

Cotton Domestic Fundamentals:

Cotton prices steady to firm as arrivals declined. Sources added that cotton exports will see an increase with the new crop coming into the markets. The Industry expects about 2.5 million bales would be exported by December. Demand is expected to come in from countries like China, Bangladesh, Pakistan, Indonesia and Thailand. Meanwhile, private traders in Maharashtra State have gone on a cotton buying spree, triggering a sharp rise in the overall cotton procurement so far. So this may restrict downside.

Cotton Domestic Futures Market:

NCDEX Kapas April 2012 contract finished firm over previous close price. 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 3,015, lower by 267 against previous trading day.

Cotton International Fundamentals:

Cotton futures marginally lower on Wednesday as small speculators were selling in the markets as players kept a cautious eye on euro zone debt problems. The key December cotton contract on ICE Futures US lost 0.46 cent to end at 99.72 cents per lb. Traders will now be looking toward the US Agriculture Department's weekly export sales report on Thursday to gauge the level of US cotton export demand. Meanwhile, US regulators have voted in favour of new trading rules designed to curb speculation in a range of commodities including cotton. The rules, approved by the US Commodity Futures Trading Commission (CFTC), impose position limits on speculative trading in commodity futures and commodity swaps.

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 20th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	-7.7	734.7	735.0	728.3	728.3
Mar-11	7.9	733.1	733.1	733.1	733.1
Apr-11	3.8	730.0	736.9	721.0	735.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	3	-6	143	-
12-Mar	2	2	36	-
12-Apr	3015	-267	7819	-255

Spread

	Feb-12	Mar-12	Apr-12
Basis	102.7	97.9	96.0
Feb-12	-	4.8	6.7
Mar-12	-	-	1.9
Apr-12	-	-	-

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

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

Contract	+/-	Open	High	Low	Close
Mar-11	1.1	741.0	748.2	737.0	746.9
Apr-11	1.5	740.5	749.0	736.0	746.9

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	141	8	527	-6
12-Apr	280	-22	1279	-44

Spread

	Mar-12	Apr-12
Basis	84.1	84.1
Mar-12	-	0.0
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 20th October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	-	18790	18860	18760	18840
Dec-11	-40	18120	18180	18070	18140
Jan-12	-60	18010	18070	17980	18010

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	20-10-11	19-10-11	
Kadi – Bt Cotton#	4575-4800	4500-4675	25
Amravati – Vunni Mech-1#	4100-4400	4100-4400	Unch
Ahmedabad – Shankar-6#	3760-4550	3625-4500	50
Abhor – J-34*	3700	3680	20
Muktsar – J-34*	3700	3680	20

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	20-10-11	19-10-11	
Kadi –Bt Cotton	60	150	-90
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	15000	20000	-5000
Abohar	1000	1000	Unch
Muktsar	350	350	Unch

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

Cotton Association of India Spot Rates: As on 20th 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	34600
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	36000
Shankar-6	29mm	3.5 - 4.9	26	39200
Bunny/ Brahma	31mm	3.5 - 4.9	27	39200

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 20th October 2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Qtl		
Cotton	Andhra Pradesh	Allagadda	NR	Cotton (Unginned)	3600	3800	3700
		Martur	NR	Desi	3600	3800	3700
	Gujarat	Babra	90	Shanker 6 (B) 30mm Fine	4225	4725	4715
		Bagasara	56	Other	4250	4650	4450
		Bhiloda	30	Other	4450	4575	4525
		Bodeli	12	Shanker 6 (B) 30mm Fine	4421	4500	4480
		Gondal	231.6	Cotton (Unginned)	2000	4665	4600
		Jamnagar	1031	Other	4000	4625	4313
		Junagadh	37.3	Other	4000	4690	4345
		Morbi	137.7	Other	3000	4715	3858
		Palitana	500	Other	2500	4500	3500
		Savarkundla	130	Other	2625	4700	3665
		Una	39	Shanker 6 (B) 30mm Fine	4050	4625	4460
		Vakener	200	Other	4325	4705	4585
	Karnataka	Arasikere	9	Varalakshmi (Ginned)	3220	3220	3220
		Bijapur	8	LH-1556	3281	4461	4100
		Chitradurga	385	Varalakshmi (Ginned)	3180	4970	4400
		Davangere	34	MCU 5	3220	4632	3566
			NR	Varalakshmi (Ginned)	4560	4912	4870
		Gundlupet	47	Other	2800	3600	3010
		Haveri	501	GCH	3569	4589	4089
		Honnali	15	Varalakshmi (Ginned)	4100	4100	4100
		Nargunda	50	GCH	2800	2850	2825
		Raichur	131	F-1054	3629	4359	4029
		Ranebennur	964	GCH	2661	4719	3869

