

**Cotton Domestic Fundamentals:**

Cotton prices remained firm in physical market on Thursday supported by strong demand. However, arrivals in the key markets reported up against previous day's arrivals. Ahmadabad's arrival stood up at 55000 lakh bags as compared to previous day arrivals at 50000 lakh bags. Millers and exporters demand remained strong. Yarn demand remained strong as ginner continued to buy and yarn prices may continue to its northward direction due to the increased offtake in export and domestic market. Increasing world cotton stocks may restrict cotton price to gain further.

**Cotton International Fundamentals**

World Cotton output is likely to increase around 8 % to 26.8 million tonnes in 2011/12 against total consumption which is expected to decline by 2.9% to 23.9 million tonnes, as recently released estimate by International Cotton Advisory Committee.

Industry participants expect 8% down of U.S cotton sowing area in 2012. They estimated 12 million to 13.5 million acres (4.9-5.5million hectares) from the previous year sowing i.e. 14.72 million acres.

**Outlook: Domestic and International**

**In the short term, domestic cotton prices are expected to down due to ample available stock.**

**U.S markets may trade bearish on expected higher crop area.**

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

Contract	+/-	Open	High	Low	Close
Feb-12	-15.30	862.00	865.70	850.00	852.7
Mar-12	-10.00	863.00	870.00	851.00	853.0
Apr-12	-19.00	868.00	872.90	846.00	851.2

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	61	-19	52	-2
Mar-12	25	9	32	-2
Apr-12	12910	235	12564	1183

Spread	Feb-12	Mar-12	Apr-12
Basis	39.3	39	40.8
Feb-12		0.3	-1.5
Mar-12			-1.8
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	-14.60	868.50	873.60	853.10	856.5
Apr-12	-16.10	877.90	877.90	855.60	860.5

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	1878	-506	620	71
Apr-12	1632	-598	993	118

Spread	Mar-12	Apr-12
Basis	35.5	31.5
Mar-12		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	0.56	17990	18230	17800	17910
Jan-12	0.74	17530	17960	17530	17640
Mar-12	-	-	-	-	-

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	04-01-12	03-01-12	
Kadi – Bt Cotton#	4125-4500	4125-4500	Unch
Amravati – Vunni Mech-1#	4100-4200	4000-4150	+50
Ahmedabad – Shankar-6#	4400-4525	4300-4425	+100
Abhor – J-34*	3690	3630	+60
Muktsar – J-34*	3690	3630	+60

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

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	04-02-12	03-02-12	
Kadi –Bt Cotton	350	550	-200
Amravati –Vunni Mech-1	1500	1000	+500
Ahmedabad – Shankar-6	55000	50000	+5000
Abohar	800	700	+100
Muktsar	250	350	-100

**Cotton Association of India Spot Rates: As on 03/01/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35400
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36300
J-34	25mm	3.5 - 4.9	23	31900
H-4/ MECH-1	28mm	3.5 - 4.9	25	34000
Shankar-6	29mm	3.5 - 4.9	26	35700
Bunny/ Brahma	31mm	3.5 - 4.9	27	36000
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	37100
DCH-32	35mm	2.8 - 3.6	31	42500

**Cotlook Index: As on 03/01/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	96.80	0.15

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

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

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

**USDA Cotton Spot Rates: As on 03/01/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	92.80	94.55	762
North Delta	92.30	93.30	949
South Delta	92.30	93.30	Nil
East TX-OK	87.50	90.25	Nil
West Texas	87.50	90.00	13472
Desert SW	92.30	98.05	2167

<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 03/01/2012**

Contract	Open	High	Low	Close	Change
<b>Mar-12</b>	92.25	95.80	91.85	91.80	+4.00
<b>May-12</b>	91.68	95.65	91.62	95.57	+3.89
<b>Jul-12</b>	91.75	95.19	91.21	95.16	+3.85
<b>Oct-12</b>	90.99	94.06	90.99	94.06	+3.41
<b>Dec-12</b>	88.00	90.98	87.91	90.95	+3.11
<b>Mar 13</b>	91.66	91.66	91.66	91.66	+3.15

**Pakistan Cotton Spot rates: As on 04/01/2012 (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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