

Cotton Domestic Fundamentals:

Steady to weak sentiments were seen on Thursday's trade on higher arrivals and weak demand. Demand also remained weak from exporters. Prices may continue to weaken as arrivals may improve as producers may continue bring in stock as they expect a declines from here due to ample stock in hand. Cotton arrivals until December 18 stood at 73.63 lakh bales compared with 100.35 lakh bales for the same period last year. However this may provide exporters a chance to buy at lower levels. Traders also added that mill consumption has declined demand for cotton yarn especially from European countries has been sluggish. Traders added that Mills today are consuming 14-15 lakh bales every month against the normal average of 22 lakh bales.

Cotton International Fundamentals

Cotton futures marginally higher as demand reduced and the dollar rebounded. The greenback rose against a basket of major currencies, eroding the appeal of U.S. exports. Cotton for March delivery rose 0.04 cent to 86.84 cents a pound on ICE Futures U.S. Trades could be thin in this week as traders have left for the holidays. Meanwhile, prices in Pakistan remained steady to firm amid buying by mills and spinners. Ginners remained inactive and may come only if volatility declines. Cotton yarn production in China in November was at 275.3 (000 tons) and increased by 12.4% on a year-on-year basis. Cotton output in China is estimated by the China Cotton Association at 7.28 million tons this year, while China National Cotton Reserves Corp.'s forecast is 7.55 million tons.

Outlook: Domestic and International

In the short term, domestic cotton prices move range bound to weak on weak demand and higher arrival expectations.

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	-11.9	750.3	754.4	750.3	752.0
Mar-12	-1.0	763.7	763.7	763.7	763.7
Apr-12	-7.0	760.0	761.9	747.5	752.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	7	-31	112	-2
Mar-12	1	-5	30	-
Apr-12	4847	-1686	10678	2

Spread

	Feb-12	Mar-12	Apr-12
Basis	83.0	71.3	82.2
Feb-12	-	11.7	0.8
Mar-12	-	-	-10.9
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	-6.5	764.9	764.9	751.0	756.5
Apr-12	-6.8	770.0	770.0	755.3	760.6

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	497	-10	694	-40
Apr-12	847	47	1284	-48

Spread

	Mar-12	Apr-12
Basis	78.5	74.4
Mar-12	-	4.1
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	50	16340	16470	16230	16420
Jan-12	-110	16290	16290	16050	16200
Mar-12	-110	16500	16500	16250	16420

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	22-12-11	21-12-11	
Kadi – Bt Cotton#	4075-4250	4100-4325	-75
Amravati – Vunni Mech-1#	3600-3900	3900-4100	-200
Ahmedabad – Shankar-6#	4100-4250	4100-4250	Unch
Abhor – J-34*	3420	3450	-30
Muktsar – J-34*	3420	3450	-30

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	22-12-11	21-12-11	
Kadi –Bt Cotton	500	550	-50
Amravati –Vunni Mech-1	1000	1400	-400
Ahmedabad – Shankar-6	45000	40000	5000
Abohar	700	750	-50
Muktsar	500	200	300

Prices of Cotton, Cotton Seed and Jute at Other Centers: As on 22/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1012.9	Unginned	3700	3830	3750
		Asifabad	370.5	Unginned	3450	3800	3700
		Bhainsa	906.3	Unginned	3650	3710	3675
		Chilakaluripet	0.1	Other	3600	3750	3650
		Choppadandi	88	Unginned	3600	3905	3760
		Indravelly	120.9	Unginned	3600	3775	3750
		Kanchecherla	NR	Unginned	3400	3600	3500
		Karimnagar	58	Unginned	3600	3850	3750
		Khammam	226	Unginned	3700	3861	3825
		Kuber	89.9	Unginned	3640	3680	3650
		Macharla	0.1	Other	3333	3551	3450
		Mancharial	136.8	Unginned	3600	3800	3650
		Peddapuram	22.2	Desi	3000	3700	3500
		Pidugurula	0.1	Unginned	3300	3500	3400
		Pothgal	6	Ginned	3300	3500	3500
		Proddatur	NR	MCU 5	4200	4300	4250
		Tadipatri	NR	MCU 5	3750	3900	3800
	Gujarat	Amreli	155	Other	3500	4340	4290
		Bagasara	37.7	Other	3755	4275	4015
		Bhiloda	69	Other	4100	4200	4150
		Bodeli	150	Shanker 6	4131	4190	4150
		Deesa	5.2	Other	3900	4110	4075
		Halvad	223.3	Other	4075	4305	4200
		Jam Jodhpur	117.4	Desi	3625	4250	3950
		Jamkandorna	1.9	Unginned	4125	4180	4165
		Kadi	30	Other	4185	4280	4225
		Limdi	32	Shanker 6	4200	4250	4225
		Morbi	320.8	Other	4075	4415	4245

