

Cotton Domestic Fundamentals:

Cotton prices remained firm on Friday as buying activity remained improved at lows amid lower arrivals. Weather will assist harvest in all states. Picking has started in all major states like Gujarat, Rajasthan, A.P, Haryana and Punjab. Meanwhile, USDA said in its report that output is expected to increase to 27.5 million bales, from 25.4 million bales the previous season. Meanwhile Cotton Advisory Board (CAB) said that despite bad weather cotton output is likely to remain higher at 35.5 million bales (of 170 kg each). CAB will meet on November 15th 2011 to assess position following reports of output loss in many areas and higher output in others. Acreage is also expected to increase to 12.2 million hectares in the current season as against 11.1 million hectares last season.

Cotton International Fundamentals

Cotton futures moved higher after USDA lowered its forecast for the U.S. cotton harvest. Markets also fell after data showed Chinese cotton imports surged last month. USDA lower the crop estimates to 16.3 billion bales, down 2% from last month's forecast and 10% below year-ago levels. However, exports were also lowered to 12 million bales from 13 million bales on reduced demand for the fiber. Global production is expected to higher at 123.4 million bales due to higher output from China, India and Pakistan. China's imports surged by 28.7% in October from September due to increased demand for the fiber. USDA said in its report that China bought 998,000 running bales (RBs, 500-lbs each). The December contract finished higher by 2.4% to end at 99.50 cents per lb.

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 firm on lower US harvest and higher Chinese demand.

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

Contract	+/-	Open	High	Low	Close
Feb-11	13.3	731.2	734.9	725.1	734.9
Mar-11	-0.5	730.0	730.0	721.1	721.1
Apr-11	8.0	719.4	728.0	719.4	725.4

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Feb	6	-15	143	-3
12-Mar	3	3	44	-2
12-Apr	2997	-334	9285	-170

Spread	Feb-12	Mar-12	Apr-12
Basis	140.1	153.9	149.6
Feb-12	-	-13.8	-9.5
Mar-12	-	-	4.3
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	5.2	735.0	740.4	734.4	737.5
Apr-11	7.1	736.0	740.9	734.8	739.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
12-Mar	154	-22	639	-3
12-Apr	299	-106	1584	-25

Spread	Mar-12	Apr-12
Basis	137.5	136.0
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	300	17610	18020	17610	17800
Jan-12	290	17820	18040	17800	17800
Mar-12	360	18500	18580	18370	18400

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	11-11-11	09-11-11	
Kadi – Bt Cotton#	4600-4800	4500-4700	100
Amravati – Vunni Mech-1#	4300-4500	4200-4400	100
Ahmedabad – Shankar-6#	4250-4500	4250-4400	100
Abhor – J-34*	3460	3400	60
Muktsar – J-34*	3460	3400	60

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	11-11-11	09-11-11	
Kadi –Bt Cotton	100	200	-100
Amravati –Vunni Mech-1	700	600	100
Ahmedabad – Shankar-6	30000	25000	5000
Abohar	900	1500	-600
Muktsar	200	300	-100

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 11/11/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	912.1	Cotton (Unginned)	3770	4000	3885
		Adoni	446.6	Kapas (Adoni)	3800	4336	4100
		Asifabad	247.6	Cotton (Unginned)	3800	3950	3950
		Bhainsa	223.4	Cotton (Unginned)	4100	4261	4200
		Choppadandi	99.3	Cotton (Unginned)	3600	4025	3990
		Khammam	744.5	Cotton (Unginned)	3775	4050	3830
		Kuber	6.9	Cotton (Unginned)	4200	4200	4200
		Macharla	0.1	Other	3400	3600	3450
		Martur	NR	Desi	3400	3600	3500
		Proddatur	NR	MCU 5	4300	4400	4350
		Tadikonda	0.1	Cotton (Unginned)	3300	3500	3400
	Gujarat	Bagasara	52	Other	4125	4685	4405
		Bodeli	100	Shanker 6 (B) 30mm Fine	4474	4551	4500
		Halvad	353.78	Other	4505	4715	4625
		Jepur Pavi	4.5	Shanker 6 (B) 30mm Fine	4601	4750	4701
		Junagadh	78.2	Other	4000	4660	4330

