

Cotton Domestic Fundamentals:

- Cotton prices remained mixed as cotton exports will see a rebound through 2012 on bumper production and a weak rupee. Cotton exports may climb to anywhere between 8 million and 9 million bales in 2011-12, compared with 7 million bales last year.
- Traders estimate is about 36.1 million bales versus Cotton Advisory Board Estimate at 35.5 million bales.
- However demand for cotton from mills and exporters was limited amid higher arrivals. Trade sources expect prices to decline after Diwali.
- Meanwhile, Gujarat Ginners Association has predicted 140 lakh bales production in Gujarat, against 110 lakh bales last year.
- Separately, the Ministry of Textiles said in its report that textiles industry is forecast to grow at Rs 158,000 crore by 2016-17, with a projected growth of 20%. The industry has grown to Rs 63,000 crore in 2011-12 from Rs 41,000 crore in 2010-11, which is 11% growth per annum.

Weather Update

- Dry weather conditions in the northern region of India.
- Scattered rain would occur of Coastal Orissa, south Chhattisgarh and south Maharashtra which may hinder crop pickings.

Cotton International Fundamentals:

- Cotton futures finished higher as gains are being fueled by developments in outside markets.
- Weaker dollar also supported the gains in the cotton futures.
- Markets also moved higher after heavy rains in parts of Texas may slow cotton harvest.
- However, traders are waiting for USDA update of production estimates and the supply and demand forecasts.

Outlook: Domestic and International

- **In the short term, domestic cotton prices move higher supported by reports of higher exports. In the longer run markets sentiments may be weak on higher production estimates.**
- **U.S markets may trade higher on lower crop outlook from ICAC.**

NCDEX Kapas Futures: Updated price as on 11th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	6.8	742.0	746.0	742.0	743.0
Mar-11	-	-	-	-	-
Apr-11	1.0	737.0	739.5	733.0	733.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	9	5	140	-1
12-Mar	0	-20	35	-
12-Apr	2182	-912	6858	-50

Spread	Feb-12	Mar-12	Apr-12
Basis	124.0	-	133.2
Feb-12	-	-	-9.2
Mar-12	-	-	-
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 11th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	3.7	746.5	751.7	743.0	749.7
Apr-11	1.2	747.0	751.5	745.5	747.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	139	56	514	-3
12-Apr	362	139	1089	1

Spread	Mar-12	Apr-12
Basis	117.3	120.0
Mar-12	-	-2.7
Apr-12	-	-

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

MCX Cotton Futures (29 mm Variety): Updated price as on 11th October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	-30	18630	18660	18560	18620
Dec-11	-	17980	17980	17880	17920
Jan-12	70	18120	18150	17970	18050

***ICE Cotton Futures: As on 10/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	102.12	103.90	102.11	103.34	1.36
Mar-12	99.22	100.90	99.22	100.46	1.40
May-12	99.00	99.90	98.90	99.70	1.39
Jul-12	98.15	99.00	98.05	98.81	1.41
Oct-12	97.15	97.15	97.15	97.15	1.34
Dec-12	93.75	94.44	93.75	94.44	1.34

*Prices in USc

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	11-10-11	10-10-11	
Kadi – Bt Cotton#	4375-4700	4250-4650	50
Amravati – Vunni Mech-1#	4100-4500	3800-4300	200
Ahmedabad – Shankar-6#	4000-4675	4000-4700	-25
Abhor – J-34*	3815	3825	-15
Muktsar – J-34*	3825	3825	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	11-10-11	10-10-11	
Kadi –Bt Cotton	125	125	Unch
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	15000	15000	Unch
Abohar	800	600	200
Muktsar	200	200	Unch

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

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