

Cotton Domestic Fundamentals:

Market sentiments steady to weak on Friday's trade as arrivals remained on the higher side in key markets. Indian producers continue to hold onto stocks in the hope that prices will rise as the marketing year progresses. Cotton arrivals are considerable lower this year at 52.24 lakh bales compared to 69.46 lakh bales. Total arrivals in the country remained higher at 149,000 bales compared to 139,000 bales in the previous day. Millers and exporters are active but may stop buying till prices fall further. Textile mills have refrained from making bulk purchases of cotton for inventory-building in the ongoing crop season despite the rates ruling 20-25 per cent lower than last year on account of a liquidity crunch and sluggish demand for yarn. Spinners in Maharashtra and A.P remained concerned about the quality of stock coming in the markets due to unfavorable weather during sowing. Meanwhile, the central government has sanctioned Rs 1,400 crore for 40-integrated textile parks during the 11th Five Year Plan.

Cotton International Fundamentals

Cotton futures end lower on Thursday's trade on thin investor sales as players eyed an EU summit Friday. March cotton futures slipped 0.26 cent to end at 92.05 cents per lb. However, USDA is expected to release its supply and demand report on Friday in which USDA is expected to cut its estimate of US 2011-12 cotton production and adjust its forecast of US 2011-12 cotton exports. Meanwhile prices in Pakistan were weak as sellers remained active in the markets. However, prices are expected to remain weak as demand is expected to be weak in China and higher global production.

Outlook: Domestic and International

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

U.S markets may trade range bound to weak on higher harvest, and weak from China.

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

Contract	+/-	Open	High	Low	Close
Feb-12	2.0	710.1	712.0	710.1	712.0
Mar-12	-	-	-	-	-
Apr-12	-2.7	709.1	710.3	705.0	708.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	4	1	136	2
Mar-12	0	-	34	-
Apr-12	1975	-421	10457	61

Spread	Feb-12	Mar-12	Apr-12
Basis	143.0	-	147.0
Feb-12	-	-	-4.0
Mar-12	-	-	-
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	0.8	715.1	718.0	714.1	717.9
Apr-12	-1.5	718.0	719.5	715.5	718.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	82	5	836	-13
Apr-12	133	-27	1704	-5

Spread	Mar-12	Apr-12
Basis	137.1	136.2
Mar-12	-	0.9
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	-20	16820	16870	16790	16840
Jan-12	-10	16820	16890	16820	16870
Mar-12	40	16920	17040	16920	17020

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	09-12-11	08-12-11	
Kadi – Bt Cotton#	4100-4300	4175-4325	-25
Amravati – Vunni Mech-1#	4000-4150	4100-4250	-100
Ahmedabad – Shankar-6#	4200-4350	4250-4350	Unch
Abhor – J-34*	3460	3460	Unch
Muktsar – J-34*	3460	3460	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	09-12-11	08-12-11	
Kadi –Bt Cotton	450	400	50
Amravati –Vunni Mech-1	500	500	Unch
Ahmedabad – Shankar-6	30000	30000	Unch
Abohar	750	750	Unch
Muktsar	200	250	-50

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

Prices of Cotton, Jute and Cotton Seed at Other Centers: As on 09/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	905.1	Unginned	3650	3775	3750
		Asifabad	163.3	Unginned	3500	3760	3730
		Bhainsa	332.3	Unginned	3775	3830	3800
		Chilakaluripet	0.1	Other	3500	3700	3600
		Indravelly	85.3	Unginned	3750	3800	3770
		Kancheekacherla	NR	Unginned	3300	3525	3400
		Khammam	208	Unginned	3775	3850	3825
		Koilkunta	3	Mungari	3250	3350	3300
		Kuber	15.1	Unginned	3750	3805	3775
		Macharla	0.1	Other	3610	3850	3730
		Parvathipuram	11	Desi	3436	3636	3536
		Pothgal	6	Ginned	3000	3300	3300
		Proddatur	NR	MCU 5	4200	4400	4300
		Sattenapalli	0.1	MCU 5	3600	3900	3700
		Tadikonda	0.1	Unginned	3000	3600	3500
		Tadipatri	NR	MCU 5	3850	4000	3900
	Gujarat	Amreli	180	Other	2610	4450	4400
		Bagasara	37.7	Other	4105	4375	4240
		Balasinor	NR	Other	3400	3600	3600
		Bhiloda	90	Other	4200	4325	4280
		Bodeli	1200	Shanker 6	4250	4400	4300
		Deesa	6.2	Other	3900	4175	4105
		Himatnagar	45.4	Other	4025	4225	4125
		Jam Jodhpur	52.6	Desi	3850	4400	4125
		Jamkandorna	2.2	Unginned	4160	4420	4225
		Junagadh	79.6	Other	4110	4345	4200
		Kadi	20	Other	4175	4450	4300

