

**Cotton Domestic Fundamentals:**

Mixed sentiments were seen on Saturday's trade as demand improved at lower levels. Ginners remained active. Meanwhile millers and exporters were buying to cover their consumption need. Cash market sentiments were also influenced by Kapas futures ending higher on NCDEX. Markets were also influenced by firm global markets which ended higher on Friday. Yarn demand remained steady as cotton yarn remained steady at 3.25-3.30 dollar per kg CNF. Sources say that export demand is expected from the next week due to low prices of cotton. Sources added that lower cotton prices and depleting stocks at textile companies is likely to help spinning mills.

**Cotton Futures:**

Falling open interest and rising prices is indicating that the short sellers are covering their positions and the upmove will not be sustained unless new buyers enter the market.

**Cotton International Fundamentals**

Cotton futures ends mixed on Friday's trade as dollar decline's and prospects for a rebound in fiber demand. The dollar dropped as much as 0.5 percent against a six- currency basket, boosting demand for the fiber Cotton futures for March delivery settled unchanged at 86.29 cents on ICE Futures U.S. in New York. However, sources added that dismal outlook for Europe is going to continue to weigh on cotton in the long run. However, China has been stockpiling cotton to protect its cotton farmers and support local cotton prices. China National Cotton Reserves Corporation has purchased 1.43 million tonnes of its domestic harvest so far. Meanwhile, cotton prices in Pakistan were weak as demand remained weak from spinners and millers. However, lower prices attracted exporters into the market.

**Outlook: Domestic and International**

**In the short term, domestic cotton prices move range bound to firm on improved demand.**

**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	29.0	732.0	752.3	732.0	752.3
Mar-12	28.7	737.8	752.6	734.0	752.0
Apr-12	27.6	728.0	754.6	728.0	753.1

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	21	7	113	-4
Mar-12	10	-3	32	-3
Apr-12	9348	2200	10840	-597

**Spread**

	Feb-12	Mar-12	Apr-12
Basis	97.7	98.0	96.9
Feb-12	-	-0.3	0.8
Mar-12		-	1.1
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	28.3	735.9	756.5	732.4	755.7
Apr-12	28.0	735.0	761.0	735.0	759.7

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	619	243	763	-71
Apr-12	1222	757	1359	-185

**Spread**

	Mar-12	Apr-12
Basis	94.3	90.3
Mar-12	-	4.0
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	16680	16780	16620	16700
Jan-12	120	16670	16790	16610	16710
Mar-12	140	16830	17010	16790	16910

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	17-12-11	16-12-11	
Kadi – Bt Cotton#	4150-4400	4125-4475	-75
Amravati – Vunni Mech-1#	3800-4000	3900-4100	-100
Ahmedabad – Shankar-6#	4150-4350	4200-4300	50
Abhor – J-34*	3410	3375	35
Muktsar – J-34*	3410	3375	35

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

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	17-12-11	16-12-11	
Kadi –Bt Cotton	250	125	125
Amravati –Vunni Mech-1	800	1000	-200
Ahmedabad – Shankar-6	30000	30000	Unch
Abohar	700	800	-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 17/12/2011**

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Gujarat	Jamkandorna	1.8	Unginned	4040	4190	4160
		Kadi	50	Other	4250	4365	4300
		Morbi	258.5	Other	4105	4465	4285
		Unava	20.4	Other	4000	4310	4300
		Vakener	110	Other	3930	4350	4275
	Madhya Pradesh	Lahorda	103	H4	4000	4210	4100
	Punjab	Raman	280	Other	3200	4000	3975
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2500	2600	2565

**Cotton Association of India Spot Rates: As on 17/12/2011**

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	30600
H-4/ MECH-1	28mm	3.5 - 4.9	25	33800
Shankar-6	29mm	3.5 - 4.9	26	34600
Bunny/ Brahma	31mm	3.5 - 4.9	27	35200
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	37100
DCH-32	35mm	2.8 - 3.6	31	44000

**Cotlook Index: As on 16/12/2011**

Cotlook Indices	Cents/Pound	Change
A-Index	92.55	0.45

**China Cotton Index: As on 17/12/2011-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 16/12/2011**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.79	85.54	Nil
North Delta	83.54	84.54	269
South Delta	83.54	84.54	Nil
East TX-OK	81.25	84.00	657
West Texas	81.25	83.75	3,642
Desert SW	83.79	89.79	Nil
SJ Valley	84.29	94.69	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 16/12/2011**

Contract	Open	High	Low	Close	Change
Mar-12	86.80	88.29	85.58	86.29	Unch
May-12	85.75	87.94	85.27	85.93	0.07
Jul-12	86.00	87.73	85.27	85.78	0.11
Oct-12	87.00	87.00	86.28	86.28	0.26
Dec-12	84.95	86.00	84.00	84.51	-0.08
Mar 13	86.22	86.22	85.54	85.54	-0.08

**Pakistan Cotton Spot rates: As on 16/12/2011 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5000	130	5130
Equivalent	40 Kgs	5358	130	5488

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