

**Cotton Domestic Fundamentals:**

Market sentiments remained weak on Tuesday's trade on weak demand and higher arrivals. Selling from exporters and rigid liquidity may prompt millers and spinners to stay away from the market. Demand from textile sector has slowed down due to poor global economic situation. The government has set an export target of USD 33 billion for the textiles sector next year despite the global economic slowdown. Meanwhile arrivals remained lower as farmers are bringing in less stocks expecting an increase in MSP. Domestic markets were also influenced by the international markets which remained weak after a bearish USDA report.

**Cotton International Fundamentals**

Cotton futures end lower as global demand remained weak. USDA said in its report that global cotton demand is lower by 2.6% at 111.34 million bales as compared to figures from November at 114.27 million bales. USDA also added that millers were not active due to uncertain world economic outlook. Cotton futures for March delivery dropped 3.6% to settle at 87.16 cents a pound on ICE Futures U.S. in New York. Markets also fell due to higher global ending stocks for the 2011-12 season at 57.67 million bales compared to 54.96 million bales in 2010-11. U.S demand is also expected to slow down and USDA reduced the demand by 200,000 bales or 5.3%, to 3.6 million bales. Chinese demand is also expected to slow down and concerns remain in the market that EU agreement will not be enough to tackle the region's ongoing debt crisis.

**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 demand from textiles.**

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

Contract	+/-	Open	High	Low	Close
Feb-12	0.7	702.0	713.9	700.0	708.7
Mar-12	-	-	-	-	-
Apr-12	3.9	705.1	709.0	699.1	707.2

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	16	15	135	1
Mar-12	0	-1	34	-
Apr-12	4640	2533	11240	501

**Spread**

	Feb-12	Mar-12	Apr-12
Basis	126.3	-	127.8
Feb-12	-	-	-1.5
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	1.3	711.2	716.0	705.3	714.0
Apr-12	1.6	711.0	717.0	709.0	715.2

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	632	567	875	28
Apr-12	438	299	1732	21

**Spread**

	Mar-12	Apr-12
Basis	121.0	119.8
Mar-12	-	1.2
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	-170	16500	16560	16400	16440
Jan-12	-150	16500	16530	16410	16450
Mar-12	-120	16550	16640	16540	16580

## Cotton Prices at Key Spot Markets

Centre	Prices		Change
	13-12-11	12-12-11	
Kadi – Bt Cotton#	4000-4200	4075-4325	-125
Amravati – Vunni Mech-1#	3900-4100	3900-4100	Unch
Ahmedabad – Shankar-6#	4150-4250	4150-4300	-50
Abhor – J-34*	3400	3430	-30
Muktsar – J-34*	3400	3435	-35

\*-Rs/maund, #-Rs.qtl

## Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	13-12-11	12-12-11	
Kadi –Bt Cotton	500	450	50
Amravati –Vunni Mech-1	500	400	100
Ahmedabad – Shankar-6	35000	30000	5000
Abohar	700	800	-100
Muktsar	250	400	-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 13/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1652	Unginned	3520	3670	3650
		Asifabad	275.4	Unginned	3500	3700	3670
		Bhainsa	631.1	Unginned	3700	3755	3750
		Indravelly	110.9	Unginned	3640	3700	3660
		Kanchechacherla	NR	Unginned	3300	3700	3500
		Kuber	31.9	Unginned	3725	3725	3725
		Macharla	0.1	Other	3384	3688	3531
		Parvathipuram	20	Desi	3285	3485	3385
		Sattenapalli	0.1	MCU 5	3600	4000	3800
	Gujarat	Amreli	141	Other	3125	4360	4315
		Bhiloda	76	Other	4150	4300	4240
		Bodeli	411	Shanker 6	4175	4300	4250
		Himatnagar	56.5	Other	3950	4215	4083
		Jam Jodhpur	48	Desi	3600	4350	4000
		Jamkandorna	2.2	Unginned	4130	4180	4145
		Kadi	30	Other	4210	4330	4300
		Limdi	4.5	Shanker 6	4200	4275	4237
		Morbi	259.2	Other	4000	4450	4225
		Palitana	1000	Other	3400	4250	3825
		Rajkot	750	Other	4125	4300	4200
		Rajula	65	Other	4105	4270	4188
		Savli	NR	G-6	4050	4100	4075
		Unava	20.1	Other	4000	4280	4250
		Vadgam	0.4	Other	4190	4190	4190
		Vijapur	151.2	Other	4000	4320	4250
	Karnataka	Channagiri	24	Hampi	3481	3481	3481
		Gundlupet	9	Other	2800	2825	2825

