

**Cotton Domestic Fundamentals:**

Overall cotton prices moved up in the spot market on Monday due to rising demand against lower supply. On other hand, cotton prices are highly supported by international market. The arrivals in Ahmadabad remain unchanged at 50000 bags like previous day. Farmers are seeking for better price of their holding stocks. Millers and exporters demand remained strong. Yarn demand remained strong as ginner continued to buy in the market and yarn prices may continue improve due to the increased offtake in export and domestic market. Even, garment traders get active once again on firming up tone in yarn market.

**Cotton International Fundamentals**

USDA has estimated 15.83 million bales of total US cotton crop in 2011/2012 with upland production at 15.09 million bales and extra-long staple production at 737,000 bales and harvested area at 9.85 million acres.

The Karachi Cotton Association has set the official spot rate at 5,787 rupees per maund (40kg) on 2<sup>nd</sup> of Jan 2012 for the cotton variety - Grade 3 which has a staple length of 1-1/16"(inches) and micronaire value between 3.8 to 4.9 NCL(no control limits).

**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	18.30	860.00	880.00	854.60	866.0
Mar-12	32.50	856.10	870.00	856.00	870.0
Apr-12	16.10	855.00	877.80	851.00	863.1

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	80	10	54	-2
Mar-12	16	9	34	5
Apr-12	12675	2575	11381	329

Spread	Feb-12	Mar-12	Apr-12
Basis	6	2	8.9
Feb-12		4	-2.9
Mar-12			-6.9
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	18.00	853.00	877.50	853.00	866.0
Apr-12	17.60	859.00	882.50	856.30	869.3

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	2384	920	549	-37
Apr-12	2230	571	875	-12

Spread	Mar-12	Apr-12
Basis	6	2.7
Mar-12		3.3
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	1.40	17190	17480	17190	17410
Mar-12	1.08	17610	17900	17590	17770

## Cotton Prices at Key Spot Markets

Centre	Prices		Change
	03-01-12	02-01-12	
Kadi – Bt Cotton#	4125-4500	4125-4325	+175
Amravati – Vunni Mech-1#	4000-4150	3800-3950	+200
Ahmedabad – Shankar-6#	4300-4425	4250-4400	+25
Abhor – J-34*	3630	3570	+60
Muktsar – J-34*	3630	3570	+60

\*-Rs/maund, #-Rs.qtl

## Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	03-02-12	02-02-12	
Kadi –Bt Cotton	550	500	+50
Amravati –Vunni Mech-1	1000	1000	Unch
Ahmedabad – Shankar-6	50000	50000	Unch
Abohar	700	750	-50
Muktsar	350	400	-50

## Cotton Association of India Spot Rates: As on 02/01/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35200
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36100
J-34	25mm	3.5 - 4.9	23	31300
H-4/ MECH-1	28mm	3.5 - 4.9	25	33500
Shankar-6	29mm	3.5 - 4.9	26	35300
Bunny/ Brahma	31mm	3.5 - 4.9	27	35500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	36900
DCH-32	35mm	2.8 - 3.6	31	42500

## Cotlook Index: As on 30/12/2011

Cotlook Indices	Cents/Pound	Change
A-Index	96.65	1.00

## China Cotton Index: As on 31/12/2011

Index	RMB/Ton	Change
CCIndex(328)	19180	3
CCIndex(527)	16562	3
CCIndex(229)	20423	1s

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

<b>SJ Valley</b>	89.80	100.20	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 30/12/2011**

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

**Pakistan Cotton Spot rates: As on 02/01/2012 (in Pakistan Rupees)**

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

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