

Cotton Domestic Fundamentals:

Market sentiments remained mixed with Ahmadabad, Abohar and Muktsar remaining firm and Amravati ending lower and Kadi stood unchanged on Monday's trade. Arrivals in the key centers reported steady to weak despite Ahmadabad which reported higher arrivals at 50000 bags compared to 40000 bags arrivals from previous day. Farmers are still waiting better price of their holding stocks. Millers and exporters demand remained strong. Yarn demand remained strong as ginneries continued to buy in the market and yarn prices may continue improve due to the increased offtake in export and domestic markets. The cotton production 2011/12 season is likely to touch above 340 lakh bags as compared to 334 lakh bags last year and domestic consumption is likely to stay below 250 lakh bags in 2011/12 as per the latest estimation reached out by the cotton association of India. However, textile demand in international market is expected to be down on account of projected poor economic growth in 2011 and 2012 which may restrict uptrend in cotton price further.

Cotton International Fundamentals

Overall world cotton production is likely to increase against lower consumption in 2011/12, which may restrict global cotton prices to move up in future. However, increasing Chinese demand will be stronger fundamental support to boost up prices.

Egypt's Alexandria Cotton Exporters' Association has committed to sell 2,072 tonnes of cotton at the end of the week (31st Dec 2011).

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	32.60	821.70	847.70	821.70	847.7
Mar-12	24.60	821.10	841.70	821.10	841.7
Apr-12	29.90	822.00	849.00	822.00	847.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	70	19	56	-6
Mar-12	7	7	29	1
Apr-12	10100	4769	11052	-584

Spread	Feb-12	Mar-12	Apr-12
Basis	17.3	23.3	18
Feb-12		-6	-0.7
Mar-12			5.3
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	28.20	826.30	853.00	826.20	848.5
Apr-12	30.80	828.50	855.00	828.50	853.9

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	1464	900	586	35
Apr-12	1659	1088	887	-6

Spread	Mar-12	Apr-12
Basis	16.5	11.1
Mar-12		5.4
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	% Change	Open	High	Low	Close
Dec-11	-0.06	17300	17430	17100	17400
Jan-12	1.73	16880	17100	16830	17080
Mar-12	1.63	17280	17500	17240	17470

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	02-01-12	31-12-11	
Kadi – Bt Cotton#	4125-4325	4150-4325	Unch
Amravati – Vunni Mech-1#	3800-3950	3900-4100	-150
Ahmedabad – Shankar-6#	4250-4400	4250-4350	+50
Abhor – J-34*	3570	3540	+30
Muktsar – J-34*	3570	3540	+30

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	02-02-12	31-12-11	
Kadi –Bt Cotton	500	550	-50
Amravati –Vunni Mech-1	1000	1000	Unch
Ahmedabad – Shankar-6	50000	40000	+10000
Abohar	750	800	-50
Muktsar	400	400	Unch

Cotton Association of India Spot Rates: As on 30/12/2011

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 30/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	96.65	1.00

China Cotton Index: As on 30/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19177	4
CCIndex(527)	16559	3
CCIndex(229)	20422	0

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

USDA Cotton Spot Rates: As on 30/12/2011

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.80	90.55	630
North Delta	88.55	89.55	Nil
South Delta	88.55	89.55	390
East TX-OK	84.50	87.25	2122
West Texas	84.50	87.00	Nil
Desert SW	88.30	94.05	317
SJ Valley	89.80	100.20	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 30/12/2011

Contract	Open	High	Low	Close	Change
Mar-12	91.57	91.85	90.80	91.80	+0.17
May-12	91.70	91.70	90.49	91.68	+0.32
Jul-12	90.98	91.35	90.26	91.31	+0.33
Oct-12	90.65	90.65	90.65	90.65	+0.18
Dec-12	87.86	88.19	87.80	87.84	+0.02
Mar 13	88.51	88.51	88.51	88.51	+0.16

Pakistan Cotton Spot rates: As on 31/12/2011 (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

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