		Hunsur	21	Other	4169	4169	4169
		Nargunda	90	GCH	3775	4050	3921
	Madhya Pradesh	Khargone	645	Other	3821	4151	4010
		Sonsar	822.2	H4	3650	4135	3975
	Punjab	Dhuri	15.5	American	2400	4000	3900
		Kotkapura	47.7	American	3210	4001	3961
		Raman	165.5	Other	3100	3925	3910
		Samana	0.5	Other	3400	3750	3600
	Rajasthan	Hanumangarh	664.9	American	3581	4150	4030
				Desi	4275	4631	4550
		Jaitsar	1160	American	3500	3860	3840
				Desi	3501	4410	4370
		Sri Karanpur	67.5	American	3600	4050	3848
				Desi	4000	4512	4445
		Sumerpur	49.4	Other	3701	4086	4000
	Tamil Nadu	Konganapuram	NR	DCH-32	3800	4020	3910
				Other	3600	4000	3800
		Salem	NR	DCH-32	4000	4500	4250
			NR	Other	4300	5100	4700
		Theni	NR	Other	3400	3600	3500
		Thirukovilur	1	Other	2469	2469	2469
		Tiruchengode	NR	DCH-32	3900	4200	4050
			NR	LRA	3600	4100	3850
			NR	Other	4000	4500	4250
		Usilampatty	NR	LRA	2650	2850	2750
			NR	MCU 5	2700	2900	2800
			NR	Other	2600	2700	2650
		Villupuram	1	Other	3803	3803	3803
<b>Jute</b>	Andhra Pradesh	Bobbili	1.2	Jute	1400	1500	1450
		Gajapathinagaram	0.8	Jute	1400	1500	1450
		Vijayanagaram	0.9	Jute	2100	2200	2100
	Assam	Bohorihat	39.5	TD-5	1550	2100	1825
	West Bengal	Bethuadahari	120	TD-5	1645	1660	1650
		Coochbehar	55	TD-5	1850	1900	1875
		Islampur	8	TD-5	1900	1950	1925
		Mekhliganj	10	Other	1900	2050	2000
		Raiganj	49	TD-5	1775	1875	1825
		Samsi	20	Jute	1850	1950	1900
			NR	TD-5	1750	1850	1800
<b>Cotton Seed</b>	Uttar Pradesh	Muzzafarnagar	7.5	Other	2500	2600	2560

**Cotton Association of India Spot Rates: As on 13/12/2011**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
<b>Bengal Deshi (RG)/ Assam Comilla</b>	Below 22mm	5.0 - 7.0	15	33000
<b>Bengal Deshi (SG)</b>	Below 22mm	5.0 - 7.0	15	33900
<b>J-34</b>	25mm	3.5 - 4.9	23	30200
<b>H-4/ MECH-1</b>	28mm	3.5 - 4.9	25	33300
<b>Shankar-6</b>	29mm	3.5 - 4.9	26	34400
<b>Bunny/ Brahma</b>	31mm	3.5 - 4.9	27	35000

MCU-5/ Surabhi	33mm	3.3 - 4.5	28	37100
DCH-32	35mm	2.8 - 3.6	31	44000

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

Cotlook Indices	Cents/Pound	Change
A-Index	96.70	-1.60

**China Cotton Index: As on 13/12/2011**

Index	RMB/Ton	Change
CCIndex(328)	19058	+6
CCIndex(527)	16479	+1
CCIndex(229)	20307	+7

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

**USDA Cotton Spot Rates: As on 12/12/2011**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.66	87.41	67
North Delta	84.66	85.66	Nil
South Delta	84.66	85.66	Nil
East TX-OK	82.75	85.50	Nil
West Texas	82.75	85.25	1,771
Desert SW	84.66	90.66	Nil
SJ Valley	85.66	95.56	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 12/12/2011**

Contract	Open	High	Low	Close	Change
Mar-12	90.45	90.84	87.06	87.16	-3.27
May-12	90.25	90.50	86.81	87.06	-2.99
Jul-12	90.60	90.60	86.40	86.89	-2.94
Oct-12	87.46	87.46	87.46	87.46	-2.92
Dec-12	87.10	87.15	85.63	86.05	-1.78
Mar 13	87.92	87.93	87.18	87.18	-1.58

**Pakistan Cotton Spot rates: As on 12/12/2011 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	130	5450
Equivalent	40 Kgs	5680	130	5830

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