

Cotton Domestic Fundamentals:

Most markets ended higher as arrivals declined in key centers on Friday's trade. Total arrival in the country was 150,000 bales compared to 115,000 bales on the previous day. Participants were still buying at lower levels however sources revealed that they are anticipating further declines and may want to wait to buy at lower levels. Meanwhile, International Cotton Advisory Committee (ICAC) says production will likely fall by 6% in the 2012-13 season to 25.1 million tons, and acreage will shrink by 8%. In the meantime, the textile ministry says that National Fibre Policy will be embedded in the 12th Five Year Plan, which will strengthen the fibre economy of the country and make the Indian textiles and garments sector competitive.

Cotton International Fundamentals

Cotton futures ends higher as demand for the fiber remain firm from China. March cotton futures rose 0.39 cent to finish at 91.30 cents per lb. Sources added that China's middle-class is growing and this may continue to prompt China to import more. According to government data released on November 15, China imported 252,300 tonnes of cotton in October, a 163% jump from the same period last year. Markets also moved higher supported by US Agriculture Department's weekly export sales report. USDA said in its reports that USDA said net upland cotton sales hit 85,000 running bales (RBs, 500-lbs each), of which China accounted for 65,000 RBs. Meanwhile, prices in Pakistan have seen steady to firm movements amid reports of higher unsold stocks in the markets. Pakistani markets will be closed on 5th and 6th of December 2011 for Moharram holidays.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound to firm on slightly better demand at lower levels and lower arrivals as farmers hold onto stocks for better pricing.

U.S markets may trade range bound to weak on higher harvest and weak demand.

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

Contract	+/-	Open	High	Low	Close
Feb-12	-7.5	714.3	714.8	706.1	706.1
Mar-12	-6.5	723.0	723.0	705.0	706.5
Apr-12	-8.3	710.0	710.6	701.7	701.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	6	2	135	3
Mar-12	65	64	67	29
Apr-12	2668	-11	10736	-266

Spread	Feb-12	Mar-12	Apr-12
Basis	138.9	138.5	143.2
Feb-12	-	0.4	-4.3
Mar-12		-	-4.7
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-12	-5.3	714.0	717.0	711.1	711.1
Apr-12	-9.5	719.9	722.0	711.5	711.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	126	-3	930	-15
Apr-12	347	44	1717	57

Spread	Mar-12	Apr-12
Basis	133.9	133.5
Mar-12	-	0.4
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	-50	16840	16860	16760	16790
Jan-12	-50	16840	16890	16780	16800
Mar-12	-60	17000	17030	16950	16950

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	02-12-11	01-12-11	
Kadi – Bt Cotton#	4075-4350	4250-4325	25
Amravati – Vunni Mech-1#	3700-3900	3800-3950	-50
Ahmedabad – Shankar-6#	4175-4275	4125-4250	25
Abhor – J-34*	3490	3470	20
Muktsar – J-34*	3490	3470	20

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	02-12-11	01-12-11	
Kadi –Bt Cotton	450	450	Unch
Amravati –Vunni Mech-1	400	500	-100
Ahmedabad – Shankar-6	25000	30000	-5000
Abohar	900	500	400
Muktsar	250	150	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 02/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1395.7	Unginned	3500	3650	3600
		Asifabad	195.7	Unginned	3525	3650	3600
		Bhainsa	356.2	Unginned	3700	3740	3700
		Indravelly	69.9	Unginned	3600	3670	3650
		Khammam	432	Unginned	3500	3675	3625
		Koilkunta	3	Mungari	3100	3200	3150
		Krosuru	0.2	MCU 5	3300	3500	3400
		Kuber	18.6	Unginned	3700	3725	3720
		Kurupam	15	Desi	3200	3400	3300
		Macharla	0.1	Other	3333	3750	3428
		Nandigama	0.1	H 420	3600	3720	3650
		Parvathipuram	22.6	Desi	3241	3741	3341
		Peddapuram	18	Desi	3000	3700	3500
		Pidugurala	0.1	Unginned	3300	3500	3400
		Proddatur	NR	MCU 5	3900	4100	4050
		Sattenapalli	0.1	MCU 5	3400	3800	3500
		Tadipatri	NR	MCU 5	3800	4000	3900
	Gujarat	Deesa	8.1	Other	4025	4105	4075
		Halvad	164.1	Other	4155	4350	4250
		Jamnagar	1044	Other	3750	4290	4020
		Jhagadiya	10	Other	3500	4500	4000
		Kadi	10	Other	4270	4370	4325
		Lalpur	67	Other	1620	1722	1660
		Limdi	11	Shanker 6	4250	4400	4325
		Palitana	900	Other	3375	4200	3787
		Unava	47	Other	4000	4295	4250
		Vadhvan	0.6	Shanker 6	4210	4230	4220

