

**Cotton Domestic Fundamentals:**

Market sentiments remained mixed with Amravati and Ahmedabad remaining firm and Abohar, Muktsar and Kadi ending lower on Saturday's trade. Total arrival in the country was 150,000 bales compared to 115,000 bales on the previous day. Sources say that in view of the limited domestic and international demand and arrival of new cotton in India, the prices of cotton are likely to fall further. With an expectation of bumper production the prices in the long run may be weak. Yarn demand however was seen higher and led to rise in yarn prices. The price of the benchmark 40-count is quoted at Rs 200 a kg as against Rs 185 a kg a week ago. Traders say the demand of the textile raw material has gone up after orders flourished from neighboring Bangladesh and China.

**Cotton International Fundamentals**

Cotton futures end higher as weak dollar kept prices higher. March cotton futures rose 0.54 cent to finish at 91.84 cents per lb. 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. USDA estimates that China's harvest, the biggest of any nation, is expanding for the first time in four years, the USDA estimates. Output in Australia may rise as much as 25% to a record as water supply improves. However, ICAC reports that sowing will be lower in 2012-13 due to lower prices. Meanwhile, ICE reported solid growth in futures volume for November 2011. Average daily volume (ADV) for ICE's futures markets was 1,563,621 contracts, an increase of 14% from November 2010. Total futures volume in November 2011 was 32.8 million contracts.

**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, weak demand and higher surplus.**

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

Contract	+/-	Open	High	Low	Close
Feb-12	-4.0	705.0	705.0	702.1	702.1
Mar-12	-3.5	692.6	705.0	692.6	703.0
Apr-12	-0.4	701.6	702.5	697.6	701.4

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	2	-4	133	-1
Mar-12	4	-61	67	-
Apr-12	1566	-1105	10763	50

**Spread**

	Feb-12	Mar-12	Apr-12
Basis	147.9	147.0	148.6
Feb-12	-	0.9	-0.7
Mar-12	-	-	-1.6
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	-3.9	711.8	711.8	703.9	707.8
Apr-12	-2.0	711.1	714.9	708.0	711.1

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	408	282	1059	129
Apr-12	176	-171	1738	21

**Spread**

	Mar-12	Apr-12
Basis	142.2	138.9
Mar-12	-	3.3
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	-60	16730	16750	16670	16730
Jan-12	-80	16750	16770	16700	16720
Mar-12	-100	16930	16930	16850	16900

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	03-12-11	02-12-11	
Kadi – Bt Cotton#	4125-4325	4075-4350	-25
Amravati – Vunni Mech-1#	3800-4100	3700-3900	200
Ahmedabad – Shankar-6#	4200-4300	4175-4275	25
Abhor – J-34*	3450	3490	-40
Muktsar – J-34*	3475	3490	-15

\*-Rs/maund, #-Rs.qtl

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	03-12-11	02-12-11	
Kadi –Bt Cotton	450	450	Unch
Amravati –Vunni Mech-1	300	400	-100
Ahmedabad – Shankar-6	25000	25000	Unch
Abohar	1000	900	100
Muktsar	800	250	550

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

**Prices of Cotton and Cotton Seed at Other Centers: As on 03/12/2011**

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Gujarat	Gondal	174.6	Unginned	2455	4255	4230
		Jamkandorna	3.6	Unginned	4125	4150	4140
		Morbi	158.3	Other	4000	4515	4258
		Una	62	Shanker 6	3945	4175	4050
		Vakener	110	Other	3825	4340	4250
	Madhya Pradesh	Khargone	478	Other	3925	4267	4100
		Khetia	98.2	H4	3840	4150	3995
		Manawar	84	Other	3800	4000	3900
	Punjab	Raman	197.5	Other	3450	4100	4020
Cotton Seed	Uttar Pradesh	Muzzafarnagar	6	Other	2480	2600	2550

**Cotton Association of India Spot Rates: As on 03/12/2011**

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	30700
H-4/ MECH-1	28mm	3.5 - 4.9	25	34000
Shankar-6	29mm	3.5 - 4.9	26	35200
Bunny/ Brahma	31mm	3.5 - 4.9	27	35200
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	36500
DCH-32	35mm	2.8 - 3.6	31	43000

**Cotlook Index: As on 02/12/2011**

Cotlook Indices	Cents/Pound	Change
A-Index	98.25	+0.10

**China Cotton Index: As on 03/12/2011-Weekly Closed**

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

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

**USDA Cotton Spot rates: As on 02/12/2011**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.84	92.59	270
North Delta	89.84	90.84	180
South Delta	89.84	90.84	90
East TX-OK	87.50	90.25	146
West Texas	87.50	90.00	2,407
Desert SW	89.34	95.34	Nil
SJ Valley	90.34	100.24	1,000

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 02/12/2011**

Contract	Open	High	Low	Close	Change
Dec-11	91.28	91.74	90.90	91.35	0.65
Mar-12	91.24	92.27	90.92	91.84	0.54
May-12	90.66	91.60	90.59	91.46	0.47
Jul-12	90.00	91.15	90.00	90.93	0.27
Oct-12	90.53	90.53	90.53	90.53	0.28
Dec-12	88.50	88.94	88.42	88.93	0.10

**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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