

Cotton Domestic Fundamentals:

Cotton prices remained mixed as demand from exporters and millers remained weak at higher levels. Sources added that yield may take a hit in A.P due to excess rains in the region. Arrivals will gather momentum during mid November till then prices may find support at current levels. Millers demand is weak and they may only buy at lower levels as they facing disparity at current prices. Production estimates remain at 355 lakh bales which pull markets lower in the long run.

Cotton Domestic Futures Market:

NCDEX Kapas April 2012 contract finished weak by 0.11 per cent against previous settlement. 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 not supported today's downtrend in prices.

Cotton International Fundamentals

Cotton futures finished lower as Strength in the dollar and weakness in Dow Jones futures are weighing on cotton trade. Markets were also lower on USDA report of cotton harvest is 55% complete compared to the 44% during the week before. Cotton futures may continue to trend down as harvest will gather momentum as farmers may want harvest crop before winter sets in. However USDA reports also added that nearly 42% of U.S. cotton crops were rated in poor to very poor condition last week, improving from 44% in the previous week. Approximately 29% of the cotton crop was in good to excellent condition, unchanged from the week before.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound to weak on higher production estimates, weak demand and fresh arrival expectations.

U.S markets may trade range bound to weak on weak dollar and concerns over cotton crop conditions in the U.S.

NCDEX Kapas Futures: as on 02nd November 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	3.0	744.0	746.0	742.0	746.0
Mar-11	-4.2	747.9	747.9	747.9	747.9
Apr-11	-0.8	737.5	741.0	732.7	736.7

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	4	-3	147	-
12-Mar	1	1	36	-
12-Apr	2457	-633	8216	49

Spread

	Feb-12	Mar-12	Apr-12
Basis	156.0	154.1	165.3
Feb-12	-	1.9	-9.3
Mar-12	-	-	-11.2
Apr-12	-	-	-

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

MCX Kapas Futures: as on 02nd November 2011 (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	-1.2	750.2	756.0	748.6	752.0
Apr-11	-1.3	749.5	753.5	745.0	749.2

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	121	27	568	11
12-Apr	254	-85	1336	14

Spread

	Mar-12	Apr-12
Basis	150.0	152.8
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 02nd November 2011 (Prices in Bales)

Contract	+/-	Open	High	Low	Close
Dec-11	Unch	18200	18270	18160	18200
Jan-12	-20	18210	18250	18160	18210
Mar-12	100	18350	18490	18300	18460

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	02-11-11	01-11-11	
Kadi – Bt Cotton#	4650-4950	4625-4900	50
Amravati – Vunni Mech-1#	4300-4600	4200-4400	200
Ahmedabad – Shankar-6#	4260-4760	4260-4750	10
Abhor – J-34*	3680-3685	3710	-25
Muktsar – J-34*	3680-3685	3710	-25

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	02-11-11	01-11-11	
Kadi –Bt Cotton	175	300	-125
Amravati –Vunni Mech-1	400	300	100
Ahmedabad – Shankar-6	20000	15000	5000
Abohar	1300	1200	100
Muktsar	300	250	50

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

Cotton Prices at Other Centers: As on 02/11/2011

State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
		Tonnes		Rs/Quintal		
Andhra Pradesh	Adilabad	518.3	Cotton (Unginned)	4000	4170	4085
	Bhainsa	542.5	Cotton (Unginned)	4150	4350	4200
	Macharla	0.1	Other	3450	3700	3650
	Proddatur	NR	MCU 5	4300	4400	4350
	Sattenapalli	0.1	MCU 5	3400	4000	3500
Gujarat	Babra	110	Shanker 6 (B) 30mm Fine	4175	4820	4810

