

**Cotton Domestic Fundamentals:**

Cotton prices steady to firm amid as arrivals declined. Sources added that estimates could go down below the forecast of 355 lakh bales due to crop damage in the late September-October period due to heavy rainfall and heat waves. Meanwhile traders association Cotton Association of India has projected the cotton production to be 363 lakh bales. Meanwhile, government has sanctioned Rs.2100 crore to set up 21 new textiles parks across the country with advanced infrastructure and upgraded technology. Separately, apparel manufacturers and retailers plan to cut merchandise prices for the upcoming spring-summer season, by 10 to 15% due to drop in sales and a correction in raw material (cotton) prices.

**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 of trade has supported Friday's uptrend.

**Cotton International Fundamentals**

Cotton futures finished surged higher mainly by reports of European leaders have made a deal to resolve the debt crisis. Markets also moved higher supported by USDA's report of strong US cotton export weekly sales. Futures also moved higher as Pakistan's cotton production will be lowered to 12.223 million bales from the target of 15 million bales due to crop losses due to unfavourable weather.

**Outlook: Domestic and International**

**In the short term, domestic cotton prices move range bound to weak as arrivals may increase after the festive season. 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 and lower crop estimates from Pakistan.**

**NCDEX Kapas Futures: as on 28<sup>th</sup> October 2011 (Prices in Rs/20/kg)**

Contract	+/-	Open	High	Low	Close
Feb-11	6.8	736.7	740.0	736.7	739.9
Mar-11	-	-	-	-	-
Apr-11	4.4	729.9	737.4	729.0	732.9

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
12-Feb	4	-3	140	-
12-Mar	0	-1	36	-
12-Apr	2599	971	7707	-104

**Spread**

	Feb-12	Mar-12	Apr-12
Basis	-	-	-
Feb-12	-	-	-7.0
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 28<sup>th</sup> October 2011 (Prices in Rs/20/kg)**

Contract	+/-	Open	High	Low	Close
Mar-11	3.0	743.9	750.0	743.7	745.7
Apr-11	2.5	743.7	750.0	741.0	744.0

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
12-Mar	58	37	502	-10
12-Apr	223	71	1363	-78

**Spread**

	Mar-12	Apr-12
Basis	-	-
Mar-12	-	-1.7
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 28<sup>th</sup> October 2011 (Prices in Bales)**

Contract	+/-	Open	High	Low	Close
Oct-11	-20	19200	19280	19170	19170
Dec-11	-10	18100	18160	18080	18110
Jan-12	90	18000	18060	17990	18060

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	28-10-11	27-10-11	
Kadi – Bt Cotton#	4600-4825	4600-4800	25
Amravati – Vunni Mech-1#	Closed	Closed	-
Ahmedabad – Shankar-6#	Closed	Closed	-
Abhor – J-34*	3715	3690	25
Muktsar – J-34*	3715	3690	25

\*-Rs/maund, #-Rs.qtl

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	28-10-11	27-10-11	
Kadi –Bt Cotton	25	Nil	-
Amravati –Vunni Mech-1	Closed	Closed	-
Ahmedabad – Shankar-6	Closed	Closed	-
Abohar	300	Nil	-
Muktsar	60	Nil	-

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

**Cotton Prices at Other Centers: As on 28/10/2011**

State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
		Tonnes		Rs/Quintal		
Andhra Pradesh	Adilabad	12.5	Cotton (Unginned)	4000	4100	4050
	Allagadda	NR	Cotton (Unginned)	3500	3700	3600
	Kuber	266.6	Cotton (Unginned)	4251	4251	4251
	Macharla	0.1	Other	3300	3571	3440
	Martur	NR	Desi	3200	3600	3400
	Proddatur	NR	MCU 5	4250	4400	4300
	Sattenapalli	0.1	MCU 5	3400	4000	3500

	<b>Tadikonda</b>	0.1	Cotton (Unginned)	3000	3200	3100
<b>Karnataka</b>	<b>Bellary</b>	22	LD-327	2600	4589	4530
	<b>Bijapur</b>	22	LH-1556	2283	4429	3280
	<b>Davangere</b>	8	MCU 5	3200	4650	3950
	<b>Hubli</b>	NR	GCH	4209	4209	4209
	<b>Kudchi</b>	6	Varalakshmi (Ginned)	3900	4100	4000
	<b>Raichur</b>	34	F-1054	3869	4390	4183
	<b>Santhesargur</b>	93	Krishna	3300	3500	3400
<b>Madhya Pradesh</b>	<b>Lahorda</b>	20	H4	4511	4511	4511
	<b>Manawar</b>	4	Other	4000	4400	4300
	<b>Sonsar</b>	115.1	H4	4000	4351	4331
<b>Punjab</b>	<b>Ahmedgarh</b>	1.1	American	4300	4560	4520
	<b>Bariwala</b>	2.6	Other	2850	4400	4325
	<b>Sangat</b>	28	American	3110	4380	4350
<b>Tamil Nadu</b>	<b>Annur</b>	NR	Other	4960	5020	4990
	<b>Dindigul</b>	NR	Other	3000	4200	3600
	<b>Konganapuram</b>	NR	Cotton (Ginned)	4250	4500	4375
			Other	4400	4700	4550
	<b>Kovilpatti</b>	NR	LRA	3000	4000	3500
			MCU 5	3000	4100	3700
			Other	2000	3000	2700
	<b>Salem</b>	NR	Cotton (Ginned)	4000	4500	4250
			Other	4300	5100	4700
	<b>Tiruchengode</b>	NR	LRA	3650	4000	3825
			Other	4000	4200	4100
	<b>Usilampatty</b>	NR	LRA	2520	2820	2670
			MCU 5	3800	3900	3850
			Other	2560	2860	2710
	<b>Villupuram</b>	2	Other	3275	3959	3800

**Cotlook Index: As on 27/10/2011**

Cotlook Indices	Cents/Pound	Change
<b>A-Index</b>	109.20	0.30

**China Cotton Index: As on 28/10/2011**

Index	RMB/Ton	Change
<b>CCIndex(328)</b>	19432	-50
<b>CCIndex(527)</b>	16872	-12
<b>CCIndex(229)</b>	20837	-36

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

**USDA Cotton Spot rates: As on 27/10/2011**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	104.32	106.07	347
North Delta	103.32	104.32	353
South Delta	103.32	104.32	3243
East TX-OK	100.25	102.75	3888
West Texas	100.00	102.25	975
Desert SW	100.32	106.32	Nil
SJ Valley	101.32	110.72	Nil

**\*ICE Cotton Futures: As on 27/10/2011**

Contract	Open	High	Low	Close	Change
Dec-11	100.30	104.32	99.91	104.32	4.00
Mar-12	99.10	102.55	98.51	102.31	3.40
May-12	98.03	101.55	98.03	101.47	3.11
Jul-12	97.50	101.05	97.50	100.37	2.71
Oct-12	99.09	99.09	99.09	99.09	2.58
Dec-12	94.50	97.50	94.50	97.36	2.70

\*Prices in USc

**Pakistan Cotton Spot rates: As on 26/10/2011 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.324 Kgs	5750	130	5850
Equivalent	40 Kgs	6162	130	6292

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