

Cotton Domestic Fundamentals:

- Weather continues to be a challenge in North-West region of India which delay picking and arrivals in Mandi. Weather forecast shows possibility of showers over Punjab and few selected pockets of Haryana and across North-West sector of India may delay harvest and eventually delay arrivals.
- Growers are holding their stocks this time especially from Maharashtra. Moving forward we expect gradual release of stocks from the growers with surge in domestic prices.
- Demand rationing could be seen at these higher levels which might lead to near term correction for short term.
- Cotton Advisory Board is schedule to have a meeting during next week and fair possibility is there to lower cotton production by 1 million bales from its earlier estimates of 35.6 million bales. Meanwhile, International Cotton Advisory Committee (ICAC) recently cut global production estimates to 24.9 million tons from last year production of 26.8 million tons.
- Downward revision of cotton production in India from its early estimates along with decline in total global cotton production is likely to keep long term fundamentals on encouraging note moving forward.

Cotton International Fundamentals

- Cotton prices at Pakistan stay steady due to weak demand from ginnners. Lack luster trade for textile and softening its bench mark market of New York weigh on the domestic market sentiments. Meanwhile global market is looking at China which soon will issue import quota of 1.1 million tons. Expectation of demand aiming fresh Chinese quota lend support to the global cotton prices for short term.

Outlook: Domestic and International

Long term outlook to stay firm but we expect near term intermittent correction in prices for short term. Any near term decline in cotton price is buying opportunity both in spot and futures.

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

Contract	+/-	Open	High	Low	Close
Feb-12	-17.70	986.40	986.40	947.40	947.40
Mar-12	-1.30	981.50	985.90	947.00	963.80
Apr-12	-20.10	990.00	1004.90	952.50	957.00

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	42	10	64	4
Mar-12	22	3	37	-1
Apr-12	14300	4903	10896	99

Spread	Feb-12	Mar-12	Apr-12
Basis	-30.00		
Feb-12		16.40	9.60
Mar-12			-7.00

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	-17.1	984.00	1005.00	957.70	963.90
Apr-12	-18.4	990.00	1008.30	961.10	967.00

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	3002	953	696	16
Apr-12	3105	281	1147	113

Spread	Mar-12	Apr-12
Basis	-46.90	
Mar-12		3.10
Apr-12		

NB: Spread was done by taking Average of Spot prices at Ahmedabad market for Shankar cotton.

Cotton Prices at Key Spot Markets

Centre	Prices		Change
	17-01-12	16-01-12	
Kadi – Bt Cotton	4325-4750	4300-4750	Unch
Amravati – Vunni Mech-1	4175	4200	-25
Ahmedabad – Shankar-6	4550-4625	4500-4600	+25
Abhor – J-34	4015	3950	+65
Muktsar – J-34	4015	3950	+65

Cotton Arrivals in Key Centers

Centre	Arrivals		Change
	17-01-12	16-01-12	
Kadi –Bt Cotton	350	250	+100
Amravati –Vunni Mech-1	800	800	Unch
Ahmedabad – Shankar-6	60000	60000	Unch
Abohar	450	250	+200
Muktsar	200	60	+140

Cotton Association of India Spot Rates: As on 16/01/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	37100
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	38100
J-34	25mm	3.5 - 4.9	23	34700
H-4/ MECH-1	28mm	3.5 - 4.9	25	36500
Shankar-6	29mm	3.5 - 4.9	26	37700
Bunny/ Brahma	31mm	3.5 - 4.9	27	37700
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	39000
DCH-32	35mm	2.8 - 3.6	31	46000

Cotlook Index: As on 16/01/2012

Cotlook Indices	Cents/Pound	Change
A-Index	99.85	-0.15

China Cotton Index: As on 17/01/2012

Index	RMB/Ton	Change
CCIndex(328)	19258	7
CCIndex(527)	16677	17
CCIndex(229)	20478	8

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

USDA Cotton Spot Rates: As on 13/01/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.72	92.47	457
North Delta	90.47	91.47	Nil
South Delta	90.47	91.47	Nil
East TX-OK	84.50	89.25	238
West Texas	84.75	90.25	3117
Desert SW	89.97	94.72	62
SJ Valley	90.47	100.87	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 13/01/2012

Contract	Open	High	Low	Close	Change
Mar-12	95.55	95.98	94.52	95.47	-0.22
May-12	95.07	95.55	94.13	95.08	-0.17
Jul-12	95.14	95.50	94.13	95.10	-0.16
Oct-12	94.65	94.65	94.65	94.65	-0.16
Dec-12	91.5	92.08	90.90	91.95	-0.12
Mar 13	92.65	92.65	92.65	92.65	-0.03

Pakistan Cotton Spot rates: As on 16/01/2012 (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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