

Cotton Domestic Fundamentals:

Cotton prices remained mixed amid buying activity seen from exporters. Sources say that export demand will come after the Deepavali festival from China as Chinese current year's import quota which is scheduled to expire in December. Millers remained absent due to disparity in yarn at current levels. However, in the next 3-4 days arrivals will be lower through the Deepavali festival. Cotton may fall after the Deepavali festival on higher global output and lower demand.

Cotton Domestic Futures Market:

NCDEX Kapas April 2012 contract finished weak at 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 of trade remains unchanged at previous day's level of 2,476.

Cotton International Fundamentals

Cotton futures finished higher on Monday on investor buying. The December cotton contract on ICE Futures US rose 0.84 cent to close at 97.94 cents per lb. Market participants are still worried that demand from top consumer China will remain weak and the pace of US cotton exports will stay slow. China Cotton Association said that China's cotton output this year will likely reach 7.28 million metric tons, up 9.3% from a year earlier. Meanwhile, Punjab Agriculture Department in Pakistan has advised growers to start picking cotton after 40 to 50 percent bolls are matured. So this may restrict uptrend.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound in the next 3-4 days on Deepavali festivals. In the long run prices will come down 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 25th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	-3.4	728.7	730.0	727.5	727.5
Mar-11	-	-	-	-	-
Apr-11	-5.1	728.0	728.8	720.6	720.6

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	15	11	142	-1
12-Mar	0	-	36	-
12-Apr	2476	-	8119	401

Spread

	Feb-12	Mar-12	Apr-12
Basis	103.5	-	110.4
Feb-12	-	-	-6.9
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 25th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	-4.2	742.2	743.3	739.0	739.0
Apr-11	-4.8	741.9	742.0	736.0	736.2

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	89	-23	522	5
12-Apr	386	60	1479	133

Spread

	Mar-12	Apr-12
Basis	92.0	94.8
Mar-12	-	-2.8
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 25th October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	280	18820	19150	18820	19140
Dec-11	30	18010	18110	18010	18050
Jan-12	30	17860	17950	17860	17900

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	25-10-11	24-10-11	
Kadi – Bt Cotton#	4625-4800	4600-4750	50
Amravati – Vunni Mech-1#	4200-4500	4200-4600	-100
Ahmedabad – Shankar-6#	Closed	3760-4550	-
Abhor – J-34*	3710	3720	-10
Muktsar – J-34*	3710	3720	-10

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	25-10-11	24-10-11	
Kadi –Bt Cotton	80	200	-120
Amravati –Vunni Mech-1	100	100	Unch
Ahmedabad – Shankar-6	Closed	10000	-
Abohar	500	1000	-500
Muktsar	200	250	-50

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

Cotton and Cotton Prices and Arrivals at Other Centers: As on 25th October 2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price
			Tonnes		Rs/Qtl	
Cotton	Andhra Pradesh	Allagadda	NR	Cotton (Unginned)	3500	3700
		Macharla	0.1	Other	3333	3488
		Martur	NR	Desi	3600	3800
		Proddatur	NR	MCU 5	4400	4500
		Sattenapalli	0.1	MCU 5	3400	4000
		Tadikonda	0.1	Cotton (Unginned)	3000	3200
	Gujarat	Jhagadiya	3	Other	4000	4550
		Savli	NR	G-6	4200	4450

	Haryana	Uchana	178.2	American	2400	4354
	Madhya Pradesh	Manawar	71	Other	4000	4500
		Pandhurna	25	Other	4310	4330
		Sonsar	57	H4	4211	4311
	Maharashtra	Arvi	11	Other	4331	4361
	Punjab	Dhuri	1.7	American	4150	4350
Cotton Seed	Uttar Pradesh	Muzzafarnagar	14	Other	2070	2200

Cotlook Index: As on 24/10/2011

Cotlook Indices	Cents/Pound	Change
A-Index	107.05	0.15

China Cotton Index: As on 25/10/2011

Index	RMB/Ton	Change
CCIndex(328)	19539	-22
CCIndex(527)	16939	-16
CCIndex(229)	20931	-29

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

USDA Cotton Spot rates: As on 24/10/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	97.94	99.69	294
North Delta	96.94	97.94	Nil
South Delta	96.94	97.94	Nil
East TX-OK	94	96.5	9,403
West Texas	93.5	95.75	3,817
Desert SW	93.94	99.94	100
SJ Valley	94.94	104.34	Nil

***ICE Cotton Futures: As on 24/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	97.10	98.39	96.96	97.94	0.84
Mar-12	95.80	96.57	95.50	96.38	0.78
May-12	95.09	95.91	95.05	95.88	0.69
Jul-12	94.73	95.41	94.70	95.41	0.59
Oct-12	94.51	94.51	94.51	94.51	0.59
Dec-12	92.00	92.66	92.00	92.66	0.59

***Prices in USc**
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