

ICE Cotton Futures: 07/10/2011

Contract	Open	High	Low	Close	Change
Oct-11	101.48	101.48	101.48	101.48	-0.77
Dec-11	102.79	103.64	101.35	101.98	-0.75
Mar-12	99.75	100.35	98.55	99.06	-0.69
May-12	98.50	98.63	98.00	98.31	-0.48
Jul-12	97.50	97.74	97.40	97.40	-0.23
Oct-12	95.81	95.81	95.81	95.81	-0.63

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	08-10-11	07-10-11	
Kadi – Bt Cotton#	4750	4750	Unch
Amravati – Vunni Mech-1#	4100	4100	Unch
Ahmedabad – Shankar-6#	4625	4700	-75
Abhor – J-34*	3825	3860	-35
Muktsar – J-34*	3825	3860	-35

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	08-10-11	07-10-11	
Kadi –Bt Cotton	100	75	+25
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	15000	12000	+3000
Abohar	400	400	Unch
Muktsar	100	200	-100

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

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