

Cotton Domestic Fundamentals:

Steady to weak sentiments were seen on Wednesday's trade on lower arrivals and normal demand. Cotton yarn demand remains firm as Exports offer of 30 count combed cotton yarn were placed at 3.35-3.40 dollar per kg CNF. Total arrivals in the country stood at 184,000 bales. Traders said that spinner's margins improved after fall in cotton and firmness in yarn prices, but production has been hampered by power shortage. However prices could find support at lower levels as the market is expecting demand from spinning mills and exporters.

Cotton Futures: Rise in open interest amidst falling prices suggests that the new money is coming through the short sellers and a downtrend is in place. Volume has declined to 6,533, lower by 1,826 against previous trading day.

Cotton International Fundamentals

Cotton futures remained mixed on Tuesday. Futures witnessed thin range-bound trade as holiday season has started in the U.S and Europe. March cotton futures slipped 0.29 cent to close at 86.80 cents per lb. However, the fiber is down 40% this year on weak demand and higher supply expectations. Prices may also remain weak on lower mill demand at 110.5 million bales, due to slow economic growth and man-made fiber substitution. Meanwhile, prices in Pakistan may continue to fall as demand from ginners and millers is expected to remain weak. Cotton imports in November almost tripled on year, to 378,124 metric tons, up 50%. Imports reached 2.57 million tons in the January-November period, up 8.3% on year.

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 as production in the U.S could be much lower than previously anticipated.

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

Contract	+/-	Open	High	Low	Close
Feb-12	-7.0	751.2	770.9	751.2	764.0
Mar-12	-1.5	776.9	776.9	760.0	760.8
Apr-12	-1.7	758.8	774.0	756.0	760.3

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	38	25	114	-
Mar-12	6	3	31	-
Apr-12	6533	-1826	10667	547

Spread

	Feb-12	Mar-12	Apr-12
Basis	71.0	74.2	74.7
Feb-12	-	-3.2	-3.7
Mar-12		-	-0.5
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	-0.3	761.1	775.1	760.0	763.0
Apr-12	-0.2	767.0	780.0	764.0	769.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	507	-550	734	-17
Apr-12	800	-677	1332	-9

Spread

	Mar-12	Apr-12
Basis	72.0	66.0
Mar-12	-	6.0
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	-260	16600	16600	16340	16340
Jan-12	-280	16520	16540	16280	16280
Mar-12	-270	16780	16780	16500	16530

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	21-12-11	20-12-11	
Kadi – Bt Cotton#	4100-4325	4100-4350	-25
Amravati – Vunni Mech-1#	3900-4100	3900-4100	Unch
Ahmedabad – Shankar-6#	4100-4250	4200-4350	-100
Abhor – J-34*	3450	3450	Unch
Muktsar – J-34*	3450	3450	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	21-12-11	20-12-11	
Kadi –Bt Cotton	550	500	50
Amravati –Vunni Mech-1	1400	1200	200
Ahmedabad – Shankar-6	40000	40000	Unch
Abohar	750	750	Unch
Muktsar	200	250	-50

Prices of Cotton, Cotton Seed and Jute at Other Centers: As on 21/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1509.7	Unginned	3700	3850	3750
		Asifabad	344.5	Unginned	3500	3780	3750
		Badepalli	497.3	Desi	3429	3849	3680
		Bhainsa	1048.3	Unginned	3650	3710	3675
		Boath	192.8	Unginned	3735	3735	3735
		Chilakaluripet	0.1	Other	3500	3600	3550
		Choppadandi	92.8	Unginned	3630	3950	3870
		Indravelly	105.7	Unginned	3650	3850	3775
		Kanchecherla	NR	Unginned	3400	3600	3500
		Khammam	213	Unginned	3650	3860	3825
		Kuber	93.4	Unginned	3640	3660	3650
		Macharla	0.1	Other	3430	3650	3550
		Madnoor	266.2	Savita	3756	3933	3850
		Madnoor	0.1	Savita	3850	3850	3850
		Mancharial	162.4	Unginned	3600	3750	3650
		Pidugurala	0.1	Unginned	3300	3500	3400
		Proddatur	NR	MCU 5	4300	4400	4350
		Sattenapalli	0.1	MCU 5	3600	4000	3800
		Tadikonda	0.1	Unginned	3000	3500	3400
		Tadipatri	NR	MCU 5	3650	3800	3700
	Gujarat	Amod	NR	Shanker 6	4000	4100	4050
		Amreli	192	Other	2940	4380	4350
		Bhiloda	105	Other	4225	4300	4260
		Bodeli	1500	Shanker 6	4200	4350	4300
		Deesa	10.6	Other	4005	4200	4190
		Halvad	227.54	Other	4125	4375	4250
		Jam Jodhpur	63.7	Desi	3625	4275	3950
		Jamkandorna	1.6	Unginned	4155	4180	4170

