

Cotton Domestic Fundamentals:

Cotton prices continued to remain mixed on Thursday as demand remained dull at higher levels. Export inquiries also remained subdued as millers and exporters were absent at higher levels. However cotton inquiries may come in from China after China's September imports rose 26% from a year earlier. China imported about 252,700 metric tons in September 2011 compared to 200,700 tons in September 2010. Meanwhile, USDA said in its report that India's production will be around 27.5 million bales (480 pound bales) and ending stocks could rise from 7.75 million bales estimate in September to 8.45 million bales in October.

Cotton Domestic Futures Market:

NCDEX **Kapas** April 2012 contract finished weak at Rs. 746 per 20 kg, lower by 0.53 per cent against previous settlement. The contract traded in the range of Rs. 740.5-749 per 20 kg during the session. Rise in open interest amidst falling prices suggest that the new money is coming through the short sellers and a downtrend is in place. Volume has declined to 2,700, lower by 1,314 against previous trading day.

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 fell after the U.S. government raised its crop forecast. USDA has reported that US will produce 16.61 million bales of cotton in the harvest. However, exports forecast have cut to 11.5 million bales, down 4.2% from last month's forecast of 12 million bales and 20% lower than shipments in the previous year. Cotton for December delivery slumped 2.9% to settle at \$1.0051 a pound on ICE Futures U.S. in New York.

Outlook: Domestic and International

In the short term, domestic cotton prices move lower on higher production estimates.

U.S markets may trade lower on better crop from U.S and the world.

NCDEX Kapas Futures: Updated price as on 13th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	-3.5	755.0	755.0	749.2	749.8
Mar-11	-16.9	745.0	750.0	738.0	738.0
Apr-11	-4.0	749.0	749.0	740.5	746.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	12	1	142	-1
12-Mar	3	2	36	1
12-Apr	2700	-1314	7207	134

Spread	Feb-12	Mar-12	Apr-12
Basis	117.2	129.0	121.0
Feb-12	-	-11.8	-3.8
Mar-12	-	-	8.0
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 13th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	-5.6	762.0	762.0	753.1	757.0
Apr-11	-4.8	760.0	760.0	753.0	758.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	161	-120	522	-4
12-Apr	363	-239	1048	-15

Spread	Mar-12	Apr-12
Basis	110.0	109.0
Mar-12	-	1.0
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 13th October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	200	18840	19190	18810	19160
Dec-11	130	18080	18380	17940	18250
Jan-12	140	18150	18320	17900	18320

***ICE Cotton Futures: As on 12/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	103.01	104.00	99.67	100.51	-2.96
Mar-12	100.22	101.36	97.19	97.98	-2.75
May-12	99.03	100.20	96.44	97.25	-2.48
Jul-12	97.13	97.15	95.20	96.21	-2.52
Oct-12	94.41	94.41	94.41	94.41	-2.66
Dec-12	92.05	92.50	92.05	92.50	-1.86

*Prices in USc

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	13-10-11	12-10-11	
Kadi – Bt Cotton#	4700-4900	4375-4650	250
Amravati – Vunni Mech-1#	4100-4500	4100-4500	Unch
Ahmedabad – Shankar-6#	4000-4675	4000-4700	-25
Abhor – J-34*	3900	3860	40
Muktsar – J-34*	3900	3875	25

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	13-10-11	12-10-11	
Kadi –Bt Cotton	150	150	Unch
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	17000	17000	Unch
Abohar	800	600	200
Muktsar	400	200	200

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

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