

Cotton Domestic Fundamentals:

Cotton prices closed higher in the key markets despite opposite trend in Ahmadabad on Thursday. Lower supply against higher demand boosted cotton prices further. Secondly, 50,000 bags of cotton arrived in Ahmadabad which is down from the previous day arrivals at 55000 bags. Millers and exporters demand remained strong but overall India's cotton arrivals are decreasing especially in Maharashtra where farmers are holding their stocks as they expect that Government may hike MSP of Cotton crop.

Cotton International Fundamentals

China is likely to buy Cotton from Pakistan further to rebuild its state-reserves, which is expected to influence cotton prices in the international market. However, increase in world cotton stocks and lower world consumption may restrict prices to one way go.

According to Rhylander estimation, U.S. sowing is likely to covered 12.5 million acres in 2012 down over 15% from last year's sowing of 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	-2.70	845.00	851.50	833.00	849.6
Mar-12	-24.00	850.00	850.00	838.10	840.0
Apr-12	-2.70	850.00	851.50	830.20	847.4

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	45	-16	51	-1
Mar-12	7	-18	35	3
Apr-12	10996	-1914	12250	-314

Spread	Feb-12	Mar-12	Apr-12
Basis	40.4	50	42.6
Feb-12		-9.6	-2.2
Mar-12			7.4
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	-3.30	852.70	858.00	837.40	853.0
Apr-12	-4.60	856.60	867.00	840.40	855.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	1679	-705	640	91
Apr-12	1920	-310	1155	280

Spread	Mar-12	Apr-12
Basis	39	37
Mar-12		2
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	0.61	17720	17950	17650	17910
Jan-12	0.79	17700	17700	17430	17520
Mar-12	-	-	-	-	-

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	05-01-12	04-01-12	
Kadi – Bt Cotton#	4200-4600	4125-4500	+100
Amravati – Vunni Mech-1#	-	4100-4200	-
Ahmedabad – Shankar-6#	4350-4450	4400-4525	-75
Abhor – J-34*	3720	3690	+30
Muktsar – J-34*	3720	3690	+30

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	05-02-12	04-02-12	
Kadi –Bt Cotton	500	350	+150
Amravati –Vunni Mech-1	-	1500	-
Ahmedabad – Shankar-6	50000	55000	-5000
Abohar	650	800	-150
Muktsar	200	250	-50

Cotton Association of India Spot Rates: As on 04/01/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	36000
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37000
J-34	25mm	3.5 - 4.9	23	32400
H-4/ MECH-1	28mm	3.5 - 4.9	25	35000
Shankar-6	29mm	3.5 - 4.9	26	36200
Bunny/ Brahma	31mm	3.5 - 4.9	27	36500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	37600
DCH-32	35mm	2.8 - 3.6	31	43500

Cotlook Index: As on 04/01/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.35	3.55

China Cotton Index: As on 5/1/2011

Index	RMB/Ton	Change
CCIndex(328)	19189	6
CCIndex(527)	16586	20
CCIndex(229)	20429	4

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

USDA Cotton Spot Rates: As on 04/01/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	92.67	94.42	1119
North Delta	92.17	93.17	NIL
South Delta	92.17	93.17	Nil
East TX-OK	87.75	92.50	183
West Texas	87.75	90.25	5439
Desert SW	92.42	98.17	2167
SJ Valley	93.92	104.32	6102

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 04/01/2012

Contract	Open	High	Low	Close	Change
Mar-12	95.80	96.48	94.75	95.92	+0.12
May-12	95.38	96.02	94.42	95.72	+0.15
Jul-12	94.99	95.77	93.94	95.67	+0.51
Oct-12	94.67	94.67	94.67	94.67	+0.61
Dec-12	90.94	91.95	90.70	91.69	+0.74
Mar 13	92.39	92.39	92.39	92.39	+0.73

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