

**Cotton Domestic Fundamentals:**

- No major change in fundamental featured on Thursday trade and cotton prices remain steady to firm in various trading centers. Relatively lower arrivals y-o-y continues to keep cotton prices at higher levels due to slow release by the growers.
- At the same time cotton arrivals in different trading centers seen improvement with respect to couple of days back as the prices continue to stay steady to firm. Growers are now slowly liquidating the stocks keeping in view steady prices and better return. We expect cotton arrivals to increase marginally from North Western region.
- Ahmedabad continues to remain the major trading centers as growers from Punjab, Haryana and Maharashtra bring their produce to Gujarat. Farmers are likely to bring their produce to the major trading centers as demand for cotton continue to stay firm during coming couple of days.
- Dry and cool weather favour cotton harvest across the nation and harvest is likely to complete by Feb. Dry weather forecast for coming couple of days might speed up cotton harvest and likely to encourage growers to bring their produce to the major trading centers moving forward.
- Demand for cotton stay firm in imp centers as greater buying interest by traders and ginneries resulted total off-take of cotton arrived in various mandi. Demand from the exporter is also stable which keeps cotton prices steady to firm. Moving forward we expect cotton prices to stay range bound with bullish bias.

**Cotton International Fundamentals**

- Cotton crop is suffering severe moisture stress in Latin American nations such as Brazil, Argentina and Paraguay due to prolong dry spell. This year rainfall halved during Dec – Jan rain compared to its normal resulting severe moisture stress. This is likely to lower cotton yield by nearly 10-15% from the drought affected area of these nations.
- Forecast of scattered rainfall during the weekend might be lifesaving to cotton but follow up rainfalls is needed by the crop. However, chance of follow up rainfall is low as per the current weather forecast which might pose threat to cotton from these nations.
- The same might underpin the market sentiments on international front and likely to keep cotton futures at ICE buoyant.

**Outlook: Domestic and International**

Concisely cotton price in domestic market is expected to stay firm at these levels on better demand. Meanwhile, raw cotton price at its bench mark market is likely to improve amid weather threat to Latin American crop.

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

Contract	+/-	Open	High	Low	Close
Feb-12	11.40	979.90	997.20	976.00	979.50
Mar-12	-9.60	1009.90	1011.10	987.90	987.90
Apr-12	-8.50	1002.90	1016.20	982.00	986.80

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	37	14	64	0
Mar-12	23	-10	34	1
Apr-12	16674	2748	11324	10

Spread	Feb-12	Mar-12	Apr-12
Basis	-70.00		
Feb-12		8.4	7.3
Mar-12			-1

**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	-5.50	1012.90	1020.90	986.00	991.00
Apr-12	-5.50	1011.20	1023.70	989.40	995.00

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	3173	746	796	158
Apr-12	3634	-5	1103	-23

Spread	Mar-12	Apr-12
Basis	-81.00	
Mar-12		4.00
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 (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	19-01-12	18-01-12	
Kadi – Bt Cotton	4325-4675	4250-4700	+25
Amravati – Vunni Mech-1	4150	4100-4125	+25
Ahmedabad – Shankar-6	4500-4600	4500-4600	Unch
Abhor – J-34	3950	3950	Unch
Muktsar – J-34	3950	3950	Unch

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	19-01-12	18-01-12	
Kadi –Bt Cotton (truck)	600	450	+150
Amravati –Vunni Mech-1	5000	1700	+3300
Ahmedabad – Shankar-6 (bales)	60000	60000	Unch
Abohar (bales)	800	600	+200
Muktsar (bales)	400	300	+100

**Cotton Association of India Spot Rates: As on 18/01/2012**

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	34600
H-4/ MECH-1	28mm	3.5 - 4.9	25	36200
Shankar-6	29mm	3.5 - 4.9	26	3700
Bunny/ Brahma	31mm	3.5 - 4.9	27	37500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	39000
DCH-32	35mm	2.8 - 3.6	31	47000

**Cotlook Index: As on 18/01/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	102.65	+2.40

**China Cotton Index: As on 19/01/2012**

Index	RMB/Ton	Change
CCIndex(328)	19278	15
CCIndex(527)	16696	8
CCIndex(229)	20503	22

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

**USDA Cotton Spot Rates: As on 18/01/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	92.78	94.53	1113
North Delta	92.53	93.53	Nil
South Delta	92.53	93.53	Nil
East TX-OK	86.50	91.25	1966
West Texas	86.75	92.25	6387
Desert SW	91.03	96.78	Nil
SJ Valley	92.53	102.93	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 18/01/2012**

Contract	Open	High	Low	Close	Change
Mar-12	98.16	98.16	95.80	97.53	-0.66
May-12	97.62	97.62	95.46	97.30	-0.41
Jul-12	97.42	97.42	95.15	97.00	-0.53
Oct-12	95.12	95.95	95.12	95.95	-0.70
Dec-12	93.00	93.20	91.40	92.80	-0.50
Mar 13	93.48	93.53	93.48	93.48	-0.47

**Pakistan Cotton Spot rates: As on 18/01/2012 (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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