

Cotton Domestic Fundamentals:

Market sentiments remained mixed with Amravati and Kadi remaining firm and Abohar, Muktsar and Ahmedabad ending lower on Monday's trade. Total arrival in the country was 130,000 bales compared to 150,000 bales on the previous day. Cotton Production in Guntur district has gone down due to wet weather conditions and due to unavailability of irrigation water. Sources say that out of the 1.64 lakh hectares, 1.25 lakh hectares could be damaged. Meanwhile, Egyptian cotton production in 2011/12 expected to be 7.45 lakh bales out of this 72 thousand bales are of short staple cotton. Last year crop estimated at 5.44 lakh bales while export was 4.57 bales.

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	9.9	707.1	712.0	707.1	712.0
Mar-12	6.0	708.0	713.0	708.0	709.0
Apr-12	7.4	701.7	709.8	701.7	708.1

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	7	5	134	-
Mar-12	24	20	45	-21
Apr-12	2567	1001	10711	-46

Spread

	Feb-12	Mar-12	Apr-12
Basis	128.0	131.0	131.9
Feb-12	-	-3.0	-3.9
Mar-12		-	-0.9
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	4.3	710.0	714.1	708.8	712.1
Apr-12	7.1	713.9	719.0	713.2	718.2

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	141	-267	1055	-4
Apr-12	269	93	1743	5

Spread

	Mar-12	Apr-12
Basis	127.9	121.8
Mar-12	-	6.1
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	220	16760	16950	16720	16930
Jan-12	220	16760	16980	16730	16930
Mar-12	180	16930	17080	16880	17060

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	05-12-11	03-12-11	
Kadi – Bt Cotton#	4125-4375	4125-4325	50
Amravati – Vunni Mech-1#	3900-4200	3800-4100	100
Ahmedabad – Shankar-6#	4150-4250	4200-4300	-50
Abhor – J-34*	3425	3450	-25
Muktsar – J-34*	3425	3475	-50

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	05-12-11	03-12-11	
Kadi –Bt Cotton	250	450	-200
Amravati –Vunni Mech-1	500	300	200
Ahmedabad – Shankar-6	30000	25000	5000
Abohar	900	1000	-100
Muktsar	250	800	-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 05/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1309.1	Unginned	3600	3750	3700
		Adoni	186.4	Adoni	3600	4165	3900
		Asifabad	81.1	Unginned	3600	3720	3700
		Bhainsa	402.4	Unginned	3775	3775	3775
		Indravelly	72.5	Unginned	3725	3770	3750
		Karimnagar	87.6	Unginned	3450	3700	3650
		Khammam	365	Unginned	3500	3730	3650
		Kuber	13.3	Unginned	3750	3750	3750
		Macharla	0.1	Other	3370	3550	3430
		Marapally	NR	Desi	3300	3300	3300
		Nandigama	0.1	H 420	3600	3700	3650
		Narsampet	50	Unginned	3627	3730	3650
		Parvathipuram	12	Desi	3133	3333	3233
		Peddapuram	46.5	Desi	3000	3700	3500
		Pidugurula	0.1	Unginned	3300	3500	3400
		Sattenapalli	0.1	MCU 5	3600	4000	3800
		Tadikonda	0.1	Unginned	3300	3500	3400
		Tadipatri	NR	MCU 5	3900	4000	3950
	Gujarat	Bhavnagar	56.6	Other	4055	4320	4185
		Bodeli	120	Shanker 6	4200	4400	4300
		Dhoraji	41.8	H.B	3950	4335	4260
		Gondal	146.4	Unginned	2405	4300	4270
		Halvad	192.6	Other	4150	4385	4275
		Jam Jodhpur	35.6	Desi	3750	4400	4075
		Jamkandorna	4.2	Unginned	4155	4180	4175
		Jhagadiya	7.5	Other	3500	4300	3970
		Lalpur	74	Other	1600	1732	1690