	Haryana	Vakener	130	Other	3875	4410	4325
		Rohtak	8	Other	3860	3863	NR
	Karnataka	Channagiri	NR	Hampi	3500	4000	3700
		Gundlupet	9	Other	2800	2800	2800
		Hubli	99	GCH	1889	4069	3871
				Varalakshmi	4109	4547	4312
		Nargunda	339	GCH	3350	3900	3800
		Ranebennur	63	GCH	3411	4009	3800
		Santhesargur	21	Krishna	3200	3350	3300
		Shimoga	9	LD-327	4327	4527	4427
		Soundati	8	LD-327	3561	4013	3901
	Madhya Pradesh	Bhikangaon	NR	Other	4100	4351	4225
		Khargone	458.5	Other	3921	4349	4150
		Sonsar	276.9	H4	3610	4400	3900
	Punjab	Bareta	140	Other	3990	4105	4070
		Bariwala	10.5	Other	3900	4165	4115
		Dhuri	4.8	American	2800	4100	3900
	Rajasthan	Gajsinghpur	482	American	3692	4019	3990
				Desi	4241	4474	4390
		Hanumangarh	90.4	American	3700	4242	4221
				Desi	4480	4621	4572
		Kesrisinghpur	45.6	American	3591	4170	4030
				Adoni	3901	4501	4426
		Padampur	45.2	American	3000	3980	3800
				Desi	4000	4661	4500
	Tamil Nadu	Sri Karanpur	69.5	American	3690	4065	3845
				Desi	4410	4681	4598
		Annur	NR	Other	4200	4460	4330
		Konganapuram	NR	Ginned	3920	4400	4160
				Other	4450	4550	4500
		Salem	NR	DCH-32	4000	4500	4250
				Other	4300	5100	4700
		Tiruchengode	NR	LRA	3800	4200	4000
				Other	4200	4500	4350
Jute	Andhra Pradesh	Vijayanagaram	0.2	Jute	2200	2400	2300
		Islampur	30	TD-5	1875	1930	1900
	West Bengal	Samsi	20	Jute	1850	1950	1900
				TD-5	1750	1850	1800
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2450	2600	2550

Cotton Association of India Spot Rates: As on 02/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33800
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34500
J-34	25mm	3.5 - 4.9	23	31000
H-4/ MECH-1	28mm	3.5 - 4.9	25	34000
Shankar-6	29mm	3.5 - 4.9	26	35500
Bunny/ Brahma	31mm	3.5 - 4.9	27	35400

MCU-5/ Surabhi	33mm	3.3 - 4.5	28	36800
DCH-32	35mm	2.8 - 3.6	31	44000

Cotlook Index: As on 01/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	98.15	-1.70

China Cotton Index: As on 02/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19006	-14
CCIndex(527)	16456	-9
CCIndex(229)	20262	-4

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

USDA Cotton Spot rates: As on 01/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.30	92.05	662
North Delta	89.30	90.30	327
South Delta	89.30	90.30	Nil
East TX-OK	87.00	89.75	Nil
West Texas	87.00	89.50	4,542
Desert SW	90.30	96.30	Nil
SJ Valley	91.30	101.20	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 (Prices in cents/lb.): As on 01/12/2011

Contract	Open	High	Low	Close	Change
Dec-11	92.00	92.00	90.70	90.70	0.39
Mar-12	91.02	92.77	90.83	91.30	0.39
May-12	90.40	92.10	90.30	90.99	0.60
Jul-12	90.21	91.30	89.70	90.66	0.85
Oct-12	90.25	90.25	90.25	90.25	0.77
Dec-12	89.27	89.27	88.00	88.83	0.40

Pakistan Cotton Spot rates: As on 02/12/2011 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	130	5430
Equivalent	40 Kgs	5680	130	5810

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