		Kadi	40	Other	4635	4820	4700
		Lalpur	75	Other	1610	1870	1740
		Morbi	127.9	Other	3750	4715	4233
		Palitana	1400	Other	3125	4500	3812
		Rajula	113	Shanker 6 (B) 30mm Fine	3755	4625	4150
		Savarkundla	140	Other	4375	4650	4515
		Savli	NR	G-6	4250	4300	4275
		Siddhpur	50.5	Other	4200	4760	4480
		Unava	442	Other	4005	4710	4675
		Vadhvan	59.9	Shanker 6 (B) 30mm Fine	4550	4775	4662
		Vakener	210	Other	4175	4690	4595
	Karnataka	Arasikere	20	Varalakshmi (Ginned)	2300	2300	2300
		Santhesargur	128	Krishna	3200	3700	3500
		Shorapur	24	Hampi (Ginned)	3400	4021	3856
	Madhya Pradesh	Khandwa	150	Other	4391	4563	4480
		Khargone	897.5	Other	4351	4642	4521
		Khetia	98.4	H4	4380	4580	4480
		Manawar	96	Other	4000	4500	4300
		Pandhurna	44	Other	3911	4300	4105
		Sailana	5	DCH-32 (Ginned)	4901	5100	5000
	Maharashtra	Chalisgaon	4.5	Other	3800	4400	4100
	Orissa	Gunpur	122	MCU-5 (A) 31mm Fine	3600	4000	3600
	Punjab	Ahmedgarh	3	American	3505	4295	4250
		Dhuri	1.2	American	3000	4100	3800
		Malout	160.7	Other	4000	4160	4145
		Raman	116	Other	2950	4190	4155
	Rajasthan	Anoopgarh	82.5	American	3850	3948	3899
		Gajsinghpur	390	American	3816	4000	3950
		Hanumangarh	384.2	American	3700	4231	4199
		Raisingh Nagar	64	American	3700	3936	3878
		Sri Karanpur	14	American	3734	3950	3873
		Sumerpur	116.6	Other	3300	4166	4000
	Tamil Nadu	Annur	NR	Other	4960	5020	4990
		Konganapuram	NR	cotton (Ginned)	3900	4450	4175
		Kovilpatti	NR	LRA	3000	4000	3500
		Salem	NR	DCH-32 (Ginned)	4000	4500	4250
		Theni	NR	Other	2200	2400	2300
		Tiruchengode	NR	LRA	3800	4000	3900
Jute	Andhra Pradesh	Bobbili	1.3	Jute	1700	1900	1800
		Gajapathinagaram	2	Jute	1700	1800	1750
		Assam					

	West Bengal	Bohorihat	60	TD-5	1625	2075	1850
		Baxirhat	15	TD-5	2000	2150	2125
		Champadanga	0.5	TD-5	1900	2000	1950
		Coochbehar	72.5	TD-5	2075	2125	2100
		Islampur	45	TD-5	2050	2140	2100
		Katwa	12	TD-5	1900	2000	1950
		Mathabhanga	25	TD-5	2160	2190	2175
		Raiganj	68	TD-5	1950	2050	2000
		Samsi	20	Jute	1850	1950	1900
		Toofanganj	2.5	TD-5	2050	2125	2100
Cotton Seed	Uttar Pradesh	Muzzafarnagar	14	Other	2400	2600	2500

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

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35400
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36600
V-797	22mm	4.5 - 5.9	19	25000
J-34	25mm	3.5 - 4.9	23	31200
H-4/ MECH-1	28mm	3.5 - 4.9	25	36000
Shankar-6	29mm	3.5 - 4.9	26	38500
Bunny/ Brahma	31mm	3.5 - 4.9	27	38000
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	39500
DCH-32	35mm	2.8 - 3.6	31	49500

Cotlook Index: As on 10/11/2011

Cotlook Indices	Cents/Pound	Change
A-Index	106.05	-0.60

China Cotton Index: As on 10/11/2011

Index	RMB/Ton	Change
CCIndex(328)	19268	-3
CCIndex(527)	16755	-5
CCIndex(229)	20650	-3

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

USDA Cotton Spot rates: As on 10/11/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	99.25	101.00	1,018
North Delta	98.25	99.25	Nil
South Delta	98.25	99.25	Nil
East TX-OK	94.50	97.25	3,663
West Texas	94.50	97.00	3,130
Desert SW	96.25	102.25	Nil
SJ Valley	97.25	107.15	200

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 10/11/2011

Contract	Open	High	Low	Close	Change
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Dec-11	97.18	100.78	96.81	99.50	2.32
Mar-12	97.20	100.32	96.71	98.88	1.74
May-12	97.90	100.21	97.10	99.06	1.30
Jul-12	97.30	100.33	97.30	98.83	0.84
Oct-12	99.91	99.91	99.91	99.91	0.38
Dec-12	96.75	97.99	96.00	96.64	0.10

*Prices in USc

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