

Cotton Domestic Fundamentals:

Cotton prices fell heavily on Tuesday as buying activity remained weak. Higher arrivals also pulled markets lower. Cash markets were also influenced by selling in the futures counter. Crop is in harvest stage in most states. ICAC reported that output from India may increase to 6 million metric tons from 5.5 million a year earlier and exports may rise to 1.4 million tons from 1.1 million tons. The Planted area is expected to increase to 11 million hectares compared to 10 million hectares last year. Trade sources said that bow participants will be in a wait and watch mode and wait for prices to come down further.

Cotton Domestic Futures Market:

NCDEX Kapas April 2012 contract finished significantly down 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 has increased to 6,223, up by 4,112 against previous trading day.

Cotton International Fundamentals

Cotton futures fell to a two-week low on speculation that demand will shrink because of a faltering global economy. Cotton for December delivery fell 2% to settle at 96.76 cents a pound on ICE Futures U.S. in New York. However, demand from China supported prices at lower levels as China are stocking up state reserve stocks. The downtrend could continue as traders added that weak demand and higher supply for fiber in the coming months will continue to pressurize at higher levels.

Outlook: Domestic and International

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

U.S markets may trade range bound to weak on and lower consumption.

NCDEX Kapas Futures: (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Feb-11	-29.9	725.8	733.7	718.3	718.3
Mar-11	-21.9	725.0	725.0	713.0	713.1
Apr-11	-19.3	726.1	726.1	706.9	709.4

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	22	22	156	2
12-Mar	16	16	45	7
12-Apr	6223	6223	9674	628

Spread	Feb-12	Mar-12	Apr-12
Basis	152.7	157.9	161.6
Feb-12	-	-5.2	-8.9
Mar-12	-	-	-3.7
Apr-12	-	-	-

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

MCX Kapas Futures: (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-11	-21.0	742.0	742.0	722.5	724.5
Apr-11	-19.8	740.5	740.5	720.5	723.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	546	546	667	85
12-Apr	784	784	1584	151

Spread	Mar-12	Apr-12
Basis	146.5	148.0
Mar-12	-	-1.5
Apr-12	-	-

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

MCX Cotton Futures (29 mm Variety): Prices in Bales

Contract	+/-	Open	High	Low	Close
Dec-11	-490	17570	17610	17300	17370
Jan-12	-510	17580	17580	17310	17390
Mar-12	-480	17830	17950	17640	17900

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	08-11-11	07-11-11	
Kadi – Bt Cotton#	4500-4725	4600-4875	-150
Amravati – Vunni Mech-1#	4350-4500	Closed	-
Ahmedabad – Shankar-6#	4260-4450	4000-4550	-100
Abhor – J-34*	3350	3490	-140
Muktsar – J-34*	3360	3490	-130

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	08-11-11	07-11-11	
Kadi –Bt Cotton	150	975	-825
Amravati –Vunni Mech-1	500	Closed	-
Ahmedabad – Shankar-6	25000	10000	15000
Abohar	1500	1700	-200
Muktsar	300	300	Unch

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

Prices of Cotton, Cotton Seed and Jute at Other Centers: As on 08/11/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
		Tonnes			Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	745.3	Cotton (Unginned)	4000	4181	4090
		Asifabad	173.6	Cotton (Unginned)	4050	4180	4100
		Bhainsa	253.9	Cotton (Unginned)	4200	4300	4250
		Chilakaluripet	0.1	Other	3000	3000	3000
		Choppadandi	137.9	Cotton (Unginned)	3650	4025	3950
		Khammam	912	Cotton (Unginned)	3650	4100	3850
		Kuber	38.4	Cotton (Unginned)	4251	4251	4251
		Macharla	0.1	Other	3600	3900	3750
		Madnoor	0.1	G-6	4471	4471	4471
				Savita	4286	4305	4300
		Madnoor	44.6	Savita	4286	4305	4300
		Pidugurala	0.1	Cotton (Unginned)	3400	3600	3500
		Proddatur	NR	MCU 5	4200	4300	4250
	Gujarat	Bagasara	60	Other	3755	4655	4205
		Bhavnagar	74.8	Other	4350	4525	4435
		Bhiloda	73	Other	4500	4600	4550
		Bodeli	120	Shanker 6 (B) 30mm Fine	4550	4685	4601
		Halvad	380.04	Other	4350	4635	4550