		Limdi	7	Shanker 6	4250	4350	4300
		Unava	41	Other	3755	4305	4280
		Vakener	140	Other	3900	4400	4300
		Vijapur	162.6	Other	4000	4270	4225
	Haryana	Siwani	110	American	3740	4310	NR
				Bengal Deshi	4002	4037	4037
	Karnataka	Bijapur	172	LH-1556	2200	4019	3790
		Chikkamagalore	19	Varalakshmi	3000	3300	3150
		Davangere	49	MCU 5	3148	4211	3950
				Varalakshmi	4040	4360	4270
		Dharwar	12	LH-1556	3569	4389	3979
		Gundlupet	4	Other	2800	2800	2800
		Haveri	451	GCH	3690	4049	3869
		Hubli	83	GCH	1809	4089	3869
				Varalakshmi	2269	4548	4309
		Kottur	182	GCH	3420	4080	3911
				Varalakshmi	4166	4343	4166
		Nargunda	243	GCH	3625	3700	3650
		Raichur	172	F-1054	3570	4109	3829
		Ranebennur	831	GCH	2800	4180	3741
		Santhesargur	92	Krishna	3200	3400	3200
				Varalakshmi	3800	4000	3800
	Madhya Pradesh	Savanur	76	GCH	3869	4091	3980
		Sindhanur	9	F-1054	4000	4000	4000
		Soundati	89	LD-327	3569	4280	4088
				Varalakshmi	4460	4610	4540
	Maharashtra	Khandwa	130	Other	4000	4170	4130
		Manawar	198	Other	3800	4000	3900
		Pandhurna	145	Other	3500	4100	3800
		Sonsar	306.3	H4	3610	4050	3950
	Punjab	Chalisgaon	1.7	Other	4000	4300	4150
		Bariwala	43.7	Other	3700	4095	4070
		Bhucho	80	Other	3600	4060	4010
		Jaitu	85	Other	3385	4025	3990
		Kotkapura	60	American	3201	4054	3861
				Desi	4511	4601	NR
	Rajasthan	Raman	145	Other	3950	4025	4005
		Anoopgarh	120	American	3840	4006	3923
				Desi	4500	4740	4620
		Gajsinghpur	640	American	3670	3987	3900
				Desi	4280	4651	4450
		Hanumangarh	432.7	American	3991	4261	4135
				Desi	4000	4700	4660
		Padampur	95.5	American	3700	4011	3940
				Desi	4200	4561	4431
		Sri Karanpur	67.8	American	3601	4041	3910
				Desi	4130	4630	4480
		Sumerpur	57.8	Other	1700	3970	3800
	Tamil Nadu	Salem	NR	DCH-32	4000	4500	4250
				Other	4300	5100	4700

		Tiruchengode	NR	DCH-32	3800	4000	3900
				LRA	3800	4100	3950
				Other	4100	4400	4250
		Usilampatty	NR	LRA	2520	2620	2570
				MCU 5	3850	3950	3900
				Other	2560	2700	2650
		Villupuram	1	Other	3090	3090	3090
Jute	Andhra Pradesh	Bobbili	3	Jute	1600	1800	1700
		Gajapathinagaram	0.9	Jute	1500	1600	1550
	Assam	Bohorihat	40	TD-5	1600	2000	1800
		Kharupetia	60	Other	825	925	875
				TD-5	1650	1750	1725
	West Bengal	Baxirhat	10	TD-5	1900	2000	1950
		Bethuadahari	100	TD-5	1695	1710	1700
		Coochbehar	58	TD-5	1975	2025	2000
		Islampur	15	TD-5	1820	1870	1850
		Mekhliganj	12	Other	1900	2050	2000
		Raiganj	55	TD-5	1750	1850	1800
		Samsi	30	Jute	1850	1950	1900
				TD-5	1750	1850	1800
		Toofanganj	10	TD-5	1950	2100	2000
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2450	2600	2550

Cotlook Index: As on 02/12/2011

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

China Cotton Index: As on 05/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19001	-5
CCIndex(527)	16455	-1
CCIndex(229)	20259	-3

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 05/12/2011 (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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