

Cotton Domestic Fundamentals:

Cotton prices remained steady to weak on Monday as buying activity remained dull. However, arrivals have started to flow in which may start to pull markets lower. Sources added that demand from millers and exporters remained firm and we could expect buying at lower levels. USDA said in its report that India's production will be around 27.5 million bales (480 pound bales) in October compared to 27 million bales a month ago. The growth forecast is about 8% from the previous year. Harvested area in 2011/12 for India is expected to rise 12% from a year earlier to 12.5 million hectares.

Cotton Domestic Futures Market:

NCDEX Kapas April 2012 contract finished weak at Rs. 725.8 per 20 kg, lower by 1.29 per cent against previous settlement. 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 of trade has increased to 3,451, up by 765 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 end higher amid higher Global 2011/12 production is forecast at a record 124.2 million bales, an 8-percent increase from the preceding year. USDA added that higher production from China, India and the U.S will keep supply higher year.

Outlook: Domestic and International

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

U.S markets may trade range bound to weak due to better global production.

NCDEX Kapas Futures: Updated price as on 17th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	-10.2	737.5	739.9	732.0	732.0
Mar-11	-15.2	730.1	735.0	730.0	730.0
Apr-11	-9.5	739.0	740.0	723.3	725.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	10	-1	145	-1
12-Mar	13	13	36	-
12-Apr	3451	765	7774	548

Spread	Feb-12	Mar-12	Apr-12
Basis	132.8	139.7	139.7
Feb-12	-	-6.9	-6.9
Mar-12		-	0.0
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 17th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	-8.6	749.9	749.9	741.0	741.9
Apr-11	-8.3	745.0	747.5	739.0	740.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	176	89	545	7
12-Apr	387	86	1317	131

Spread	Mar-12	Apr-12
Basis	124.5	125.9
Mar-12	-	-1.4
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 17th October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	-40	18820	18880	18740	18830
Dec-11	-30	18050	18100	17960	18080
Jan-12	-40	18010	18080	17910	18060

***ICE Cotton Futures: As on 14/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	101.08	103.65	101.08	101.94	0.38
Mar-12	98.50	100.89	98.50	99.43	0.56
May-12	98.28	99.94	98.03	98.61	0.53
Jul-12	97.22	98.83	96.99	97.77	0.88
Oct-12	95.69	95.69	95.69	95.69	0.92
Dec-12	95.00	95.00	93.76	94.21	0.92

*Prices in USc

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	17-10-11	15-10-11	
Kadi – Bt Cotton#	4550-4825	4700-4850	-25
Amravati – Vunni Mech-1#	4100-4400	4100-4400	Unch
Ahmedabad – Shankar-6#	4000-4650	4000-4750	-100
Abhor – J-34*	3790	3865	-75
Muktsar – J-34*	3800	3875	-75

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	17-10-11	15-10-11	
Kadi –Bt Cotton	150	125	25
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	20000	20000	Unch
Abohar	1000	1000	Unch
Muktsar	300	400	-100

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

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