

Cotton Domestic Fundamentals:

Steady to firm sentiments has been continue featured in Cotton physical market on Tuesday on account of rising local millers demand against lower supplies. Farmers are holding their stocks as they expect that Government may hike MSP of Cotton crop. Resultantly, cotton arrivals in mandis are lower than expectation. Arrivals in Ahmadabad stood remain at 60,000 bales like a day ago. As of now, total arrival in India has been reported at 119 lakh bales down from the previous year' arrival which was reported at 148 lakh bales said by Cotton Advisory board. Tight supplies and improved millers demand may lead cotton prices further.

Cotton International Fundamentals

According to Cotton Advisory board, world cotton production of 2011/12 is likely to increase nearby %to 26.78% million tons compared to last year production i.e.24.87 in major growing countries like China, India, Pakistan, Australia and Turkey despite US cotton production which is likely to down by 13% due to dry weather.

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	-11.40	888.10	911.70	882.00	885.0
Mar-12	2.10	916.90	916.90	880.10	893.2
Apr-12	-13.80	896.80	911.20	878.00	883.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	100	50	55	7
Mar-12	10	4	38	4
Apr-12	14591	3995	11643	246

Spread	Feb-12	Mar-12	Apr-12
Basis	18		
Feb-12		8.2	
Mar-12			-10.2
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	-13.90	896.00	914.90	883.50	886.1
Apr-12	-14.50	897.00	917.00	886.40	889.2

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	2406	764	734	-39
Apr-12	2892	739	1075	4

Spread	Mar-12	Apr-12
Basis	16.9	
Mar-12		3.1
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
Jan-12	-2.84	18300	18300	17730	17760
Mar-12	-2.67	18700	18760	18140	18200
Apr-12	-2.63	18950	18980	18440	18500
May-12	-2.92	19150	19150	18640	18640

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	10-01-12	07-01-12	
Kadi – Bt Cotton#	4250-4700	4150-4200	500
Amravati – Vunni Mech-1#	4150	4200-4700	550
Ahmedabad – Shankar-6#	4460-4575	4500-4625	50
Abhor – J-34*	3960	3940	Unch
Muktsar – J-34*	3960	3850	110

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	10-01-12	07-01-12	
Kadi –Bt Cotton	350	200	-150
Amravati –Vunni Mech-1	1500	1500	Unch
Ahmedabad – Shankar-6	60000	60000	Unch
Abohar	650	750	100
Muktsar	300	250	50

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 09/01/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.35	-0.70

China Cotton Index: As on 10/01/2012

Index	RMB/Ton	Change
CCIndex(328)	19204	8
CCIndex(527)	16614	7
CCIndex(229)	20445	2

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

USDA Cotton Spot Rates: As on 09/01/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	92.69	94.44	1363
North Delta	92.19	93.19	275
South Delta	92.19	93.19	Nil
East TX-OK	86.75	91.50	3447
West Texas	86.75	92.25	6649
Desert SW	89.94	95.69	500
SJ Valley	91.44	101.84	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 09/01/2012

Contract	Open	High	Low	Close	Change
Mar-12	96	96.9	93.22	96.44	0.58
May-12	95.56	96.43	92.86	96.12	0.6
Jul-12	95.4	96.49	92.82	96.24	0.77
Oct-12	94.6	95.61	94.6	95.61	1.17
Dec-12	91.5	92.94	89.9	92.85	1.19
Mar 13	93	93.5	93	93.5	1.09

Pakistan Cotton Spot rates: As on 09/01/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	130	5680
Equivalent	40 Kgs	5948	130	6078

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