

Cotton Domestic Fundamentals:

Cotton prices range as arrivals improved on Friday. Demand on both domestic and export front remained dull and may pick up after Diwali. However, millers and exporters may continue to buy at lower levels and this may restrict downside. Meanwhile, Indian traders have signed contracts to export up to 1.5 million bales of cotton from the new season's crop which may also restrict downside.

Cotton Domestic Futures Market:

NCDEX Kapas April 2012 contract finished weak against previous close price. 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 2,579, lower by 436 against previous trading day.

Cotton International Fundamentals:

Cotton futures fell as USDA report said on Thursday on investor liquidation as worries remained about euro zone debt crisis. Markets also fell as demand for the fibre remained weak. December cotton contract on ICE Futures US dropped 2.86 cents or by almost 3 percent to end at 96.86 cents per lb. USDA weekly sales poor report which was 59,300 running bales compared with close to 500,000 bales at the same point last year may be a signal of more reductions yet to come from the USDA.

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 21st October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	3.4	738.0	738.0	736.1	736.1
Mar-11	-	-	-	-	-
Apr-11	0.5	733.0	738.6	730.2	731.4

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	2	-1	143	-
12-Mar	0	-2	36	-
12-Apr	2579	-436	8012	194

Spread

	Feb-12	Mar-12	Apr-12
Basis	94.9	97.9	99.6
Feb-12	-	-3.0	-4.7
Mar-12		-	-1.7
Apr-12			-

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

MCX Kapas Futures: as on 21st October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	0.1	745.5	750.0	742.5	746.9
Apr-11	-3.5	752.0	752.0	742.5	744.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	105	-36	509	-18
12-Apr	160	-120	1286	7

Spread

	Mar-12	Apr-12
Basis	84.1	87.0
Mar-12	-	-2.9
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 21st October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	-	18830	18870	18780	18840
Dec-11	-80	18140	18150	18040	18070
Jan-12	-50	18000	18050	17950	17950

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	21-10-11	20-10-11	
Kadi – Bt Cotton#	4650-4775	4575-4800	-25
Amravati – Vunni Mech-1#	4100-4400	4100-4400	Unch
Ahmedabad – Shankar-6#	3760-4550	3760-4550	Unch
Abhor – J-34*	3740	3700	40
Muktsar – J-34*	3740	3700	40

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	22-10-11	20-10-11	
Kadi –Bt Cotton	150	60	90
Amravati –Vunni Mech-1	-	-	-
Ahmedabad – Shankar-6	20000	15000	5000
Abohar	1100	1000	100
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 21st 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	33800
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	39000
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 21st October 2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Allagadda	NR	Cotton (Unginned)	3500	3700	3600
		Chilakaluripet	0.1	Other	3000	3000	3000
		Jammalamadugu	NR	MCU 5	4300	4400	4350
	Gujarat	Bodeli	120	Shanker 6 (B) 30mm Fine	4450	4600	4525
		Halvad	545.74	Other	4205	4695	4550
		Jamnagar	931	Other	4000	4625	4500
		Junagadh	47.2	Other	4125	4775	4650
		Kadi	50	Other	4640	4805	4700
		Morbi	175	Other	3000	4725	3863
		Palitana	400	Other	2500	4500	3500
		Savarkundla	160	Other	2625	4800	3715
		Una	40	Shanker 6 (B) 30mm Fine	4150	4660	4255
		Unava	700	Other	3000	4630	4575
		Vakener	190	Other	4255	4650	4565
	Karnataka	Badami	11	Jaydhar	3315	3315	3315
		Bellary	97	LD-327	3330	4739	4611
		Bijapur	7	LH-1556	2933	4413	3936
		Davangere	45	MCU 5	3200	4590	3600
			NR	Varalakshmi (Ginned)	4470	4940	4700
		Gokak	59	Laxmi (Ginned)	4009	4611	4229
		Gundlupet	53	Other	2800	3610	3050
		Haveri	41	GCH	3369	4189	3989
		Raichur	89	F-1054	3629	4409	4129
		Ranebennur	78	GCH	2509	4419	3883
		Santhesargur	281	Krishna	3300	3700	3500
			NR	Varalakshmi (Ginned)	4200	4600	4400

	Madhya Pradesh	Khargone	1138	Other	4011	4700	4530
		Manawar	76	Other	4000	4500	4400
		Pandhurna	45	Other	4331	4331	4331
	Maharashtra	Arvi	60	Other	4321	4421	4375
	Punjab	Bariwala	8.3	Other	3700	4475	4260
		Dhuri	2.1	American	3710	4360	4250
			NR	Desi	4200	4200	4200
		Malout	148	Other	3200	4525	4425
	Rajasthan	Gajsinghpur	489	American	4020	4177	4140
			NR	Desi	4399	4774	4700
		Hanumangarh	592.6	American	3900	4460	4400
			NR	Desi	3900	4460	4400
		Padampur	37.3	American	3613	4165	4091
			NR	Desi	4200	4750	4600
		Sri Karanpur	67	American	3940	4230	4005
			NR	Desi	3890	4700	4385
		Sumerpur	67.7	Other	4000	4497	4380
	Tamil Nadu	Annur	NR	Other	4960	5020	4990
		Dindigul	NR	MCU 5	3000	4000	3500
		Kovilpatti	NR	LRA	3000	4000	3500
			NR	MCU 5	3000	4100	3700
			NR	Other	2000	3000	2700
		Moolanur	85	Other	4450	4880	4600
		Natham	NR	MCU 5	3700	3800	3750
Cotton Seed	Gujarat	Mansa	245.5	Other	4000	4670	4610
	Uttar Pradesh	Muzzafarnagar	7	Other	2050	2200	2145

Cotlook Index: As on 20/10/2011

Cotlook Indices	Cents/Pound	Change
A-Index	109.65	-0.3

China Cotton Index: As on 21/10/2011

Index	RMB/Ton	Change
CCIndex(328)	19623	-18
CCIndex(527)	17009	-24
CCIndex(229)	21027	-43

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

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

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	95.86	97.61	0
North Delta	95.11	96.11	0
South Delta	95.11	96.11	2,447
East TX-OK	93.50	96.00	1,019
West Texas	93.00	95.25	1,736
Desert SW	92.86	98.86	100
SJ Valley	93.86	103.26	0

***ICE Cotton Futures: As on 20/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	99.60	100.04	96.78	96.86	-2.86
Mar-12	97.78	97.78	95.20	95.42	-2.45
May-12	97.00	97.30	95.00	95.23	-2.21
Jul-12	96.74	97.06	94.80	94.96	-2.19
Oct-12	93.61	93.61	93.61	93.61	-1.44
Dec-12	93.00	93.25	92.00	92.11	-1.11

***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	6100	130	6230
Equivalent	40 Kgs	6537	130	6667

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