

Cotton Domestic Fundamentals:

Market sentiments remained mixed on Thursday's trade as lower demand. Moderate demand is seen by spinners however exporters remained sidelined amid at Indian rupee is at 54.2355/USD. Cotton yarn prices remained steady for 30 count combed cotton yarn were placed at 3.25-3.30 dollar per kg CNF. Millers remained inactive. However, yarn makers expect a resumption of demand from abroad soon. DGFT data showed that demand remained higher at 97.7 million kg in August, as textile mills continued restocking amid expectation on festival demand. This had declined to 43.7 million kg in October. In November, overall shipment is estimated to remain 45-50 million kg.

Cotton International Fundamentals

Cotton futures ends lower as growing fears that euro zone's sovereign debt crisis was worsening and caused investors selling. Futures also fell as the dollar index was up 0.31% to trade at 81.22. Cotton prices have declined 6% since the beginning of December as concerns remained high over an economic slowdown in top consumer China which may slowdown exports from the U.S. The March cotton futures fell 2.19 cents or by 2.5% to finish at 85.12 cents per lb. Prices may continue to weaken as USDA has forecast world 2011-12 cotton consumption at 111.34 million (480-lb) bales and production far ahead at 123.42 million bales. Sources say this will create a situation of ample surplus in the markets. Meanwhile, cotton production in Pakistan may be more than previously forecast this year as rising yields compensate for crop losses from floods. Cotton output might reach 12.7 million bales of 170 kilograms compared with 12.2 million bales estimated initially.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound to weak on weak demand and lower exports till date.

U.S markets may trade range bound to weak on bearish crop report and weak demand.

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

Contract	+/-	Open	High	Low	Close
Feb-12	-2.2	706.1	710.0	706.1	710.0
Mar-12	-	-	-	-	-
Apr-12	-5.3	710.5	712.0	706.0	707.7

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	2	-15	126	-
Mar-12	0	-4	34	-
Apr-12	2406	-1628	10729	-238

Spread	Feb-12	Mar-12	Apr-12
Basis	140.0	-	142.3
Feb-12	-	-	-2.3
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	-4.8	708.8	718.9	708.8	713.0
Apr-12	-5.1	718.0	721.5	714.2	716.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	135	-55	823	-28
Apr-12	152	-272	1635	-19

Spread	Mar-12	Apr-12
Basis	137.0	134.0
Mar-12	-	3.0
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	16490	16490	16430	16460
Jan-12	-20	16480	16510	16440	16470
Mar-12	-20	16630	16660	16590	16630

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	15-12-11	14-12-11	
Kadi – Bt Cotton#	4125-4325	3700-3850	475
Amravati – Vunni Mech-1#	3900-4100	4125-4250	-150
Ahmedabad – Shankar-6#	4200-4300	4150-4300	Unch
Abhor – J-34*	3370	3365	5
Muktsar – J-34*	3370	3365	5

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	15-12-11	14-12-11	
Kadi –Bt Cotton	200	800	-600
Amravati –Vunni Mech-1	800	150	650
Ahmedabad – Shankar-6	25000	30000	-5000
Abohar	700	700	Unch
Muktsar	250	250	Unch

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 15/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1105.2	Unginned	3550	3700	3650
		Asifabad	233.8	Unginned	3500	3700	3670
		Chilakaluripet	0.1	Other	3500	3600	3550
		Choppadandi	63.9	Unginned	3650	3865	3770
		Indravelly	78.2	Unginned	3650	3725	3700
		Khammam	203	Unginned	3550	3800	3750
		Kuber	98.2	Unginned	3735	3770	3750
		Parvathipuram	40.5	Desi	3300	3400	3397
		Peddapalli	105	Unginned	3650	3920	3850
		Pidugurula	0.1	Unginned	3300	3500	3400
		Sattenapalli	0.1	MCU 5	3600	4000	3800
	Gujarat	Bodeli	188	Shanker 6	4175	4310	4250
		Deesa	5.8	Other	4125	4160	4150
		Halvad	200.64	Other	4150	4330	4250
		Himatnagar	36.3	Other	3950	4220	4085
		Jam Jodhpur	37	Desi	3900	4300	4100
		Junagadh	61.2	Other	4000	4300	4150
		Kadi	30	Other	4225	4335	4275
		Lalpur	72.5	Other	1602	1730	1680
		Palitana	500	Other	3375	4250	3812
		Rajkot	650	Other	4150	4440	4250
		Rajula	60	Other	3915	4240	4078
		Unava	19.8	Other	3950	4300	4250
		Vakener	120	Other	3830	4305	4220

