

Cotton Domestic Fundamentals:

Overall cotton markets ended up despite Kadi market which ended down by 375 points in the physical market on Monday. Exporters and local millers (ginners) were actively engaged in buying activities at the current level. The arrival in Ahmadabad reported higher at 60,000 bales compared to previous day arrival at 50,000 bales. 80% harvesting has been completed in Gujarat. Increasing kapas prices in cash market is encouraging farmers to release their stock in the market. On other hand, the demand of local millers and exporters are increasing day by day which is supporting cotton prices to increase further.

Cotton International Fundamentals

Prices moved higher after China's purchases to rebuild its reserves and a recent Pakistani announcement of a cotton buying program to help growers and ginners also may have helped to underpin prices.

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	34.50	887.80	896.40	887.00	896.4
Mar-12	18.00	888.40	894.20	886.10	886.1
Apr-12	34.50	868.90	896.80	868.90	896.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	50	42	48	1
Mar-12	6	5	34	-3
Apr-12	10596	3957	11397	-417

Spread	Feb-12	Mar-12	Apr-12
Basis	-61.4		
Feb-12		-10.3	
Mar-12			10.7
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	34.60	870.00	900.50	870.00	900.5
Apr-12	34.80	874.30	904.20	874.30	904.2

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	1642	926	773	156
Apr-12	2153	1203	1071	-44

Spread	Mar-12	Apr-12
Basis	-65.5	
Mar-12		3.7
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	2.75	18450	18800	18450	18700
Jan-12	2.07	18100	18450	18100	18280
Mar-12	-	-	-	-	-

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	07-01-12	07-01-12	
Kadi – Bt Cotton#	4150-4200	4200-4575	-375
Amravati – Vunni Mech-1#	4200-4700	4100-4150	550
Ahmedabad – Shankar-6#	4500-4625	4350-4450	175
Abhor – J-34*	3940	3765	175
Muktsar – J-34*	3850	3765	85

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	07-01-12	07-01-12	
Kadi –Bt Cotton	200	350	-150
Amravati –Vunni Mech-1	1500	1500	Unch
Ahmedabad – Shankar-6	60000	50000	10000
Abohar	750	400	350
Muktsar	250	150	100

Cotton Association of India Spot Rates: As on 07/01/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	36100
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37100
J-34	25mm	3.5 - 4.9	23	32900
H-4/ MECH-1	28mm	3.5 - 4.9	25	34400
Shankar-6	29mm	3.5 - 4.9	26	36000
Bunny/ Brahma	31mm	3.5 - 4.9	27	36200
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	37400
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 06/01/2012

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 07/01/2012 (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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