

Cotton Domestic Fundamentals:

Mixed sentiments continued on Thursday's trade as arrivals were lower in key markets as producers were holding onto stocks anticipating better returns. Millers and exporters demand remained firm. Cotton exporters are making brisk purchases across Gujarat and Maharashtra. Traders added that cotton prices are still volatile with robust demand from China is expected to ensure cotton export of over 85 lakh bales. Major players like Bhadresh Trading Corporation, Louis Dreyfus Commodities India, Gill & Co, Jaydeep Cotton Fibres, Olam Agro India, Cargill India and others are buying and contracts of over 46-48 lakh bales have been signed while actual shipments are at 29 lakh bales. Traders also added that by January, India should export 50 lakh bales. Yarn demand remained firm as ginneries continue to buy in the market and yarn prices may continue improve due to the increased offtake in export and domestic markets.

Cotton International Fundamentals

Cotton futures were up for a second day on Wednesday, soaring to a two-week high as buying from small investors amid thin trade conditions resulted in exaggerated moves to the upside. Trading volumes were expected to remain light following the Christmas break, as many traders have closed books before the end of the year, reducing liquidity in the market and increasing the volatility. However this year the fiber has 39% as global cotton production was expected to grow 10.9% from a year earlier to 26.80 million tons in 2011-12 marketing season, up from 24.17 million tons in 2010-11. Cotlook also added in their report that global consumption on the other hand was expected to decline to 22.71 million tons in 2011-12, down 3% from 23.41 million tons in the previous season.

Outlook: Domestic and International

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

U.S markets may trade range bound to firm on firm Chinese demand.

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

Contract	+/-	Open	High	Low	Close
Feb-12	16.7	824.1	843.0	824.1	833.9
Mar-12	14.8	839.9	839.9	831.1	831.1
Apr-12	12.4	825.0	843.2	825.0	833.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	106	74	51	-5
Mar-12	4	-3	29	2
Apr-12	10731	-216	11221	186

Spread

	Feb-12	Mar-12	Apr-12
Basis	24.1	26.9	24.2
Feb-12	-	-2.8	-0.1
Mar-12	-	-	2.7
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	13.7	840.0	842.8	827.5	835.0
Apr-12	13.9	829.9	846.0	829.9	838.7

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	1592	18	579	-13
Apr-12	1715	-51	849	-110

Spread

	Mar-12	Apr-12
Basis	23.0	19.3
Mar-12	-	3.7
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	300	17000	17430	17000	17250
Jan-12	240	16970	17170	16940	17050
Mar-12	250	17400	17550	17390	17390

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	29-12-11	28-12-11	
Kadi – Bt Cotton#	4125-4325	4100-4325	Unch
Amravati – Vunni Mech-1#	4000-4200	3800-3950	150
Ahmedabad – Shankar-6#	4225-4350	4200-4400	-50
Abhor – J-34*	3530	3475	55
Muktsar – J-34*	3530	3475	55

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	29-12-11	28-12-11	
Kadi –Bt Cotton	500	500	Unch
Amravati –Vunni Mech-1	1000	1500	-500
Ahmedabad – Shankar-6	45000	50000	-5000
Abohar	800	800	Unch
Muktsar	400	450	-50

Prices of Cotton, Cotton Seed and Jute at Other Centers: As on 29/12/2011

Commodity	State	Market Center	Arrivals	Variety	Minimum Price	Maximum Price	Modal Price
			Tonnes		Rs/Quintal		
Cotton	Andhra Pradesh	Adilabad	1142.4	Unginned	3550	3700	3650
		Bhainsa	785.9	Unginned	3700	3821	3750
		Chilakaluripet	0.1	Other	3600	3800	3700
		Choppadandi	90.1	Unginned	3600	3900	3840
		Indravelly	75.8	Unginned	3600	3700	3625
		Kanchecherla	NR	Unginned	3300	3700	3500
		Khammam	220	Unginned	3625	3850	3775
		Kuber	35.6	Unginned	3730	3780	3750
		Macharla	0.1	Other	3350	3750	3500
		Nandigama	0.1	H 420	3650	3750	3700
		Peddapuram	39	Desi	3000	3700	3500
		Tadipatri	NR	MCU 5	3850	4000	3900
	Gujarat	Amreli	96	Other	2500	4430	4400
		Jam Jodhpur	92.4	Desi	3975	4335	4150
		Kadi	20	Other	4280	4440	4350
		Limdi	3	Shanker 6	4300	4355	4327
		Palitana	400	Other	3250	4300	3775
		Rajkot	500	Other	4125	4400	4250
		Rajula	20	Other	4000	4340	4170
		Savarkundla	40	Other	4250	4450	4350
		Una	20	Shanker 6	4105	4255	4175
		Vadhvan	1.1	Shanker 6	4250	4255	4252
	Karnataka	Bijapur	313	LH-1556	3129	4096	3971
		Gundlupet	12	Other	2800	3000	3000
		Hirekerur	216	GCH	2935	3300	3200
		Hubli	64	GCH	2639	4169	4069
		Kollegal	4	Other	3300	4000	3800
		Nargunda	35	GCH	3900	4019	3975