		Tarikere	49	Varalakshmi (Ginned)	4945	5056	5031
	Madhya Pradesh	Khargone	815	Other	4200	4750	4565
		Manawar	44	Other	4000	4400	4300
		Pandhurna	0.15	Other	4311	4311	4311
	Punjab	Bariwala	8.5	Other	2995	4500	4220
		Dhuri	3	American	3550	4500	4060
		Jaitu	20	Other	3045	4420	4395
		Kotkapura	34.3	American	3100	4440	4399
			NR	Desi	4600	4600	NR
		Malout	125	Other	3120	4410	4365
		Raman	110	Other	3260	4385	4325
		Sangrur	0.6	American	4320	4480	4375
	Rajasthan	Anoopgarh	151.5	American	3795	4110	3953
		Gajsinghpur	609	American	3851	4135	4100
			NR	Desi	4301	4832	4750
		Hanumangarh	434.9	American	3700	4496	4420
			NR	Desi	4350	4815	4555
		Padampur	46.6	American	3788	4169	4100
			NR	Desi	4000	4756	4676
		Sri Karanpur	76	American	3340	4270	4190
			NR	Desi	3980	4600	4548
		Sumerpur	56.2	Other	3650	4478	4400
	Tamil Nadu	Annur	NR	Other	4960	5020	4990
		Dindigul	NR	MCU 5	3400	4000	3750
		Konganapuram	NR	Cotton (Ginned)	4200	4470	4335
				Other	4300	4650	4475
		Kovilpatti	NR	LRA	3000	4000	3500
				MCU 5	3000	4100	3700
				Other	2000	3000	2700
		Natham	NR	MCU 5	3500	3900	3700
		Salem	NR	Cotton (Ginned)	4000	4500	4250
				Other	4300	5100	4700
		Tiruchengode	NR	LRA	3800	4300	4050
				Other	4000	4600	4300
		Usilampatty	NR	LRA	2810	2820	2815
				MCU 5	3820	3930	3875
				Other	2490	2600	2545

Cotton Seed	Gujarat	Mansa	244.7	Other	3500	4570	4490
	Uttar Pradesh	Muzzafarnagar	NR	Other	2050	2200	2140

Cotlook Index: As on 19/10/2011

Cotlook Indices	Cents/Pound	Change
A-Index	109.95	-0.2

China Cotton Index: As on 20/10/2011

Index	RMB/Ton	Change
CCIndex(328)	19641	-57
CCIndex(527)	17033	-76
CCIndex(229)	21070	-129

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

USDA Cotton Spot rates: As on 19/10/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	98.72	100.47	1,491
North Delta	97.97	98.97	621
South Delta	97.97	98.97	0
East TX-OK	95.50	98.00	1,374
West Texas	95.00	97.25	699
Desert SW	95.72	101.72	400
SJ Valley	96.72	106.12	0

***ICE Cotton Futures: As on 19/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	100.35	101.42	99.60	99.72	-0.46
Mar-12	98.46	99.15	97.69	97.87	-0.34
May-12	97.55	98.62	96.97	97.44	-0.38
Jul-12	96.94	97.97	96.38	97.15	0.09
Oct-12	95.05	95.05	95.05	95.05	-0.34
Dec-12	93.41	94.71	93.00	93.22	-0.84

*Prices in USc

Pakistan Cotton Spot rates: As on 20/10/2011

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.324 Kgs	6300	130	6430
Equivalent	40 Kgs	6752	130	6882

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