

**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 11<sup>th</sup> 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        |
|           |                | Kanchecherla   | 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 |
| 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 |
| <b>Cotton Seed</b> | Uttar Pradesh | Muzzafarnagar | NR | Other | 2500 | 2600 | 2560 |

**Cotlook Index: As on 08/12/2011**

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| <b>A-Index</b>  | 98.70       | -1.30  |

**China Cotton Index: As on 09/12/2011**

| Index               | RMB/Ton | Change |
|---------------------|---------|--------|
| <b>CCIndex(328)</b> | 19057   | +11    |
| <b>CCIndex(527)</b> | 16478   | +6     |
| <b>CCIndex(229)</b> | 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    |
| <b>Southeast</b>   | 90.55               | 92.30               | 3,352    |
| <b>North Delta</b> | 89.55               | 90.55               | 72       |
| <b>South Delta</b> | 89.55               | 90.55               | Nil      |
| <b>East TX-OK</b>  | 87.50               | 90.25               | 128      |
| <b>West Texas</b>  | 87.50               | 90.00               | 1,248    |
| <b>Desert SW</b>   | 89.55               | 95.55               | Nil      |
| <b>SJ Valley</b>   | 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 |
|---------------|-------|-------|-------|-------|--------|
| <b>Dec-11</b> | 91.60 | 91.60 | 91.60 | 91.60 | -1.71  |
| <b>Mar-12</b> | 92.59 | 92.99 | 91.66 | 92.05 | -0.26  |
| <b>May-12</b> | 92.23 | 92.70 | 91.47 | 91.99 | -0.28  |
| <b>Jul-12</b> | 91.85 | 92.36 | 91.10 | 91.68 | -0.33  |
| <b>Oct-12</b> | 91.95 | 92.04 | 91.95 | 92.04 | -0.22  |
| <b>Dec-12</b> | 89.66 | 89.66 | 88.75 | 89.26 | -0.35  |

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.