

Cotton Domestic Fundamentals:

Cotton prices ended lower on Saturday's trade amid lack of buying activity at higher levels. Total arrival in the country was 110,000-120,000 bales compared to 110,000-120,000 on Friday. Crop picking has started in all major states like Gujarat, Rajasthan, A.P, Haryana and Punjab with a delay in Tamil Nadu due to rains. Due to delayed sowings, prolonged rains and also subsequent Festival days, pace of arrivals have declined and has been lower compared to last year. Pace of arrivals has also declined as farmers are holding onto stocks in anticipation of better prices. However, arrivals are expected to pick up in the next week and may pull prices lower.

Cotton Futures

NCDEX Kapas April 2012 contract finished significantly lower by 1.6 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.

Cotton International Fundamentals

Cotton futures continue its weakness as trader's fear that Chinese buying spree on US cotton may be over. Cotton for March delivery ended lower to settle at 93.27 cents a pound on ICE Futures. Cotton futures were also influenced by USDA's report on hike in its global carry-over estimate to a 3-yr high of 54.96 million bales and the cut in its U.S. export forecast to 11.3 million bales from 11.5 estimated in October and weaker-than-expected Q3 China GDP which may curtail Chinese cotton imports. However, going forward lower global production estimates, lower US production estimates may continue to support prices at lower levels.

Outlook: Domestic and International

In the short term, domestic cotton prices move lower on higher arrival expectations. However firm export demand may support prices at lower levels.

U.S markets may trade range bound to weak on weak Chinese demand and higher carry-forward stocks.

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

Contract	+/-	Open	High	Low	Close
Feb-12	-9.8	710.0	723.7	710.0	717.5
Mar-12	-8.0	720.0	733.0	712.5	720.0
Apr-12	-12.1	720.0	720.0	710.2	714.7

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	32	28	148	17
Mar-12	17	15	46	5
Apr-12	3523	-1461	11330	683

Spread	Feb-12	Mar-12	Apr-12
Basis	152.5	150.0	155.3
Feb-12	-	2.5	-2.8
Mar-12		-	-5.3
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-12	-9.0	729.0	731.0	725.0	728.4
Apr-12	-10.7	725.2	730.0	724.0	727.9

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	209	9	675	45
Apr-12	426	-21	1643	135

Spread	Mar-12	Apr-12
Basis	141.6	142.1
Mar-12	-	-0.5
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	-250	17570	17570	17350	17480
Jan-12	-260	17550	17550	17350	17490
Mar-12	-280	17930	17930	17730	17880

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	19-11-11	18-11-11	
Kadi – Bt Cotton#	4400-4625	4600-4825	-200
Amravati – Vunni Mech-1#	4200-4400	4000-4400	Unch
Ahmedabad – Shankar-6#	4250-4450	4375-4550	-100
Abhor – J-34*	3520	3590	-70
Muktsar – J-34*	3520	3590	-70

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	19-11-11	18-11-11	
Kadi –Bt Cotton	250	200	50
Amravati –Vunni Mech-1	800	1000	-200
Ahmedabad – Shankar-6	25000	30000	-5000
Abohar	1100	1100	Unch
Muktsar	250	300	-50

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 19/11/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Gujarat	Himatnagar	47.2	Other	4055	4450	4253
Jute	West Bengal	Samsi	30	Jute	1850	1950	1900
			NR	TD-5	1750	1850	1800
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2450	2600	2550

Cotton Association of India Spot Rates: As on 19/11/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35800
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36700
V-797	22mm	4.5 -5.9	19	24800
J-34	25mm	3.5 - 4.9	23	30500
H-4/ MECH-1	28mm	3.5 - 4.9	25	35000
Shankar-6	29mm	3.5 - 4.9	26	37500
Bunny/ Brahma	31mm	3.5 - 4.9	27	37100
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	38900
DCH-32	35mm	2.8 - 3.6	31	48600

Cotlook Index: As on 18/11/2011

Cotlook Indices	Cents/Pound	Change
A-Index	104.75	-3.40

China Cotton Index: As on 19/11/2011-Weekly Close

Index	RMB/Ton	Change
CCIndex(328)	-	-
CCIndex(527)	-	-
CCIndex(229)	-	-

RMB - Renminbi, 1RMB = 0.16 \$U.S.

USDA Cotton Spot rates: As on 18/11/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	92.27	94.02	1,976
North Delta	91.27	92.27	Nil
South Delta	91.27	92.27	Nil
East TX-OK	88.25	91.00	18
West Texas	88.25	90.75	Nil
Desert SW	92.27	98.27	Nil
SJ Valley	93.27	103.17	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 18/11/2011**

Contract	Open	High	Low	Close	Change
Dec-11	99.19	100.15	94.77	94.81	-4.69
Mar-12	96.48	97.74	93.12	93.27	-3.21
May-12	96.67	97.77	93.00	93.42	-3.30
Jul-12	96.45	97.57	93.46	93.59	-3.06
Oct-12	96.00	96.00	93.89	93.89	-2.75
Dec-12	93.85	94.59	91.00	91.00	-2.64

*Prices in USc

Pakistan Cotton Spot rates: As on 19/11/2011 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.324 Kgs	5800	130	5930
Equivalent	40 Kgs	6216	130	6239

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