	Bodeli	130	Shanker 6 (B) 30mm Fine	4830	5101	4860
	Dhandhuka	23.3	Shanker 6 (B) 30mm Fine	4630	4815	4745
	Dhoraji	65.5	H.B (Unginned)	4005	4775	4650
	Halvad	312.86	Other	4505	4825	4725
	Jepur Pavi	12.5	Shanker 6 (B) 30mm Fine	4901	5011	4950
	Junagadh	29.4	Other	4000	4805	4400
	Kadi	30	Other	4670	4865	4750
	Morbi	152.3	Other	3000	4880	3940
	Palitana	1200	Other	3750	4750	4250
	Rajula	40	Shanker 6 (B) 30mm Fine	4300	4720	4510
	Una	42	Shanker 6 (B) 30mm Fine	4525	4750	4700
Karnataka	Bijapur	61	LH-1556	1503	4531	4000
	Chamaraj Nagar	12	Other	3000	3500	3200
	Davangere	78	MCU 5	3100	4555	3980
		NR	Varalakshmi (Ginned)	4370	4880	4500
	Dharwar	2	Varalakshmi (Ginned)	3009	4529	3769
	Hubli	32	GCH	3009	4474	4189
	Kadur	10	Other	4808	4808	4808
	Nargunda	85	Jaydhar	3100	3100	3100
	Raichur	246	F-1054	4025	4469	4211
	Ranebennur	113	GCH	2840	4534	3969
	Savanur	17	GCH	3739	4490	4115
	Shimoga	92	LD-327	3685	4300	3992
Madhya Pradesh	Khargone	969	Other	4400	4783	4600
	Khetia	89.4	H4	4435	4700	4568
	Lahorda	0.3	H4	4511	4511	4511

	Pandhurna	35	Other	4450	4475	4462
	Sailana	11.5	DCH-32 (Ginned)	5002	5073	5050
		NR	Other	4699	4900	4800
Punjab	Abohar	713.5	American	4020	4320	4285
		NR	Desi	4750	5005	4940
	Dhuri	0.2	American	4200	4300	4200
	Malout	260	Other	4000	4360	4340
	Raman	209	Other	3700	4310	4250
	Sangrur	1.8	American	4050	4250	4225
Rajasthan	Anoopgarh	121	American	3905	4190	4048
		NR	Desi	4650	4910	4780
	Gajsinghpur	921	American	4018	4237	4175
		NR	Desi	4300	4920	4850
	Hanumangarh	534.3	American	4100	4489	4470
		NR	Desi	4457	4971	4860
	Jaitsar	620	American	3950	4164	4125
		NR	Desi	4400	4890	4780
	Padampur	103.5	American	3950	4185	4119
		NR	Desi	4125	4850	4729
	Raisingh Nagar	79	American	3986	4185	4129
		NR	Desi	4681	4923	4886
	Sri Karanpur	78.4	American	4242	4317	4300
		NR	Desi	4640	4750	4734
	Sumerpur	78.8	Other	3300	4315	4200
Tamil Nadu	Annur	NR	Other	4960	5020	4990
	Usilampatty	NR	LRA	2520	2820	2670
		NR	MCU 5	3830	3930	3880
		NR	Other	2580	2880	2730
	Villupuram	3	Other	3272	3749	3500

Cotton Association of India Spot Rates: As on 02/11/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	37400

Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37800
V-797	22mm	4.5 -5.9	19	24500
J-34	25mm	3.5 - 4.9	23	32300
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	40000
DCH-32	35mm	2.8 - 3.6	31	49000

Cotlook Index: As on 01/11/2011

Cotlook Indices	Cents/Pound	Change
A-Index	111.00	-1.60

China Cotton Index: As on 02/11/2011

Index	RMB/Ton	Change
CCIndex(328)	19327	-54
CCIndex(527)	16831	-10
CCIndex(229)	20722	-48

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

USDA Cotton Spot rates: As on 01/11/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	99.54	101.29	Nil
North Delta	98.54	99.54	Nil
South Delta	98.54	99.54	Nil
East TX-OK	95.50	98.25	441
West Texas	95.50	98.00	1,878
Desert SW	96.04	102.04	Nil
SJ Valley	97.04	106.44	800

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per tex and uniformity 80.5 to 81.4

***ICE Cotton Futures: As on 01/11/2011**

Contract	Open	High	Low	Close	Change
Dec-11	102.75	102.75	98.77	99.54	-2.75
Mar-12	100.46	101.07	97.60	98.55	-2.27
May-12	100.24	100.24	97.11	98.22	-1.85
Jul-12	99.50	99.50	97.00	98.07	-1.27
Oct-12	95.88	95.88	95.88	95.88	-1.10
Dec-12	95.06	96.00	95.00	95.48	-1.03

*Prices in USc

Pakistan Cotton Spot rates: As on 02/11/2011 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.324 Kgs	5550	130	5680
Equivalent	40 Kgs	5948	130	6078

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