

Cotton Domestic Fundamentals:

Market sentiments remained weak on Monday's trade as demand remained weak. Total arrivals in the country were higher at 170,000 bales compared to 148,000 bales in the previous day. Millers remained inactive and only buying to cover for their immediate need. Exporters buying was limited however fresh export inquiries seen in range of 88-90 cent per pound. Sources added that exporters are building up stocks for exports. USDA says that India's cotton exports are expected to slow by mid-December on demand uncertainty in major consuming countries like China. The reason for the decline is that as exporters await greater clarity about tariff levels and interest from China. USDA revised downward by 500,000 bales to 7.5 million bales of 170 kg each for the 2011-12. USDA also added that so far Indian exporters have registered about 2 million tonnes as demand has been seen from China and Bangladesh. Exporters are also helped by a weaker rupee against dollar which ended at 52.4238 on Monday.

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	2.0	708.0	708.0	708.0	708.0
Mar-12	6.9	712.9	712.9	712.9	712.9
Apr-12	-0.7	701.1	704.9	700.0	703.3

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	1	-	134	-
Mar-12	1	1	34	-
Apr-12	2102	678	10752	186

Spread

	Feb-12	Mar-12	Apr-12
Basis	137.0	132.1	141.7
Feb-12	-	4.9	-4.7
Mar-12		-	-9.6
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	-2.3	713.0	715.4	711.6	712.3
Apr-12	-1.9	720.0	720.0	711.2	713.6

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	65	12	847	-7
Apr-12	139	-2	1711	-23

Spread

	Mar-12	Apr-12
Basis	132.7	131.4
Mar-12	-	1.3
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	-40	16600	16650	16540	16610
Jan-12	-60	16580	16650	16550	16600
Mar-12	-90	16720	16750	16660	16710

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	12-12-11	10-12-11	
Kadi – Bt Cotton#	4075-4325	4050-4325	Unch
Amravati – Vunni Mech-1#	3900-4100	4000-4200	-100
Ahmedabad – Shankar-6#	4150-4300	4200-4325	-25
Abhor – J-34*	3430	3460	-30
Muktsar – J-34*	3435	3460	-25

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	12-12-11	10-12-11	
Kadi –Bt Cotton	450	550	-100
Amravati –Vunni Mech-1	400	500	-100
Ahmedabad – Shankar-6	30000	35000	-5000
Abohar	800	800	Unch
Muktsar	400	250	150

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

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

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1888.7	Unginned	3600	3750	3700
		Asifabad	141.4	Unginned	3500	3800	3750
		Bhainsa	399.5	Unginned	3700	3800	3750
		Indravelly	46.5	Unginned	3750	3800	3775
		Kanchecherla	NR	Unginned	3300	3700	3500
		Koilkunta	3	Mungari	3250	3350	3300
		Krosuru	0.1	MCU 5	3400	3700	3500
		Kuber	21.8	Unginned	3750	3760	3750
		Macharla	0.1	Other	3650	4050	3800
		Parvathipuram	82.7	Desi	3250	3450	3350
		Peddapuram	21.9	Desi	3000	3700	3500
		Tadikonda	0.1	Unginned	3000	3600	3400
	Gujarat	Amreli	132	Other	3125	4380	4340
		Bodoli	120	Shanker 6	4200	4390	4300
		Jam Jodhpur	46.5	Desi	3625	4300	3950
		Jamnagar	1300	Other	4125	4325	4225
		Jepur Pavi	300	Shanker 6	4175	4260	4221
		Junagadh	57.2	Other	4000	4265	4130
		Lalpur	76.5	Other	1610	1728	1650
		Limdi	7	Shanker 6	4200	4300	4250

		Morbi	258.6	Other	4000	4490	4245
		Palitana	1200	Other	3375	4250	3812
		Rajkot	750	Other	4175	4370	4250
		Rajula	50	Shanker 6	4010	4285	4148
		Savli	NR	G-6	4000	4150	4100
		Vadgam	0.5	Other	4175	4185	4180
		Vadhvan	0.9	Shanker 6	4175	4225	4200
		Vakener	140	Other	3780	4315	4225
		Visnagar	156	Other	3750	4375	4065
	Karnataka	Bijapur	240	LH-1556	2240	4049	3861
		Davangere	34	MCU 5	3289	4160	3770
		Haliyala	287	Varalakshmi	3869	4789	4589
		Hubli	124	GCH	1699	4179	4099
		Raichur	156	F-1054	3550	4000	3721
	Madhya Pradesh	Khetia	142.1	H4	3785	4115	3950
		Manawar	112	Other	3800	4000	3900
		Sonsar	595.6	H4	3620	4111	4050
	Punjab	Bareta	300	Other	3580	3960	3890
		Bariwala	27.8	Other	3500	4075	4015
		Dhuri	5.5	American	3050	4000	3800
		Kotkapura	67	American	2950	4032	3901
		Raman	180	Other	3150	3995	3975
		Samana	1.5	Other	3400	3750	3600
	Rajasthan	Gajsinghpur	519	American	3626	3879	3800
		Padampur	58.4	American	3979	3995	3992
		Raisingh Nagar	82	American	3291	3864	3800
		Sri Karanpur	70.7	American	3430	4070	3768
		Sumerpur	62.9	Other	3701	4085	3900
	Tamil Nadu	Konganapuram	NR	DCH-32	3800	4020	3910
		Pudupalayam	22.1	Other	3900	4100	4000
		Salem	NR	DCH-32	4000	4500	4250
		Tiruchengode	NR	DCH-32	3900	4200	4050
		Usilampatty	NR	LRA	2650	2850	2750
		Villupuram	3	Other	3902	4109	4100
Jute	Andhra Pradesh	Bobbili	NR	Jute	1400	1500	1450
		Vijayanagaram	0.1	Jute	2200	2300	2200
	Assam	Kharupetia	48	Other	700	770	750
	West Bengal	Bethuadahari	100	TD-5	1645	1660	1650
		Coochbehar	60	TD-5	1850	1900	1875
		Islampur	10	TD-5	1900	1950	1925
		Raiganj	49	TD-5	1775	1875	1825
		Samsi	20	Jute	1850	1950	1950
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2500	2600	2560

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

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33600
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34500
J-34	25mm	3.5 - 4.9	23	30700

H-4/ MECH-1	28mm	3.5 - 4.9	25	33500
Shankar-6	29mm	3.5 - 4.9	26	34800
Bunny/ Brahma	31mm	3.5 - 4.9	27	35200
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	37300
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 12/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19052	-5
CCIndex(527)	16478	Unch
CCIndex(229)	20300	+3

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 09/12/2011 (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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