		Lalpur	73.5	Other	1600	1732	1680
		Limdi	11	Shanker 6	4250	4350	4300
		Modasa	22	Other	3900	4175	4050
		Morbi	290.7	Other	4055	4500	4278
		Palitana	900	Other	3400	4300	3850
		Rajkot	900	Other	4100	4375	4250
		Rajula	45	Shanker 6	4005	4370	4188
		Savarkundla	60	Other	4150	4375	4265
		Savli	NR	G-6	4150	4250	4200
		Savli(Desar)	NR	G-6	4150	4225	4200
		Unava	22.1	Other	4000	4305	4275
		Vadgam	1.1	Other	4205	4230	4218
		Vadhvan	1.2	Shanker 6	4265	4300	4282
		Visnagar	149.8	Other	4000	4350	4200
	Karnataka	Bijapur	158	LH-1556	2003	4159	3955
		Chamaraj Nagar	7	Other	3000	3500	3300
		Davangere	17	MCU 5	3209	4190	3880
		Gundlupet	9	Other	2800	2800	2800
		Hirekerur	74	GCH	3289	3289	3289
		Hubli	40	GCH	2769	4159	4003
		Raichur	132	F-1054	3675	4132	3825
		Shimoga	39	LD-327	3611	4430	4020
		Shorapur	16	Hampi	3955	3977	3960
	Madhya Pradesh	Manawar	84	Other	3800	4000	3900
		Sonsar	339.8	H4	3610	4110	4050
	Punjab	Bareta	161	Other	3750	4050	4020
		Bariwala	29.6	Other	3100	4100	4070
		Dhuri	10	American	2500	4140	3900
		Jaitu	85	Other	3675	4055	4025
		Kotkapura	78	American	2800	4056	3935
		Raman	190	Other	3670	4035	4010
	Rajasthan	Hanumangarh	413.8	American	3701	4200	4140
		Padampur	106.7	American	3850	4014	3992
		Raisingh Nagar	56.5	American	3691	3972	3911
		Sangriya	848	Other	3951	4116	4071
		Sri Karanpur	63.9	American	3760	4063	3843
		Sumerpur	52.5	Other	3300	4090	3950
	Tamil Nadu	Annur	NR	Other	4000	4200	4105
		Konganapuram	NR	DCH-32	3800	4020	3910
		Salem	NR	DCH-32	4000	4500	4250
		Theni	NR	Other	3400	3600	3500
		Tiruchengode	NR	DCH-32	3800	4000	3950
		Usilampatty	NR	LRA	2530	2630	2580
Jute	Andhra Pradesh	Bobbili	NR	Jute	1300	1450	1400
		Vijayanagaram	0.2	Jute	1300	1500	1400
	Assam	Bongiagaon	13	TD-5	1350	1850	1700
	West Bengal	Baxirhat	7	TD-5	1800	1925	1850
		Coochbehar	57.5	TD-5	1925	1975	1950
		Islampur	8	TD-5	1980	2025	2000
		Lalbagh	3	TD-5	1740	1790	1760
		Mekhliganj	12	Other	1900	2050	2000

		Raiganj	50	TD-5	1800	1900	1850
		Samsi	15	Jute	1850	1950	1900
		Toofanganj	6	TD-5	1800	2050	1900
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2500	2600	2560

Cotlook Index: As on 08/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	98.70	-1.30

China Cotton Index: As on 09/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19057	+11
CCIndex(527)	16478	+6
CCIndex(229)	20297	+5

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

USDA Cotton Spot rates: As on 08/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.55	92.30	3,352
North Delta	89.55	90.55	72
South Delta	89.55	90.55	Nil
East TX-OK	87.50	90.25	128
West Texas	87.50	90.00	1,248
Desert SW	89.55	95.55	Nil
SJ Valley	90.55	100.45	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 08/12/2011

Contract	Open	High	Low	Close	Change
Dec-11	91.60	91.60	91.60	91.60	-1.71
Mar-12	92.59	92.99	91.66	92.05	-0.26
May-12	92.23	92.70	91.47	91.99	-0.28
Jul-12	91.85	92.36	91.10	91.68	-0.33
Oct-12	91.95	92.04	91.95	92.04	-0.22
Dec-12	89.66	89.66	88.75	89.26	-0.35

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