		Palitana	500	Other	3425	4250	3837
		Rajkot	700	Other	3900	4250	4050
		Rajula	65	Other	4000	4245	4123
		Savarkundla	80	Other	4200	4300	4250
		Unava	17.4	Other	4000	4305	4285
		Vadhvan	1.5	Shanker 6	4150	4205	4177
		Vakener	150	Other	3570	4290	3725
		Visnagar	306.8	Other	3000	4335	4150
	Karnataka	Bailahongal	257	LH-1556	3920	4162	4011
			NR	Varalakshmi	4328	4689	4530
		Bijapur	209	LH-1556	1618	4029	3895
		Gundlupet	4	Other	2850	2850	2850
		Haveri	637	GCH	3679	4073	3899
		Hubli	68	GCH	3219	4151	4029
			NR	Varalakshmi	4209	4640	4549
		Kollegal	14	Other	3200	4000	3600
		Mundgod	97	Aka-1	4100	4100	4100
		Raichur	120	F-1054	3600	4060	3725
		Ranebennur	601	GCH	3709	4087	3989
		Savanur	133	GCH	3741	4069	3905
		Sindhanur	12	F-1054	4000	4121	4000
		Tarikere	10	Varalakshmi	4141	4141	4141
	Madhya Pradesh	Manawar	45	Other	3800	4000	3900
	Punjab	Kotkapura	70.3	American	2900	4071	3900
				Desi	4201	4400	4394
		Malout	162.7	Other	3575	4035	4010
		Raman	182	Other	3390	4015	3985
		Sangrur	5	American	1900	4020	3875
	Rajasthan	Anoopgarh	258	American	3790	3880	3835
			NR	Desi	4445	4605	4525
		Gajsinghpur	920	American	3550	3830	3750
			NR	Desi	4150	4550	4450
		Hanumangarh	742.7	American	3550	4096	4050
			NR	Desi	4160	4450	4300
		Sri Karanpur	131	American	3400	4001	3938
			NR	Desi	4000	4675	4380
	Tamil Nadu	Sumerpur	33.5	Other	3600	4100	3755
		Annur	NR	Other	4000	4150	4075
			NR	Ginned	3600	4100	3850
			NR	DCH-32	3800	4250	4025
			NR	Other	3700	4350	4025
		Konganapuram	NR	LRA	3000	3800	3500
			NR	MCU 5	3500	4500	4000
			NR	Other	2000	3000	2500
		Pudupalayam	19	Other	4000	4200	4100
		Salem	NR	Ginned	4300	5100	4700
			NR	DCH-32	4000	4500	4250
		Tiruchengode	NR	DCH-32	4000	4400	4200
			NR	LRA	3800	4200	4000
			NR	Other	4000	4500	4250

		Usilampatty	NR	LRA	3020	3250	3135
			NR	MCU 5	2950	3150	3070
			NR	Other	2630	2730	2680
		Villupuram	6	Other	4029	4040	4030
Jute	Andhra Pradesh	Bobbili	3.2	Jute	1550	1650	1600
	West Bengal	Coochbehar	43	TD-5	2050	2062	2060
		Islampur	4.5	TD-5	1900	2000	1950
		Mekhliganj	12	Other	2000	2100	2050
		Raiganj	45	TD-5	1950	2050	2000
Cotton Seed	Uttar Pradesh	Muzzafarnagar	3	Other	2500	2600	2565

Cotton Association of India Spot Rates: As on 22/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33200
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34100
J-34	25mm	3.5 - 4.9	23	30500
H-4/ MECH-1	28mm	3.5 - 4.9	25	32500
Shankar-6	29mm	3.5 - 4.9	26	33800
Bunny/ Brahma	31mm	3.5 - 4.9	27	34400
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	36400
DCH-32	35mm	2.8 - 3.6	31	42500

Cotlook Index: As on 21/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	92.75	-0.55

China Cotton Index: As on 22/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19127	+26
CCIndex(527)	16532	+23
CCIndex(229)	20381	+13

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

USDA Cotton Spot Rates: As on 21/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.09	85.84	168
North Delta	83.59	84.59	100
South Delta	83.59	84.59	Nil
East TX-OK	81.50	84.25	280
West Texas	81.50	84.00	1,831
Desert SW	84.34	90.34	Nil
SJ Valley	84.84	95.24	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 21/12/2011

Contract	Open	High	Low	Close	Change
Mar-12	86.94	87.38	86.26	86.84	0.04
May-12	86.70	87.00	85.98	86.66	0.02

Jul-12	86.63	86.97	86.00	86.74	0.12
Oct-12	87.60	87.60	87.60	87.60	0.07
Dec-12	85.80	86.10	85.30	85.81	0.04
Mar 13	86.83	86.83	86.83	86.83	-0.10

Pakistan Cotton Spot rates: As on 21/12/2011 (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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