	Karnataka	Visnagar	154.9	Other	3750	4350	4050
		Bijapur	202	LH-1556	2000	4006	3860
		Chitradurga	228	Varalakshmi	3858	4559	4100
		Davangere	24	MCU 5	3300	4121	3883
		Dharwar	2	GCH	3849	4079	3965
		Gundlupet	4	Other	2850	2850	2850
		Haveri	507	GCH	3709	4019	3889
		Hirekerur	10	GCH	3551	3911	3800
		Hubli	103	GCH	2389	4081	3941
		Kottur	174	GCH	2269	4089	3881
		Manvi	9	H-4(A) 27mm FIne	4000	4000	4000
		Raichur	160	F-1054	3550	4025	3720
		Ranebennur	791	GCH	3109	4136	3786
		Sankeshwar	NR	Other	3600	3800	3700
		Savanur	129	GCH	3809	4053	3931
		Shorapur	2	Hampi	3605	3852	3681
		Sindhanur	9	F-1054	4000	4000	4000
	Madhya Pradesh	Khargone	530	Other	3825	4201	4050
		Pandhurna	112.5	Other	3750	4100	3925
		Ratlam	0.4	DCH-32	4499	4499	4499
		Sonsar	331.4	H4	3640	4100	3925
	Orissa	Gunpur	135	MCU-5 (A) 31mm FIne	3450	3500	3500
	Punjab	Dhuri	19.5	American	2500	3885	3750
		Raman	170	Other	3150	3940	3910
		Sangrur	16	American	2100	3940	3850
	Rajasthan	Anoopgarh	258	American	3691	3821	3756
		Gajsinghpur	718	American	3300	3850	3800
		Hanumangarh	611.2	American	3400	4042	4000
		Jaitsar	800	American	3300	3770	3750
		Padampur	109.3	American	3530	3860	3800
		Sri Karanpur	101.2	American	3600	3991	3738
		Sumerpur	72.2	Other	3400	4100	4000
		Suratgarh	146.3	American	3200	3766	3715
	Tamil Nadu	Annur	NR	Other	4200	4440	4330
		Konganapuram	NR	Ginned	3800	4150	3975
		Kovilpatti	NR	LRA	3000	3800	3500
		Salem	NR	DCH-32	4000	4500	4250
		Tiruchengode	NR	DCH-32	4000	4300	4150
		Usilampatty	NR	LRA	2680	2880	2780
		Villupuram	12	Other	3704	3875	3830
Jute	Andhra Pradesh	Bobbili	2	Jute	1400	1500	1450
		Gajapathinagaram	4	Jute	1400	1500	1450
	West Bengal	Coochbehar	57.5	TD-5	1850	1900	1875
		Gajol	25	TD-5	1700	1800	1760
		Islampur	6	TD-5	1800	1850	1825

		Mekhliganj	12	Other	1900	2050	2000
		Raiganj	46	TD-5	1750	1850	1800
		Samsi	200	Jute	1850	1950	1900
Cotton Seed	Uttar Pradesh	Muzzafarnagar	6	Other	2500	2600	2560

Cotton Association of India Spot Rates: As on 15/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	32600
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	33500
J-34	25mm	3.5 - 4.9	23	30200
H-4/ MECH-1	28mm	3.5 - 4.9	25	33500
Shankar-6	29mm	3.5 - 4.9	26	34400
Bunny/ Brahma	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 14/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	93.40	Unch

China Cotton Index: As on 15/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19065	+6
CCIndex(527)	16485	+4
CCIndex(229)	20320	+6

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

USDA Cotton Spot Rates: As on 14/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.62	84.37	345
North Delta	82.37	83.37	400
South Delta	82.37	83.37	Nil
East TX-OK	80.00	82.75	70
West Texas	80.00	82.50	5,367
Desert SW	82.62	88.62	Nil
SJ Valley	83.62	93.52	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 14/12/2011

Contract	Open	High	Low	Close	Change
Mar-12	87.31	87.42	84.35	85.12	-2.19
May-12	86.63	87.22	84.23	84.79	-2.38
Jul-12	86.35	86.92	84.01	84.56	-2.32
Oct-12	85.26	85.26	85.26	85.26	-2.02
Dec-12	85.09	85.09	83.25	83.72	-1.96
Mar 13	84.67	84.67	84.67	84.67	-2.08

Pakistan Cotton Spot rates: As on 14/12/2011 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	130	5330
Equivalent	40 Kgs	5573	130	5703

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