

Cotton Domestic Fundamentals:

Market sentiments remained steady to firm on Friday's trade as demand improved at lower levels. Millers and exporters have started to buy at lower levels. Meanwhile Maharashtra Government today announced a financial package of Rs 2000 crore for cotton growers who have suffered losses due to deficient rainfall. However acreage in China is expected to reduce to 4.86 million hectares in 2012 due to falling cotton prices. Sources added that demand from spinners will increase in the coming weeks as they may fancy lower prices and an almost declining inventory of textile companies.

Cotton Futures:

Rise in open interest along with prices indicate that an uptrend is in place and is likely to be sustained. Volume of trade has increased to 7,146, up by 4,740 against previous trading day.

Cotton International Fundamentals

Cotton futures rebounds from lower levels as dollar declined renewing demand for the fibre. The greenback dropped as much as 0.6% against a six- currency basket after U.S. economic data showed a quickening recovery. Cotton futures for March delivery gained 1.4% to settle at 86.29 cents a pound on ICE Futures U.S. Prices also found support as USDA data showed that U.S. export sales totaled 45,662 bales, rebounding from net cancellations of 33,004 bales the previous week. Sources added that outside markets are providing light support to the prices but fears remain about the global economic slowdown. Prices in Pakistan fell due to expected higher supply situation and in the absence of fresh demand in the market.

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 weak demand and higher supplies.

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

Contract	+/-	Open	High	Low	Close
Feb-12	18.0	711.6	729.3	711.6	726.0
Mar-12	26.0	716.0	734.0	716.0	734.0
Apr-12	18.7	708.5	727.4	706.0	726.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	14	12	117	-8
Mar-12	13	13	34	-
Apr-12	7146	4740	11401	674

Spread	Feb-12	Mar-12	Apr-12
Basis	124.0	116.0	124.0
Feb-12	-	8.0	0.0
Mar-12	-	-	-8.0
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	16.5	712.3	729.9	712.3	729.0
Apr-12	15.9	717.7	733.3	715.1	732.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	376	241	834	11
Apr-12	465	313	1544	-91

Spread	Mar-12	Apr-12
Basis	121.0	118.0
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	120	16500	16640	16490	16580
Jan-12	120	16480	16620	16480	16590
Mar-12	130	16650	16780	16650	16760

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	16-12-11	15-12-11	
Kadi – Bt Cotton#	4125-4475	4125-4325	150
Amravati – Vunni Mech-1#	3900-4100	3900-4100	Unch
Ahmedabad – Shankar-6#	4200-4300	4200-4300	Unch
Abhor – J-34*	3375	3370	5
Muktsar – J-34*	3375	3370	5

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	16-12-11	15-12-11	
Kadi –Bt Cotton	125	200	-75
Amravati –Vunni Mech-1	1000	800	200
Ahmedabad – Shankar-6	30000	25000	5000
Abohar	800	700	100
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 16/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1216.1	Unginned	3550	3720	3700
		Asifabad	288.8	Unginned	3500	3720	3700
		Bhainsa	481.4	Unginned	3700	3800	3700
		Chilakaluripet	0.1	Other	3500	3600	3550
		Gajapathinagaram	19.5	Unginned	3000	3200	3000
		Indravelly	67.3	Unginned	3680	3730	3700
		Kanchecherla	NR	Unginned	3400	3600	3500
		Nandigama	0.1	H 420	3480	3700	3520
		Peddapuram	6	Unginned	3000	3700	3500
		Proddatur	NR	MCU 5	4100	4300	4250
		Sattenapalli	0.1	MCU 5	3600	4000	3800
	Gujarat	Amod	NR	Shanker 6	4000	4150	4125
		Amreli	139	Other	2775	4375	4340
		Bagasara	39.3	Other	4000	4320	4160
		Bhiloda	102	Other	4175	4325	4250
		Bodeli	300	Shanker 6	4175	4324	4250
		Deesa	10.5	Other	4000	4225	4175
		Dhoraji	91.8	H.B	4000	4315	4250
		Halvad	202.14	Other	4155	4335	4250
		Jamkandorna	3.4	Unginned	4120	4180	4170
		Jamnagar	1313	Other	4000	4265	4133
		Junagadh	67	Other	4000	4265	4130
		Kadi	30	Other	4125	4375	4250
		Limdi	5	Shanker 6	4200	4300	4250
		Morbi	228.1	Other	4150	4445	4298
		Palitana	1000	Other	3400	4250	3825
		Rajkot	600	Other	4050	4420	4250

