

Cotton Domestic Fundamentals:

Cotton prices witnessed mixed trend in the cash market on Saturday due to sluggish trade activities. Total arrivals in Ahmadabad stood at 50,000 bales which is same for last two to three days. Recent downward revision of cotton production in India by traders are lending support to the market sentiments though the situation is not yet clear. This might keep cotton prices volatile for short term.

However, relatively increase in carryover stocks might cap any aggressive gains for medium term. On demand front, greater buying interest by export houses and local ginners keeping in view the new crop season might lend underlying support to cotton prices at lower levels.

Cotton International Fundamentals

China is continuing buying cotton to rebuild its reserve. USDA forecasted that China would import 15.5 million bales of cotton in 2011/12 (August/July). It is expected that China's import activity should keep international prices firm for medium term perspectives.

Outlook: Domestic and International

We expect domestic as well as international cotton prices to go up in short term and trade activities might gain momentum at these levels.

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

Contract	+/-	Open	High	Low	Close
Feb-12	10.80	855.10	868.00	855.10	868.0
Mar-12	6.70	868.10	868.10	868.10	868.1
Apr-12	8.40	854.00	866.50	850.30	862.3

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	8	-18	47	-1
Mar-12	1	-4	37	1
Apr-12	6639	-826	11814	-399

Spread	Feb-12	Mar-12	Apr-12
Basis	13		
Feb-12		0.1	
Mar-12			-5.8
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	8.20	856.30	869.00	854.80	865.9
Apr-12	8.40	859.50	873.00	858.00	869.4

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	716	-219	617	1
Apr-12	950	-144	1115	-8

Spread	Mar-12	Apr-12
Basis	15.1	
Mar-12		3.5
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	-	-	-	-	-
Jan-12	-	-	-	-	-
Mar-12	-	-	-	-	-

*Prices not available.

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	07-01-12	06-01-12	
Kadi – Bt Cotton#	4200-4575	4200-4600	-25
Amravati – Vunni Mech-1#	4100-4150	4050-4100	50
Ahmedabad – Shankar-6#	4350-4450	4350-4450	Unch
Abhor – J-34*	3765	3730	35
Muktsar – J-34*	3765	3730	35

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	07-01-12	06-01-12	
Kadi –Bt Cotton	350	500	-150
Amravati –Vunni Mech-1	1500	1000	500
Ahmedabad – Shankar-6	50000	50000	Unch
Abohar	400	700	-300
Muktsar	150	300	-150

Cotton Association of India Spot Rates: As on 06/01/2012

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	32600
H-4/ MECH-1	28mm	3.5 - 4.9	25	34200
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 06/01/2012

Cotlook Indices	Cents/Pound	Change
A-Index	99.65	-0.70

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 06/01/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	92.61	94.36	Nil
North Delta	92.11	93.11	1060
South Delta	92.11	93.11	Nil
East TX-OK	86.25	91.00	592
West Texas	86.25	91.75	7875
Desert SW	89.36	95.11	Nil
SJ Valley	90.86	101.26	100

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	95.00	95.92	94.4	95.86	1.12
May-12	94.45	95.57	94.1	95.52	1.04
Jul-12	94.39	95.51	94.19	95.47	0.93
Oct-12	94.44	94.44	94.44	94.44	0.65
Dec-12	90.00	91.67	90.00	91.66	0.68
Mar 13	92.41	92.41	92.41	92.41	0.58

Pakistan Cotton Spot rates: As on 06/01/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	130	5630
Equivalent	40 Kgs	5894	130	6024

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