

Cotton Domestic Fundamentals:

Cotton prices remained mixed amid reports of lower production reports from Confederation of Indian Textile Industry (CITI). CITI added in their report that India's cotton output to total 35.0 million bales in the 2011-12 marketing season, down from a previous estimate of 35.5 million bales. Meanwhile, India's merchandise exports reportedly surged 44.2% in August maintaining the recent trend of expansion. Readymade garments form one of items that led to increased shipments.

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. However, volume of trade has not supported today's uptrend.

Cotton International Fundamentals

Cotton futures finished slightly higher as concerns over cotton crop conditions in the U.S. and India and speculation top consumer China could ease monetary policy buoyed prices. USDA added in their report that 44% crop has been harvested as of October 23rd 2011 below the 49% harvested during the same week a year earlier. USDA also added that nearly 25% of U.S. cotton crops were rated in very poor condition, worsening from 22% a week earlier. Only 5% was rated excellent, unchanged from the previous week.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound to weak as arrivals may increase festivals. In the long run prices will come down on higher production estimates and weak demand.

U.S markets may trade range bound to firm due concerns over U.S crop condition.

NCDEX Kapas Futures: as on 27th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	3.3	728.1	733.1	728.1	733.1
Mar-11	24.0	745.9	745.9	745.9	745.9
Apr-11	3.5	724.0	730.5	721.6	727.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	7	5	140	-1
12-Mar	1	1	36	-
12-Apr	1626	796	7814	-188

Spread Feb-12 Mar-12 Apr-12

Spread	Feb-12	Mar-12	Apr-12
Basis	-	-	-
Feb-12	-	12.8	-5.3
Mar-12	-	-	-18.1
Apr-12	-	-	-

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

MCX Kapas Futures: as on 27th October 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	2.0	741.0	744.0	737.1	742.4
Apr-11	2.0	737.3	743.1	735.6	740.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	21	-2	512	-9
12-Apr	152	66	1441	-39

Spread Mar-12 Apr-12

Spread	Mar-12	Apr-12
Basis	-	-
Mar-12	-	-2.4
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 27th October 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Oct-11	90	19120	19270	19120	19220
Dec-11	30	18060	18170	18040	18100
Jan-12	20	17950	18000	17900	17950

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	27-10-11	25-10-11	
Kadi – Bt Cotton#	4600-4800	4625-4800	Unch
Amravati – Vunni Mech-1#	Closed	4200-4500	-
Ahmedabad – Shankar-6#	Closed	Closed	-
Abhor – J-34*	3690	3710	-20
Muktsar – J-34*	3690	3710	-20

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	27-10-11	25-10-11	
Kadi –Bt Cotton	Nil	80	-
Amravati –Vunni Mech-1	Closed	100	-
Ahmedabad – Shankar-6	Closed	Closed	-
Abohar	Nil	500	-
Muktsar	Nil	200	-

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

Cotton and Arrivals at Other Centers: As on 27th October 2011

State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
		Tonnes		Rs/Quintal		
Andhra Pradesh	Adilabad	1214.2	Cotton (Unginned)	3940	4111	4025
	Allagadda	NR	Cotton (Unginned)	3600	3800	3700
	Macharla	0.1	Other	3414	3805	3571
	Parvathipuram	1.7	Desi	3103	3103	3103
	Proddatur	NR	MCU 5	4200	4300	4250
	Tadikonda	0.1	Cotton (Unginned)	3000	3200	3100
	Tadipatri	NR	MCU 5	3800	4000	3900

Madhya Pradesh	Sonsar	77.2	H4	4000	4331	4330
Punjab	Dhuri	NR	American	4000	4300	4250
Tamil Nadu	Annur	NR	Other	4960	5020	4990
	Dindigul	NR	Other	3500	4000	3750
	Konganapuram	NR	Cotton (Ginned)	4200	4470	4335

Cotlook Index: As on 26/10/2011

Cotlook Indices	Cents/Pound	Change
A-Index	108.90	1.15

China Cotton Index: As on 27/10/2011

Index	RMB/Ton	Change
CCIndex(328)	9482	-15
CCIndex(527)	16884	-15
CCIndex(229)	20873	-38

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

USDA Cotton Spot rates: As on 26/10/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	100.32	102.07	554
North Delta	99.32	100.32	88
South Delta	99.32	100.32	342
East TX-OK	96.25	98.75	440
West Texas	96.00	98.25	6,684
Desert SW	96.32	102.32	Nil
SJ Valley	97.32	106.72	Nil

***ICE Cotton Futures: As on 26/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	99.68	100.73	99.48	100.32	0.64
Mar-12	98.58	99.12	98.01	98.91	0.60
May-12	97.84	98.57	97.50	98.36	0.48
Jul-12	97.70	98.03	97.00	97.66	0.15
Oct-12	96.51	96.51	96.51	96.51	0.10
Dec-12	94.75	94.85	94.00	94.66	0.10

*Prices in USc

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