		Rajula	57	Other	4100	4275	4188
		Savarkundla	70	Other	4100	4350	4225
		Unava	19.7	Other	4000	4300	4280
		Vadgam	1.32	Other	4125	4200	4163
		Vadhvan	2.2	Shanker 6	4255	4280	4267
		Vakener	130	Other	3750	4315	4225
		Visnagar	190.2	Other	3500	4370	4000
	Karnataka	Bellary	48	LD-327	3389	4230	4000
		Bijapur	183	LH-1556	2289	4019	3739
		Davangere	27	MCU 5	3389	4311	4020
			NR	Varalakshmi	3980	4412	4250
		Dharwar	7	GCH	3860	4151	4005
		Gadag	58	GCH	2859	4009	3889
		Gokak	56	Varalakshmi	3751	4031	3801
		Hirekerur	172	GCH	3027	3027	3027
		Hubli	71	GCH	3019	4099	3939
			NR	Varalakshmi	4109	4560	4475
		Raichur	123	F-1054	3500	4020	3750
		Ranebennur	40	GCH	3042	4096	3080
		Santhesargur	165	Krishna	3000	3300	3000
			NR	Varalakshmi	4000	4000	4000
		Shorapur	2	Hampi	3607	3850	3847
		Soundati	8	LD-327	3109	4029	3849
		Tarikere	9	Varalakshmi	4250	4250	4250
	Madhya Pradesh	Kukshi	55	Desi	4000	4105	4050
		Pandhurna	82	Other	3430	4000	3715
		Ratlam	2.5	Other	3590	3840	3600
		Sonsar	359.6	H4	3640	4000	3920
	Punjab	Bariwala	20	Other	3090	4015	3090
		Bhucho	76	Other	3650	3945	3910
		Dhuri	20	American	2800	3800	3700
		Malout	213.6	Other	3500	3930	3895
		Raman	220	Other	3150	3955	3915
		Sangat	100	American	2700	3940	3900
		Sangrur	14	American	1700	3940	3855
	Rajasthan	Gajsinghpur	560	American	3725	3869	3800
			NR	Desi	4151	4361	4300
		Hanumangarh	623.3	American	3800	4060	4000
			NR	Desi	4400	4511	4500
		Padampur	74.8	American	3000	3835	3800
			NR	Desi	3600	4411	4303
		Sri Karanpur	56.3	American	3300	3999	3719
			NR	Desi	3800	4580	4295
		Sumerpur	52.7	Other	3720	4120	3880
	Tamil Nadu	Konganapuram	NR	Ginned	3800	4150	3975
			NR	DCH-32	3850	4210	4030
			NR	Other	3500	4150	3825
		Salem	NR	DCH-32	4000	4500	4250
			NR	Other	4300	5100	4700
		Tiruchengode	NR	DCH-32	4000	4300	4150
			NR	LRA	3700	4000	3850

			NR	Other	4100	4600	4150
		Usilampatty	NR	LRA	2680	2880	2780
			NR	MCU 5	2750	2950	2850
			NR	Other	2680	2730	2705
		Villupuram	2	Other	3799	3799	3799
Jute	Andhra Pradesh	Bobbili	2.6	Jute	1400	1500	1450
	Assam	Bohorihat	40	TD-5	1600	2200	1800
	West Bengal	Beldanga	80	TD-5	1740	1800	1750
		Coochbehar	47.5	TD-5	1850	1900	1875
		Islampur	4	TD-5	1800	1850	1825
		Jiaganj	70	TD-5	1680	1750	1700
		Kalna	21	TD-5	1900	1980	1940
		Mekhliganj	11	Other	1900	2050	2000
		Raiganj	45	TD-5	1750	1850	1800
		Samsi	20	Jute	1850	1950	1900
			NR	TD-5	1750	1850	1800
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2500	2600	2565

Cotton Association of India Spot Rates: As on 16/12/2011

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	30300
H-4/ MECH-1	28mm	3.5 - 4.9	25	33600
Shankar-6	29mm	3.5 - 4.9	26	34500
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 15/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	92.10	-1.30

China Cotton Index: As on 16/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19067	+2
CCIndex(527)	16487	+2
CCIndex(229)	20327	+7

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

USDA Cotton Spot Rates: As on 15/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.79	85.54	1,645
North Delta	83.54	84.54	Nil
South Delta	83.54	84.54	Nil
East TX-OK	81.25	84.00	974
West Texas	81.25	83.75	4,287
Desert SW	83.79	89.79	Nil
SJ Valley	84.29	94.69	163

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 15/12/2011

Contract	Open	High	Low	Close	Change
Mar-12	85.12	86.71	85.00	86.29	1.17
May-12	84.25	86.09	84.25	85.86	1.07
Jul-12	84.75	85.88	84.40	85.67	1.11
Oct-12	84.28	86.02	84.28	86.02	0.76
Dec-12	83.67	84.59	83.35	84.59	0.87
Mar 13	84.70	85.62	84.70	85.62	0.95

Pakistan Cotton Spot rates: As on 15/12/2011 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5100	130	5230
Equivalent	40 Kgs	5466	130	5596

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