

Cotton Domestic Fundamentals:

Cotton prices traded with steady to firm sentiments in the cash market on Friday supported by higher miller's demand. Arrivals in all the key market has been reported slightly up compared to previous day's arrivals. However, the arrivals in Ahmadabad remain stood at 50,000 bales like a day ago. Textile mill group said that India's cotton production is expected to come down on account of unseasonal rain. According to D.K Nair (secretary-general of the Confederation of Indian Textiles Industry), India's production may come down in between 32.5 million bales to 33 million bales of 170kg per bales each in 2012. Andhra Pradesh and Maharashtra is the major impacted states where new crop is less as per the expectation due to bad weather despite higher areas. Hence, lower production estimates may boost cotton price to go up further.

Cotton International Fundamentals

West Africa region's major cotton exporters Ivory Coast has targeted to produce 260,000 tonnes of cotton in next season 2012/13 after an expectation to hit 240,000 tonnes of cotton in 2011/12 due to favorable weather condition. However, weather condition will be the main driving force for final production and coverage area.

Outlook: Domestic and International

In the short term, domestic cotton prices are expected to gain on the expectation of lower production estimates due to bad weather.

However, U.S markets may trade bearish on expectation of higher crop area.

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

Contract	+/-	Open	High	Low	Close
Feb-12	13.20	850.00	863.00	850.00	856.6
Mar-12	18.70	852.10	861.40	852.10	861.4
Apr-12	7.80	844.00	860.90	844.00	852.7

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	26	-19	48	-3
Mar-12	5	-2	36	1
Apr-12	7465	-3531	12213	-37

Spread	Feb-12	Mar-12	Apr-12
Basis	33.4	28.6	37.3
Feb-12		4.8	-3.9
Mar-12			-8.7
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	5.40	850.90	864.80	849.80	856.2
Apr-12	6.40	855.20	867.80	853.50	859.6

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	935	-744	616	-24
Apr-12	1094	-826	1123	-32

Spread	Mar-12	Apr-12
Basis	35.8	32.4
Mar-12		3.4
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	0.39	17830	18030	17740	17910
Jan-12	0.46	17500	17700	17380	17520
Mar-12	-	-	-	-	-

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	06-01-12	05-01-12	
Kadi – Bt Cotton#	4200-4600	4200-4600	Unch
Amravati – Vunni Mech-1#	4050-4100	-	-
Ahmedabad – Shankar-6#	4350-4450	4350-4450	Unch
Abhor – J-34*	3730	3720	10
Muktsar – J-34*	3730	3720	10

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	06-01-12	05-02-12	
Kadi –Bt Cotton	500	500	Unch
Amravati –Vunni Mech-1	1000	-	-
Ahmedabad – Shankar-6	50000	50000	Unch
Abohar	700	650	50
Muktsar	300	200	100

Cotton Association of India Spot Rates: As on 05/01/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35800
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36800
J-34	25mm	3.5 - 4.9	23	32200
H-4/ MECH-1	28mm	3.5 - 4.9	25	34500
Shankar-6	29mm	3.5 - 4.9	26	36000
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	43000

Cotlook Index: As on 05/01/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.35	Unch

China Cotton Index: As on 06/01/2012

Index	RMB/Ton	Change
CCIndex(328)	19190	1
CCIndex(527)	16598	12
CCIndex(229)	20436	7

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

USDA Cotton Spot Rates: As on 05/01/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	91.49	93.24	1505
North Delta	91.24	92.24	263
South Delta	91.24	92.24	Nil

East TX-OK	86.25	91.00	304
West Texas	86.25	91.75	5027
Desert SW	91.24	96.99	Nil
SJ Valley	92.74	103.14	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 05/01/2012

Contract	Open	High	Low	Close	Change
Mar-12	95.39	95.92	94.38	94.74	-1.18
May-12	95.05	95.67	94.18	94.48	-1.24
Jul-12	95	95.64	93.9	94.54	-1.13
Oct-12	93.79	93.79	93.77	93.79	-0.88
Dec-12	91.13	91.49	89.94	90.98	-0.71
Mar 13	91.56	91.83	91.56	91.83	-0.56

Pakistan Cotton Spot rates: As on 05/01/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	130	5580
Equivalent	40 Kgs	5787	130	5971

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