

**Cotton Domestic Fundamentals:**

Cotton prices continued to remain mixed on Friday amid dull demand in the markets. However, arrivals have started to flow in which may restrict upside. Traders were selling due to disparity on account of higher seed cotton prices. Meanwhile, SIMA has said that fair cotton trade policy is the need of the hour to bailout the ailing textile industry. The statement has come after Indian textile industry has incurred a loss of over Rs.15000 crores during the current financial year. Exports however have started to procure cotton as foreign buyers show interest. Good demand is coming from China, Bangladesh, Indonesia and Pakistan. However, traders have added that extended monsoon has delayed the arrival of cotton at the state mandis in Punjab and Haryana.

**Cotton Domestic Futures Market:**

Falling open interest and rising prices is indicating that the short sellers are covering their positions and the upmove will not be sustained unless new buyers enter the market. Volume has declined to 2,104, lower by 596 against previous trading day.

**Weather Update**

Dry weather conditions in the northern region of India. Scattered rain would occur of Tamil Nadu, Kerala, Karnataka and south Madhya Maharashtra which may hinder crop pickings.

**Cotton International Fundamentals:**

Cotton futures rebound from lows amid higher production estimates from US at 16.61 million bales of cotton. USDA also added that Chinese production is estimated to decline to 33.5 million bales compared to 34 million bales estimate in September. Cotton for December delivery settled higher at \$1.0156 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 14<sup>th</sup> October 2011 (Prices in Rs/20/kg)**

| Contract | +/- | Open  | High  | Low   | Close |
|----------|-----|-------|-------|-------|-------|
| Feb-11   | 3.2 | 754.0 | 754.0 | 753.0 | 753.0 |
| Mar-11   | -   | -     | -     | -     | -     |
| Apr-11   | 1.2 | 748.2 | 750.0 | 743.0 | 746.5 |

**Volumes and OI in Lots**

| Contract | Volume | Change | OI   | Change |
|----------|--------|--------|------|--------|
| 12-Feb   | 2      | -10    | 141  | -1     |
| 12-Mar   | 0      | -3     | 36   | -      |
| 12-Apr   | 2104   | -596   | 7084 | -119   |

| Spread | Feb-12 | Mar-12 | Apr-12 |
|--------|--------|--------|--------|
| Basis  | 114.0  | -      | 120.5  |
| Feb-12 | -      | -      | -6.5   |
| 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 14<sup>th</sup> October 2011 (Prices in Rs/20/kg)**

| Contract | +/- | Open  | High  | Low   | Close |
|----------|-----|-------|-------|-------|-------|
| Mar-11   | 1.6 | 760.8 | 764.5 | 757.6 | 760.0 |
| Apr-11   | 1.8 | 758.4 | 762.9 | 757.0 | 759.9 |

**Volumes and OI in Lots**

| Contract | Volume | Change | OI   | Change |
|----------|--------|--------|------|--------|
| 12-Mar   | 108    | -53    | 520  | -2     |
| 12-Apr   | 251    | -112   | 1088 | 40     |

| Spread | Mar-12 | Apr-12 |
|--------|--------|--------|
| Basis  | 107.0  | 107.1  |
| Mar-12 | -      | -0.1   |
| 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 14<sup>th</sup> October 2011 (Prices in Bales)**

| Contract | +/- | Open  | High  | Low   | Close |
|----------|-----|-------|-------|-------|-------|
| Oct-11   | -40 | 19180 | 19180 | 19000 | 19090 |
| Dec-11   | -   | 18300 | 18330 | 18130 | 18240 |
| Jan-12   | -30 | 18380 | 18380 | 18140 | 18270 |

**\*ICE Cotton Futures: As on 13/10/2011**

| Contract | Open   | High   | Low    | Close  | Change |
|----------|--------|--------|--------|--------|--------|
| Dec-11   | 100.40 | 102.48 | 100.11 | 101.56 | 1.05   |
| Mar-12   | 97.50  | 99.60  | 97.47  | 98.87  | 0.89   |
| May-12   | 96.81  | 98.68  | 96.64  | 98.08  | 0.83   |
| Jul-12   | 95.49  | 97.45  | 95.49  | 96.89  | 0.68   |
| Oct-12   | 94.77  | 94.77  | 94.77  | 94.77  | 0.36   |
| Dec-12   | 93.00  | 94.00  | 93.00  | 93.29  | 0.79   |

\*Prices in USc

**Cotton Prices at Key Spot Markets**

| Centre                   | Prices    |           | Change |
|--------------------------|-----------|-----------|--------|
|                          | 14-10-11  | 13-10-11  |        |
| Kadi – Bt Cotton#        | 4600-4850 | 4700-4900 | -50    |
| Amravati – Vunni Mech-1# | 4000-4400 | 4100-4500 | -100   |
| Ahmedabad – Shankar-6#   | 4000-4675 | 4000-4675 | Unch   |
| Abhor – J-34*            | 3900      | 3900      | Unch   |
| Muktsar – J-34*          | 3910      | 3900      | 10     |

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

**Cotton Arrivals in Key Centers**

| Centre                 | Arrivals |          | Change |
|------------------------|----------|----------|--------|
|                        | 14-10-11 | 13-10-11 |        |
| Kadi –Bt Cotton        | 150      | 150      | Unch   |
| Amravati –Vunni Mech-1 | -        | -        | -      |
| Ahmedabad – Shankar-6  | 20000    | 17000    | 3000   |
| Abohar                 | 1000     | 800      | 200    |
| Muktsar                | 300      | 400      | -100   |

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

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