		Raichur	151	F-1054	3611	4125	3770
		Santhesargur	48	Krishna	3000	3300	3200
		Tarikere	29	Varalakshmi	4308	4350	4335
	Madhya Pradesh	Lahorda	126.4	H4	3950	4200	4100
		Manawar	65	Other	3800	3900	3800
		Sonsar	596	H4	3640	4280	3815
	Punjab	Giddarbaha	180.6	Desi	3500	4200	4175
		Jaitu	48.5	Other	2830	4245	4225
		Kotkapura	60	American	2900	4250	4000
		Raman	251	Other	3800	4210	4180
	Rajasthan	Hanumangarh	705	American	3744	4120	4040
		Kesrisinghpur	78.6	American	3051	4118	4016
		Raisingh Nagar	112	American	3150	3912	3860
		Sri Karanpur	136.9	American	3701	4046	3900
		Sumerpur	49.5	Other	4000	4134	4120
	Tamil Nadu	Annur	NR	Other	4100	4250	4110
		Konganapuram	NR	Ginned	3600	4100	3850
		Salem	NR	DCH-32	4000	4500	4250
		Tiruchengode	NR	DCH-33	3800	4250	4025
		Usilampatty	NR	LRA	3040	3270	3155
		Villupuram	40	Other	3575	4223	4080
Jute	Andhra Pradesh	Bobbili	3.2	Jute	1550	1650	1600
		Vijayanagaram	0.3	Jute	1800	2000	1900
	West Bengal	Bethuadahari	150	TD-5	1745	1760	1750
		Islampur	4.5	TD-5	1900	1950	1925
		Kalna	22	TD-5	1880	1950	1920
		Mathabhanga	7.5	TD-5	1990	2010	2000
		Mekhliganj	6	Other	2050	2200	2125
		Raiganj	45	TD-5	1850	1950	1900
Cotton Seed	Uttar Pradesh	Muzzafarnagar	NR	Other	2500	2600	2550

Cotton Association of India Spot Rates: As on 29/12/2011

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	34900
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	35800
J-34	25mm	3.5 - 4.9	23	31900
H-4/ MECH-1	28mm	3.5 - 4.9	25	33200
Shankar-6	29mm	3.5 - 4.9	26	35200
Bunny/ Brahma	31mm	3.5 - 4.9	27	35000
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	36900
DCH-32	35mm	2.8 - 3.6	31	41500

Cotlook Index: As on 28/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	93.15	0.25

China Cotton Index: As on 29/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19173	9
CCIndex(527)	16556	3
CCIndex(229)	20422	3

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

USDA Cotton Spot Rates: As on 28/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.93	89.68	Nil
North Delta	87.43	88.43	Nil
South Delta	87.43	88.43	Nil
East TX-OK	84.00	86.75	751
West Texas	84.00	86.50	12,282
Desert SW	88.18	94.18	Nil
SJ Valley	88.68	99.08	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 28/12/2011

Contract	Open	High	Low	Close	Change
Mar-12	87.88	91.91	87.75	90.68	2.77
May-12	87.64	91.80	87.64	90.57	2.77
Jul-12	87.79	91.86	87.79	90.39	2.53
Oct-12	92.00	92.60	90.88	90.88	2.28
Dec-12	87.22	90.21	87.19	88.93	2.07
Mar 13	89.65	89.74	89.65	89.74	1.89

Pakistan Cotton Spot rates: As on 28/12/2011 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	130	5530
Equivalent	40 Kgs	5787	130	5917

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.