

Cotton Domestic Fundamentals:

Steady to firm sentiments were seen on Monday's trade as demand remained steady 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 for the 2nd consecutive session. Markets also moved higher as Pakistan may raw cotton (as much as 1 million bales) to support prices. Yarn demand remained steady as cotton yarn remained steady at 3.25-3.30 dollar per kg CNF. However, exporters say that with Christmas & New Year approaching the buying will be subdued as there will be customs holiday.

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	25.7	749.9	781.9	738.5	778.0
Mar-12	17.4	749.9	767.6	749.9	762.6
Apr-12	19.6	750.0	779.9	741.1	771.3

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	29	8	112	-1
Mar-12	4	-6	33	1
Apr-12	8731	-617	10637	-151

Spread

	Feb-12	Mar-12	Apr-12
Basis	75.0	90.4	81.7
Feb-12	-	-15.4	-6.7
Mar-12	-	-	8.7
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	16.4	764.4	784.5	750.1	772.1
Apr-12	20.0	777.0	787.5	750.5	779.7

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	1227	608	758	-5
Apr-12	2438	1216	1327	-32

Spread

	Mar-12	Apr-12
Basis	80.9	73.3
Mar-12	-	7.6
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	-30	16640	16880	16540	16670
Jan-12	-50	16600	16880	16510	16660
Mar-12	-50	16810	17020	16770	16860

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	19-12-11	17-12-11	
Kadi – Bt Cotton#	4150-4325	4150-4400	-75
Amravati – Vunni Mech-1#	3800-4100	3800-4000	100
Ahmedabad – Shankar-6#	4150-4375	4150-4350	25
Abhor – J-34*	3425	3410	15
Muktsar – J-34*	3425	3410	15

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	19-12-11	17-12-11	
Kadi –Bt Cotton	350	250	100
Amravati –Vunni Mech-1	1000	800	200
Ahmedabad – Shankar-6	30000	30000	Unch
Abohar	800	700	100
Muktsar	275	250	25

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 19/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	2388	Unginned	3700	3950	3825
		Adoni	NR	Adoni	3627	4128	3900
		Asifabad	143.6	Unginned	3500	3800	3750
		Bhainsa	760.5	Unginned	3750	3850	3800
		Chilakaluripet	0.1	Other	3400	3600	3500
		Choppadandi	102.8	Unginned	3640	3900	3885
		Indravelly	213.8	Unginned	3700	3800	3750
		Kancheekacherla	NR	Unginned	3300	3600	3500
		Khammam	174	Unginned	3700	3910	3850
		Kuber	106.9	Unginned	3760	3780	3770
		Kurupam	10	Desi	3400	3500	3450
		Macharla	0.1	Other	3500	3750	3600
		Mancharial	101.8	Unginned	3670	3750	3690
		Martur	NR	Desi	3650	3750	3700
		Nandigama	0.1	H 420	3700	3740	3700
		Narsampet	50	Unginned	3675	3815	3780
		Parvathipuram	49.5	Desi	3500	3636	3575
		Pidugurala	0.1	Unginned	3300	3500	3400
		Pothgal	6	Ginned	3000	3300	3300
		Proddatur	NR	MCU 5	4300	4400	4350
		Sattenapalli	0.1	MCU 5	3600	4000	3700
		Tadikonda	0.1	Unginned	3000	3600	3500
	Gujarat	Bagasara	46.6	Other	3620	4350	3985
		Bhiloda	70	Other	4225	4325	4270
		Bodeli	250	Shanker 6	4250	4400	4325
		Gondal	165.6	Unginned	2255	4305	4270
		Halvad	268.14	Other	4155	4350	4275