		Himatnagar	45.5	Other	4400	4570	4485
		Junagadh	62	Other	4000	4530	4250
		Kadi	60	Other	4605	4730	4650
		Morbi	215	Other	3500	4655	4078
		Savarkundla	160	Other	4375	4625	4500
		Unava	650	Other	3755	4595	4550
		Vadgam	0.2	Other	4425	4425	4425
	Karnataka	Bellary	67	LD-327	2589	4562	4500
		Bijapur	106	LH-1556	1800	4669	4080
		Chamaraj Nagar	12	Other	2900	3500	3200
		Davangere	72	MCU 5	3122	4455	3869
			NR	Varalakshmi (Ginned)	4350	4670	4520
		Gundlupet	4	Other	3000	3000	3000
		Haveri	43	GCH	3779	4329	4209
		Hirekerur	7	GCH	3500	3500	3500
		Kudchi	13	Varalakshmi (Ginned)	3900	4100	4000
		Laxmeshwar	NR	GCH	2026	4159	3840
		Nargunda	95	GCH	4100	4200	4150
		Raichur	187	F-1054	3615	4309	3906
		Santhesargur	403	Krishna	3100	3700	3500
			NR	Varalakshmi (Ginned)	4000	4800	4500
		Savanur	92	GCH	4099	4519	4309
		Shorapur	26	Hampi (Ginned)	3011	4101	4001
		Soundati	5	LD-327	4039	4439	4239
		Tarikere	100	Varalakshmi (Ginned)	4654	4926	4824
	Madhya Pradesh	Khandwa	103	Desi	4390	4474	4436
		Khetia	194.4	H4	3435	4590	4013
		Manawar	216	Other	4200	4200	4200
		Sailana	1	DCH-32 (Ginned)	5060	5140	5080
			NR	Other	4501	4756	4650
	Maharashtra	Chalisgaon	2	Other	4000	4300	4150
	Punjab	Bariwala	13.5	Other	3300	4000	3695
		Bhikhi	20	Other	4020	4090	4070
		Dhuri	3.5	American	3750	4075	4025
		Malout	220	Other	3700	4100	4035
		Mansa	480	American	2900	4075	4000
		Raman	220.6	Other	2815	4040	3990
	Rajasthan	Padampur	135.6	American	3000	3906	3830
			NR	Desi	4000	4836	4700
		Raisingh Nagar	95	American	3600	3972	3890
			NR	Desi	4325	4795	4700
		Sri Karanpur	113	American	3700	4131	3929
			NR	Desi	4500	4800	4560
	Tamil Nadu	Sumerpur	106.5	Other	2800	4165	4000
		Annur	NR	Other	4960	5020	4990

		Konganapuram	NR	Cotton (Ginned)	3800	4200	4000
				Other	4000	4350	4175
		Salem	NR	DCH-32 (Ginned)	4000	4500	4250
				Other	4300	5100	4700
		Theni	NR	Other	2200	2400	2300
		Tiruchengode	NR	LRA	3800	4000	3900
			NR	Other	4000	4300	4150
		Usilampatty	NR	LRA	2520	2620	2570
			NR	MCU 5	3850	3950	3900
			NR	Other	2560	2700	2650
		Villupuram	10	Other	3869	4195	4150
		Virudhachalam	NR	Other	3838	4864	4050
Jute	West Bengal	Baxirhat	5	TD-5	2000	2125	2050
		Bethuadahari	150	TD-5	1795	1810	1800
		Coochbehar	65	TD-5	2100	2150	2125
		Jiaganj	120	TD-5	1850	1950	1900
		Kalna	22	TD-5	2150	2250	2200
		Lalbagh	6	TD-5	1850	1900	1870
		Mathabhanga	15	TD-5	2110	2140	2125
			NR	W-5	1740	1760	1750
		Raiganj	70	TD-5	1850	1950	1900
		Samsi	20	Jute	1850	1950	1900
			NR	TD-5	1750	1850	1800
		Toofanganj	2	TD-5	2000	2100	2050
Cotton Seed	Uttar Pradesh	Muzzafarnagar	12.5	Other	2300	2500	2400

Cotton Association of India Spot Rates: As on 08/11/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35000
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36000
V-797	22mm	4.5 - 5.9	19	23700
J-34	25mm	3.5 - 4.9	23	29800
H-4/ MECH-1	28mm	3.5 - 4.9	25	34800
Shankar-6	29mm	3.5 - 4.9	26	37500
Bunny/ Brahma	31mm	3.5 - 4.9	27	37500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	39000
DCH-32	35mm	2.8 - 3.6	31	48000

Cotlook Index: As on 07/11/2011

Cotlook Indices	Cents/Pound	Change
A-Index	108.45	0.4

China Cotton Index: As on 08/11/2011

Index	RMB/Ton	Change
CCIndex(328)	19279	-7
CCIndex(527)	16760	-12
CCIndex(229)	20662	-5

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

USDA Cotton Spot rates: As on 07/11/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	96.76	98.51	322
North Delta	95.76	96.76	Nil
South Delta	95.76	96.76	Nil
East TX-OK	92.25	95.00	634
West Texas	92.25	94.75	Nil
Desert SW	93.26	99.26	Nil
SJ Valley	94.26	103.66	Nil

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 07/11/2011**

Contract	Open	High	Low	Close	Change
Dec-11	98.67	98.96	96.51	96.76	-1.98
Mar-12	98.15	98.37	96.75	96.88	-1.58
May-12	98.30	98.40	97.29	97.49	-1.16
Jul-12	98.18	98.35	97.34	97.50	-1.11
Oct-12	97.91	99.17	97.91	99.17	-0.81
Dec-12	96.77	96.77	96.28	96.50	-0.60

*Prices in USc

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