		Jepur Pavi	420	Shanker 6	4251	4344	4310
		Junagadh	71	Other	3500	4325	3900
		Kadi	30	Other	4150	4305	4200
		Limdi	13	Shanker 6	4285	4310	4297
		Morbi	269	Other	4105	4475	4290
		Palitana	800	Other	3350	4275	3812
		Rajkot	600	Other	4075	4350	4225
		Rajula	65	Other	4045	4350	4198
		Savarkundla	84	Other	4130	4370	4250
		Siddhpur	106.3	Other	4000	4300	4150
		Unava	19.2	Other	4000	4300	4275
		Vadhvan	0.7	Shanker 6	4235	4300	4267
		Vakener	140	Other	3900	4335	4285
		Visnagar	292.3	Other	3500	4375	4200
Karnataka		Bijapur	235	LH-1556	1510	4059	3907
		Davangere	30	MCU 5	3309	4290	3988
		Gadag	42	GCH	3609	4101	3959
		Gundlupet	4	Other	2850	2850	2850
		Hubli	45	GCH	3269	4159	4025
		Kadur	8	Other	4338	4338	4338
		Manvi	6	H-4(A)	3800	3800	3800
		Nargunda	287	GCH	3750	4059	3950
		Raichur	108	F-1054	3600	4050	3750
		Ranebennur	44	GCH	2967	4089	3819
		Sankeshwar	NR	Other	3900	4000	3950
		Santhesargur	45	Krishna	3000	3300	3000
		Shikaripura	10	GCH	3000	3000	3000
		Sindhanur	21	F-1054	4190	4190	4190
Madhya Pradesh		Barwani	9.5	H4	3800	4000	3850
		Khargone	752.5	Other	3850	4125	4000
		Lahorda	625	Other	3950	4125	4000
		Manawar	40	Other	3800	4000	3900
		Pandhurna	195	Other	3410	4000	3705
		Sonsar	615	H4	3850	4100	3950
Maharashtra		Chalisingaon	15	Other	3600	3800	3700
Orissa		Gunpur	275.8	MCU-5 (A)	3400	3600	3600
Punjab		Bareta	170	Other	3690	3990	3960
		Bhucho	121	Other	3660	4085	4050
		Dhuri	8	American	2500	4080	3700
		Jaitu	59	Other	3205	4100	4040
		Malout	183.6	Other	3980	4050	4035
		Raman	230	Other	3395	4065	4030
Rajasthan		Gajsinghpur	831	American	3670	3860	3775
		Hanumangarh	798.6	American	3450	4137	4101
		Merta City	4.1	Other	4000	4100	4050
		Raisingh Nagar	122	American	3372	3822	3765
		Rani	4	Other	4018	4018	4018
		Sri Karanpur	65.6	American	3162	4033	3905
		Sumerpur	33.5	Other	3600	4100	4000
Tamil Nadu		Konganapuram	NR	Ginned	3600	4100	3850
		Salem	NR	Ginned	4300	5100	4700

		Tiruchengode	NR	Ginned	4100	4500	4300
		Usilampatty	NR	LRA	3000	3200	3100
		Villupuram	1	Other	3715	3715	3715
Jute	Andhra Pradesh	Bobbili	2.5	Jute	1550	1650	1600
	Assam	Bongiagaon	10	TD-5	1250	1700	1650
		Kharupetia	80	TD-5	1500	1700	1675
	West Bengal	Coochbehar	42.5	TD-5	2000	2075	2062
		Kaliaganj	30	TD-5	1750	1850	1800
		Kalna	21	TD-5	1900	1980	1940
		Mekhliganj	15	Other	2000	2100	2050
		Pundibari	43	TD-5	2000	2062	2025
		Raiganj	44	TD-5	1750	1850	1800
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2500	2600	2565

Cotton Association of India Spot Rates: As on 21/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33300
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34200
J-34	25mm	3.5 - 4.9	23	30900
H-4/ MECH-1	28mm	3.5 - 4.9	25	33000
Shankar-6	29mm	3.5 - 4.9	26	34000
Bunny/ Brahma	31mm	3.5 - 4.9	27	34600
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	36600
DCH-32	35mm	2.8 - 3.6	31	43500

Cotlook Index: As on 20/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	93.3	+0.75

China Cotton Index: As on 21/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19101	+24
CCIndex(527)	16509	+19
CCIndex(229)	20368	+37

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

USDA Cotton Spot Rates: As on 20/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.30	86.05	88
North Delta	83.55	84.55	72
South Delta	83.55	84.55	Nil
East TX-OK	81.25	84.00	198
West Texas	81.25	83.75	7,693
Desert SW	84.30	90.30	Nil
SJ Valley	84.80	95.20	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 20/12/2011

Contract	Open	High	Low	Close	Change
Mar-12	87.00	88.14	86.45	86.80	-0.29
May-12	86.72	87.80	86.25	86.64	-0.08
Jul-12	86.80	87.70	86.19	86.62	0.02
Oct-12	87.53	87.53	87.53	87.53	-0.47
Dec-12	85.75	86.54	85.55	85.77	0.27
Mar 13	87.04	87.78	86.93	86.93	0.37

Pakistan Cotton Spot rates: As on 20/12/2011 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4900	130	5030
Equivalent	40 Kgs	5251	130	5381

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