

Cotton Domestic Fundamentals:

Mixed sentiments were witnessed on Saturday's trade as arrivals remained on the higher side in key markets. Total arrivals in the country remained lower at 148,000 bales compared to 149,000 bales in the previous day. Markets also fell as demand remained weak and buyers stayed away after the USDA crop report. Markets fell amidst USDA report of lower output at 25.4 million bales, down from 27.5 million bales during last year. Area harvested is also lower at 11.14 million hectares compare to 12.20 million hectares during last year. USDA added that domestic consumption will be higher at 20.7 million bales compared to 19.5 million bales in 2009-10. USDA added that exports will be lower at 5.1 million bales in 2010-11 compared to 6 million bales in 2009-10. So this may continue to pull markets lower.

Cotton International Fundamentals

Cotton futures end lower after USDA say that consumption will be 2.6 percent lower than forecast last month due to weak global economic conditions. USDA released its Supply and Demand estimate on Friday in which its say that Global cotton use will total 111.34 million bales in the year ending July 31, compared with 114.27 million bales projected in November. It adds that that ending stocks will be higher at 57.67 million from 54.96 million projected a month ago. World output will be 123.42 million bales, down from 123.89 million forecast, on lower U.S. production. Markets also fell as demand remained weak from textile manufacturers. Domestic mill use was reduced by 200,000 bales due to weak demand. USDA also added in its report that U.S production will be lowered to 15.8 million bales from the harvest that started in August, down from the November projection of 16.3 million bales. Last year's cotton crop was 18.1 million bales.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound to weak on weak demand and bearish clues from the USDA report.

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

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

Contract	+/-	Open	High	Low	Close
Feb-12	-6.0	706.0	706.0	706.0	706.0
Mar-12	-	-	-	-	-
Apr-12	-4.0	705.1	706.0	703.0	704.2

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	1	-3	134	-
Mar-12	0	-	34	-
Apr-12	1424	-551	10572	119

Spread	Feb-12	Mar-12	Apr-12
Basis	147.0	-	148.8
Feb-12	-	-	-1.8
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	-3.0	714.7	715.0	712.0	714.6
Apr-12	-3.0	714.3	716.8	713.6	715.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	53	-29	854	18
Apr-12	141	8	1734	30

Spread	Mar-12	Apr-12
Basis	137.4	136.5
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	-210	16810	16810	16620	16650
Jan-12	-210	16800	16800	16620	16650
Mar-12	-180	16850	16910	16780	16800

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	10-12-11	09-12-11	
Kadi – Bt Cotton#	4050-4325	4100-4300	25
Amravati – Vunni Mech-1#	4000-4200	4000-4150	-50
Ahmedabad – Shankar-6#	4200-4325	4200-4350	-25
Abhor – J-34*	3460	3460	Unch
Muktsar – J-34*	3460	3460	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	10-12-11	09-12-11	
Kadi –Bt Cotton	550	450	100
Amravati –Vunni Mech-1	500	500	Unch
Ahmedabad – Shankar-6	35000	30000	5000
Abohar	800	750	50
Muktsar	250	200	50

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

Prices of Cotton at Other Centers: As on 10/12/2011

State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
		Tonnes		Rs/Quintal		
Gujarat	Jamkandorna	1.9	Unginned	4135	4220	4195
	Vakener	160	Other	3825	4320	4200
Madhya Pradesh	Manawar	97	Other	3000	4000	3900

Cotton Association of India Spot Rates: As on 10/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33400
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34300
J-34	25mm	3.5 - 4.9	23	30700
H-4/ MECH-1	28mm	3.5 - 4.9	25	33800
Shankar-6	29mm	3.5 - 4.9	26	35100
Bunny/ Brahma	31mm	3.5 - 4.9	27	35500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	37500
DCH-32	35mm	2.8 - 3.6	31	45000

Cotlook Index: As on 09/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	98.30	-0.40

China Cotton Index: As on 10/12/2011-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 09/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales

Southeast	88.93	90.68	Nil
North Delta	87.93	88.93	220
South Delta	87.93	88.93	Nil
East TX-OK	86.00	88.75	115
West Texas	86.00	88.50	2,478
Desert SW	87.93	93.93	Nil
SJ Valley	88.93	98.83	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 09/12/2011

Contract	Open	High	Low	Close	Change
Mar-12	91.95	92.75	90.15	90.43	-1.62
May-12	92.36	92.60	89.95	90.05	-1.94
Jul-12	92.00	92.20	89.70	89.83	-1.85
Oct-12	90.38	90.38	90.38	90.38	-1.66
Dec-12	89.30	89.30	87.40	87.83	-1.43
Mar 13	88.76	88.76	88.76	88.76	-1.58

Pakistan Cotton Spot rates: As on 08/12/2011 (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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