		Jam Jodhpur	57.6	Desi	3750	4375	4075
		Jamkandorna	1.2	Unginned	4155	4195	4175
		Jamnagar	1612	Other	3750	4250	4000
		Jepur Pavi	510	Shanker 6	4250	4305	4275
		Jhagadiya	15	Other	3500	4200	3900
		Junagadh	78.2	Other	4000	4320	4170
		Kalol	100	Other	4230	4285	4260
		Lalpur	73.5	Other	1642	1732	1680
		Limdi	15.5	Shanker 6	4200	4325	4262
		Morbi	277.2	Other	4125	4530	4328
		Palitana	1000	Other	3350	4275	3812
		Rajkot	550	Other	4075	4350	4325
		Rajula	60	Other	4015	4310	4163
		Savarkundla	80	Other	4250	4375	4315
		Savli	NR	G-6	4000	4125	4100
		Siddhpur	105.4	Other	4050	4375	4210
		Vadhvan	2.5	Shanker 6	4130	4225	4177
		Vakener	1600.2	Other	3870	4375	4205
		Visnagar	252.7	Other	3500	4365	3950
	Karnataka	Bijapur	264	LH-1556	2300	4059	3739
		Chamaraj Nagar	7	Other	2800	3000	2900
		Davangere	41	MCU 5	3290	4289	3906
		Dharwar	31	LH-1556	3822	4171	3996
		Gadag	63	GCH	3555	4089	3809
		Gundlupet	4	Other	2800	2800	2800
		Haliyala	227	Varalakshmi	3869	4689	4509
		Haveri	605	GCH	3819	4109	3964
		Hubli	155	GCH	1800	4309	4209
		Kottur	272	GCH	3000	4343	3900
		Nargunda	20	GCH	3850	3950	3900
		Raichur	206	F-1054	3524	4050	3725
		Ranebennur	861	GCH	2784	4127	3939
		Santhesargur	195	Krishna	2500	3300	3000
	Madhya Pradesh	Khargone	977.5	Other	3901	4205	4050
		Sonsar	494.5	H4	3630	4080	3950
	Maharashtra	Babhulgaon	100	H-4(A)	3700	3850	3800
		Daryapur	43.5	Other	3700	3800	3750
		Gevrai	875.1	Other	3500	4000	3700
		Ghansawangi	65.5	Other	3900	4000	3950
		Jalgaon	69.9	H-4(A)	3800	4000	3900
		Selu	70	Other	3735	3810	3776
	Punjab	Ahmedgarh	17.5	American	2000	4090	4040
		Bhucho	90	Other	3600	3940	3910
		Dhuri	12	American	2400	3930	3800
		Kotkapura	50	American	2700	4013	3815
		Malout	181	Other	3775	4010	3995
		Raman	220	Other	3855	4055	4015
	Rajasthan	Anoopgarh	113.5	American	3650	3905	3777
		Gajsinghpur	656	American	3500	3898	3800
		Jaitsar	1143	American	3400	3815	3800
		Kesrisinghpur	72.2	American	3101	4025	3860

		Padampur	118.4	American	3200	3936	3846
		Sri Karanpur	78	American	3825	4070	4040
		Sumerpur	63.9	Other	3700	4188	4000
	Tamil Nadu	Annur	NR	Other	4200	4440	4320
		Konganapuram	NR	DCH-32	3850	4210	4030
		Kovilpatti	NR	LRA	3000	3800	3500
		Pudupalayam	63	Other	4300	5000	4650
		Salem	NR	DCH-32	4000	4500	4250
		Tiruchengode	NR	Ginned	4100	4500	4300
		Usilampatty	NR	LRA	3000	3200	3100
		Villupuram	10	Other	3655	3979	3920
Jute	Andhra Pradesh	Gajapathinagaram	2	Jute	1400	1500	1450
		Vijayanagaram	0.3	Jute	1800	2000	1900
	Assam	Kharupetia	40	TD-5	1500	1700	1650
	Gujarat	Vakener	0.1	Other	1090	1090	1090
	West Bengal	Coochbehar	52.5	TD-5	1850	1900	1875
		Islampur	5	TD-5	1900	2000	1950
		Kalna	20	TD-5	1900	2000	1950
		Mekhliganj	15	Other	2000	2100	2050
		Samsi	15	Jute	1850	1950	1900
Cotton Seed	Uttar Pradesh	Muzzafarnagar	5	Other	2500	2600	2565

Cotton Association of India Spot Rates: As on 19/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	32800
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	33700
J-34	25mm	3.5 - 4.9	23	30800
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 19/12/2011-

Index	RMB/Ton	Change
CCIndex(328)	19072	+5
CCIndex(527)	16488	+1
CCIndex(229)	20329	+2

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
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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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