

Cotton Domestic Fundamentals:

Market sentiments remained mixed with Abohar and Muktsar ending lower firm, Amravati, Kadi and Ahmedabad remaining steady to firm on Wednesday's trade. Cotton Corporation of India say that arrivals till date has been lower at 52.24 lakh bales compared to 69.46 lakh bales in the previous season. Arrivals declined due to delayed sowings due to prolonged rains. Arrivals also declined as producers are holding back the fiber demanding higher state-assured prices. The exporters are active in the market and as the Indian rupee is above Rs.50 for the US dollar sources say that exporters will remain active. However, millers are only buying cotton to cover for their immediate requirement. Meanwhile, weak demand in domestic as well as international markets has caused ginners to run their factories on a limited time and the ginning activity is currently below 40-45% due to slow arrivals and lower sales.

Cotton International Fundamentals

Cotton futures end higher on Tuesday as the market awaited Friday's release of a government crop report. Key March cotton futures gained 1.59 cent to finish at 93.81 cents per lb. Markets moved higher as ICAC reduced its outlook for 2012-13. Sowing of the fibre for next season's harvests will tumble 8% to 33.3 million hectares as a more than halving in cotton prices from a record high as prices are lower and may encourages growers to switch to other crops. Production will decline in 2012-13. This may increase exports given an expectation that production will fall most notably in importing nations. Meanwhile, Pakistan's cotton production is expected to increase by 15.47% over the last year. Sources added that the country has harvested around 1.293 million more bales over the corresponding period last year. This might keep the prices weak.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound on weak demand from ginners.

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	4.6	712.0	714.9	712.0	712.6
Mar-12	4.5	713.0	714.5	712.0	714.5
Apr-12	8.4	707.0	714.9	707.0	714.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	5	2	134	-2
Mar-12	9	7	35	-8
Apr-12	3575	1711	10537	117

Spread	Feb-12	Mar-12	Apr-12
Basis	147.4	145.5	146.0
Feb-12	-	1.9	1.4
Mar-12	-	-	-0.5
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	8.5	714.7	721.0	714.0	720.7
Apr-12	8.0	717.1	724.3	717.1	723.9

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	379	257	849	-161
Apr-12	264	138	1716	-24

Spread	Mar-12	Apr-12
Basis	139.3	136.1
Mar-12	-	3.2
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	150	16850	17020	16850	16970
Jan-12	120	16850	17030	16850	16950
Mar-12	70	17020	17150	17020	17060

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	07-12-11	06-12-11	
Kadi – Bt Cotton#	4200-4350	4150-4325	25
Amravati – Vunni Mech-1#	4000-4200	4000-4200	Unch
Ahmedabad – Shankar-6#	4250-4350	4150-4300	50
Abhor – J-34*	3460	3470	-10
Muktsar – J-34*	3460	3470	-10

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	07-12-11	06-12-11	
Kadi –Bt Cotton	3500	200	150
Amravati –Vunni Mech-1	500	600	-100
Ahmedabad – Shankar-6	30000	20000	10000
Abohar	750	750	Unch
Muktsar	250	200	50

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 07/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1658.1	Unginned	3600	3750	3700
		Asifabad	183.5	Unginned	3500	3720	3700
		Badepalli	206.8	Desi	3387	3850	3680
		Bhainsa	326.5	Unginned	3750	3817	3770
		Indravelly	50.6	Unginned	3700	3770	3750
		Koilkunta	4	Mungari	3250	3350	3300
		Krosuru	0.1	MCU 5	3300	3500	3400
		Kuber	9.8	Unginned	3801	3801	3801
		Macharla	0.1	Other	3550	3740	3630
		Parvathipuram	11	Desi	3125	3181	3150
		Peddapalli	144.7	Unginned	3650	3900	3750
		Peddapuram	28	Desi	3000	3700	3500
		Pidugurula	0.1	Unginned	3300	3500	3400
		Proddatur	NR	MCU 5	4300	4400	4350
		Tadikonda	0.1	Unginned	3300	3500	3400
		Tadipatri	NR	MCU 5	3850	4000	3900
	Gujarat	Amreli	144	Other	3000	4440	4375
		Balasinor	NR	Other	3200	3600	3600
		Deesa	2.1	Other	4150	4200	4175
		Jamkandorna	0.86	Unginned	4165	4185	4180
		Jamnagar	923	Other	4000	4285	4143
		Kadi	20	Other	4260	4380	4300
		Lalpur	94	Other	1650	1722	1670
		Limdi	3.5	Shanker 6	4250	4325	4287
		Morbi	157.1	Other	4000	4575	4288
		Palitana	550	Other	3250	4250	3750
		Rajkot	600	Other	4200	4425	4300

