

Cotton Domestic Fundamentals:

Cotton prices remained mixed as buying activity remained dull. Demand for yarn is low in the south of India and may keep prices lower. However, exporters were buying at lows of the markets in Gujarat market. However, arrivals will increase after the festival of the Diwali which may weaken prices after the festival. Trader's estimates of production this year could be seen at 36 million bales in 2011-12. The open general license (OGL) for exports could see cotton exports in the range of 7-10 million bales this year. This will mean a large surplus for domestic consumption.

Cotton Domestic Futures Market:

NCDEX Kapas April 2012 contract finished firm against previous close. 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 3,282, lower by 2,620 against previous trading day.

Weather Update

Dry weather conditions in the northern region of India. Widespread rain would occur over Tamil Nadu, Orissa and coastal Karnataka which may hinder crop pickings.

Cotton International Fundamentals:

Cotton futures continues to show weakness as improving U.S. crop conditions and concerns over a slowdown in demand from top consumer China weighed on prices. USDA weekly report showed that approximately 34% of the U.S. cotton crop was harvested as of October 17, up from 26% in the previous week. On the other hand, USDA weekly report also showed that almost 41% of U.S. cotton crops were rated in very poor to poor condition. Markets also fell as U.S. dollar strengthened against most of its major counterparts. The dollar index was up 0.3% to trade at 77.76.

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 U.S crop condition.

NCDEX Kapas Futures: as on 19th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	10.4	732.0	736.0	732.0	736.0
Mar-11	-	-	-	-	-
Apr-11	10.7	724.1	733.0	722.2	732.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	9	-5	143	-3
12-Mar	0	-2	36	-
12-Apr	3282	-2620	8073	-227

Spread	Feb-12	Mar-12	Apr-12
Basis	76.0	-	79.5
Feb-12	-	-	-3.5
Mar-12	-	-	-
Apr-12	-	-	-

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

MCX Kapas Futures: as on 19th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	7.6	740.0	748.0	739.0	747.0
Apr-11	10.1	738.0	748.0	737.0	746.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	133	-29	533	-22
12-Apr	302	-235	1323	-52

Spread	Mar-12	Apr-12
Basis	65.0	65.5
Mar-12	-	-0.5
Apr-12	-	-

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

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	19-10-11	18-10-11	
Kadi – Bt Cotton#	4500-4675	4550-4825	-150
Amravati – Vunni Mech-1#	4100-4400	4200-4600	-200
Ahmedabad – Shankar-6#	3625-4500	3760-4500	Unch
Abhor – J-34*	3680	3650	30
Muktsar – J-34*	3680	3650	30

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	19-10-11	18-10-11	
Kadi –Bt Cotton	150	200	-50
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	20000	20000	Unch
Abohar	1000	1100	-100
Muktsar	350	300	50

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

Cotton Association of India Spot Rates: As on 19th October 2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	36500
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36500
V-797	22mm	4.5 -5.9	19	24500
J-34	25mm	3.5 - 4.9	23	35000
NHH-44	25mm	3.5 - 4.9	22	32500
LRA-5166	27mm	3.5 - 4.9	24	34000
H-4/ MECH-1	28mm	3.5 - 4.9	25	36200
Shankar-6	29mm	3.5 - 4.9	26	38300
Bunny/ Brahma	31mm	3.5 - 4.9	27	39400
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	40500
DCH-32	35mm	2.8 - 3.6	31	49500

Cotton and Cotton Seed Prices and Arrivals at Other Centers: As on 19th October 2011

Commodity	State	Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		

Cotton	Andhra Pradesh	Allagadda	NR	Cotton (Unginned)	3600	3800	3700
		Chilakaluripet	0.1	Other	3000	3000	3000
		Proddatur	NR	MCU 5	4250	4400	4300
		Sattenapalli	0.1	MCU 5	3300	4000	3500
		Tadikonda	0.1	Cotton (Unginned)	3000	3200	3100
	Gujarat	Bhiloda	50	Other	4300	4425	4375
		Bodeli	200	Shanker 6 (B) 30mm Fine	4600	4700	4650
		Deesa	8.3	Other	4200	4350	4275
		Halvad	684.26	Other	4075	4645	4500
		Jamnagar	734	Other	4000	4625	4313
		Jasdan	130	Other	2500	4650	4000
		Junagadh	27	Other	4150	4755	4400
		Morbi	150.3	Other	2925	4640	3783
		Palitana	450	Other	2500	4500	3500
		Savarkundla	140	Other	2650	4650	3650
		Savli	NR	G-6	4400	4450	4425
		Vakener	167.5	Other	4290	4690	4590
	Karnataka	Gundlupet	5	Varalakshmi (Ginned)	2800	3060	3060
		Raichur	127	F-1054	3587	4339	4109
	Madhya Pradesh	Khargone	981	Other	4351	4675	4550
		Khetia	101.3	H4	3795	4655	4225
	Punjab	Bariwala	19.5	Other	1900	4295	4195
		Dhuri	5.1	American	3510	4610	4240
				Desi	5150	5150	NR
		Malout	130	Other	3000	4305	NR
		Raman	109	Other	3200	4450	4290
	Rajasthan	Sangrur	2	American	4100	4325	4300
		Merta City	10.9	Other	4775	4825	4800
		Padampur	55.5	American	3600	3900	3800
				Desi	3800	4587	4436
		Raisingh Nagar	69	American	3647	3945	3880
				Desi	4000	4680	4641
		Sri Karanpur	61.2	American	4056	4225	4100

				Desi	4400	4652	4596
		Sumerpur	72.2	Other	3000	4452	4370
	Tamil Nadu	Salem	NR	Cotton (Ginned)	4000	4500	4250
				Other	4300	5100	4700
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2000	2200	2140

MCX Cotton Futures (29 mm Variety): Updated price as on 19th October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	90	18760	18910	18720	18830
Dec-11	100	18100	18220	18070	18180
Jan-12	30	18020	18120	17970	18030

Cotlook Index: As on 18/10/2011

Cotlook Indices	Cents/Pound	Change
A-Index	110.15	-1.6

China Cotton Index: As on 19/10/2011

Index	RMB/Ton	Change
CCIndex(328)	19698	-61
CCIndex(527)	17109	-39
CCIndex(229)	21199	-65

RMB- Renminbi, 1RMB= 0.156769 \$U.S.

USDA Cotton Spot rates: As on 18/10/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	98.93	100.68	1,341
North Delta	98.18	99.18	663
South Delta	98.18	99.18	2,619
East TX-OK	95.50	98.00	1,021
West Texas	95.00	97.25	148
Desert SW	96.18	102.18	0
SJ Valley	97.18	106.58	0

***ICE Cotton Futures: As on 18/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	100.82	100.82	99.61	100.18	-0.18
Mar-12	98.58	98.80	97.69	98.21	-0.25
May-12	97.42	98.42	97.38	97.82	-0.21
Jul-12	97.26	97.76	96.83	97.06	-0.35
Oct-12	95.39	95.39	95.39	95.39	0.06
Dec-12	93.90	94.28	93.83	94.06	0.21

*Prices in USc

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