		Rajula	31.5	Shanker 6	4255	4450	4353
		Savarkundla	50	Other	4125	4400	4262
		Vadgam	0.3	Other	4105	4105	4105
		Vadhvan	0.9	Shanker 6	4200	4200	4200
		Vakener	150	Other	3875	4400	4325
		Visnagar	152.2	Other	4000	4375	4200
	Karnataka	Bijapur	160	LH-1556	2003	4109	3945
		Chikkamagalore	45	Varalakshmi	3000	3284	3084
		Davangere	23	MCU 5	3270	4097	3620
			NR	Varalakshmi	4080	4150	4127
		Gundlupet	23	Other	2800	2850	2850
		Nargunda	189	GCH	3550	4190	3900
		Raichur	102	F-1054	3640	4113	3839
		Ranebennur	66	GCH	3069	4110	3869
		Sankeshwar	1	Other	3900	4000	3950
		Santhesargur	97	Krishna	3000	3400	3300
			NR	Varalakshmi	3449	4000	3449
		Savanur	4	GCH	3809	4035	3922
		Shorapur	1	Hampi	3670	3980	3891
		Sindhanur	9	F-1054	3900	3900	3900
	Madhya Pradesh	Lahorda	357	Other	3891	4250	4100
		Manawar	56	Other	3000	4000	3900
	Punjab	Bareta	139	Other	3990	4095	4065
		Bariwala	54.3	Other	3400	4125	4075
		Bhucho	137	Other	3600	4040	4010
		Jaitu	66	Other	3205	4065	4040
		Kotkapura	58	American	3151	4060	4011
		Raman	175	Other	3390	4045	4015
	Rajasthan	Gajsinghpur	762	American	3690	4027	3950
			NR	Desi	4401	4571	4450
		Hanumangarh	340	American	3700	4205	4150
			NR	Desi	4250	4641	4570
		Kesarisinghpur	60	American	3350	4300	NR
			NR	Adoni	4070	4550	4401
		Merta City	3.5	Other	4000	4180	4090
		Padampur	88.8	American	3350	4040	3945
			NR	Desi	3650	4601	4572
		Raisingh Nagar	90	American	3300	3971	3930
			NR	Desi	4326	4925	4600
		Sri Karanpur	71.8	American	3748	4090	3882
			NR	Desi	4100	4546	4395
		Sumerpur	55.9	Other	3500	4190	4000
	Tamil Nadu	Annur	15.22	Other	4000	4210	4110
		Salem	NR	DCH-32	4000	4500	4250
			NR	Other	4300	5100	4700
		Tiruchengode	NR	DCH-32	3800	4000	3950
			NR	LRA	3800	6100	3950
			NR	Other	4100	4400	4250
		Usilampatty	NR	LRA	2540	2640	2590
			NR	MCU 5	3890	3990	3940
			NR	Other	2590	2730	2640

		Villupuram	7	Other	2879	4040	3900
Jute	Andhra Pradesh	Bobbili	2	Jute	1300	1500	1400
		Gajapathinagaram	1.6	Jute	1400	1500	1450
		Vijayanagaram	0.4	Jute	2300	2500	2400
	Assam	Kharupetia	100	TD-5	1600	1700	1675
	West Bengal	Baxirhat	5	TD-5	1850	1900	1875
		Bethuadahari	100	TD-5	1695	1710	1700
		Coochbehar	51	TD-5	1975	2025	2000
		Islampur	12	TD-5	1875	1925	1900
		Lalbagh	5	TD-5	1740	1760	1750
		Mekhliganj	12	Other	1900	2050	2000
		Pundibari	42.5	TD-5	1975	2025	2000
		Raiganj	52.5	TD-5	1750	1850	1800
		Samsi	30	Jute	1850	1950	1900
			NR	TD-5	1750	1850	1800
		Toofanganj	5	Other	1825	1900	1875
			NR	TD-5	1850	1925	1900
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2500	2600	2550

Cotton Association of India Spot Rates: As on 07/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	34000
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34800
J-34	25mm	3.5 - 4.9	23	31200
H-4/ MECH-1	28mm	3.5 - 4.9	25	34100
Shankar-6	29mm	3.5 - 4.9	26	35300
Bunny/ Brahma	31mm	3.5 - 4.9	27	35500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	36500
DCH-32	35mm	2.8 - 3.6	31	43000

Cotlook Index: As on 06/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	98.9	+0.15

China Cotton Index: As on 07/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19021	+18
CCIndex(527)	16466	+8
CCIndex(229)	20273	+12

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

USDA Cotton Spot rates: As on 06/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	92.81	94.56	2,169
North Delta	91.81	92.81	44
South Delta	91.81	92.81	3,149
East TX-OK	89.25	92.00	188
West Texas	89.25	91.75	7,151
Desert SW	91.31	97.31	Nil
SJ Valley	92.31	102.21	489

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 06/12/2011

Contract	Open	High	Low	Close	Change
Dec-11	91.93	93.65	91.93	93.31	+1.80
Mar-12	92.75	93.93	91.51	93.81	+1.59
May-12	92.44	93.54	91.79	93.42	+1.39
Jul-12	91.97	92.85	91.50	92.82	+1.15
Oct-12	93.07	93.07	93.07	93.07	+1.49
Dec-12	89.56	90.34	89.56	90.17	+0.42

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