

**Cotton Domestic Fundamentals:**

- Trading activities remain thin on Saturday with no clear direction. It remain range bound in most of the trading centers expect for Punjab where cotton prices decline by Rs 130 and more in Muktsar and Abohar. Decline in cotton prices is mainly attributed to improvement in cotton arrivals in these centers.
- Trading activity is likely to pick up again during next week as exporters might re-enter into the market for pending month end export obligation. At the same time demand from ginneries/mills will start slowly picking up as the prices corrected from its recent high.
- No marked change in arrivals can be seen in major trading centers as the growers are not willing to bring their produce at prevailing lower market prices and therefore releasing slowly their stocks. They might continue to hold cotton due to recent correction which might get reflected in the cotton prices during coming couple of days.

**Cotton International Fundamentals**

- Cotton near term futures at ICE improved significantly during the week end backed by un-expected strong USDA export sales report. USDA reported cotton sales reached 196,100 running bales in the week ended Jan. 12, with China taking half of those sales. At the same time report revealed that 22,500 new crop bales were sold and shipments improved to 251,100 running bales in the week.
- Chinese buying is expected during the next week as well before the Chinese Lunar Year to cover most of their requirement for Feb. This might lend underlying support to the cotton prices at global front.

**Outlook: Domestic and International**

Concisely cotton prices at domestic centers might stay range bound with weak for short term. However, it may find buying support at lower price quotes due to expectation of lower arrivals and possibility of Chinese buying to resurface again.

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

Contract	+/-	Open	High	Low	Close
Feb-12	-39.50	1017.90	1017.90	948.70	948.70
Mar-12	-40.10	990.00	990.00	963.90	963.90
Apr-12	-32.90	992.70	998.00	953.20	960.00

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	35	-2	63	-1
Mar-12	13	-10	35	1
Apr-12	15666	-1008	11134	-190

Spread	Feb-12	Mar-12	Apr-12
Basis	-54		
Feb-12		15.2	11.3
Mar-12			-4.0

**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	-28.00	985.30	1003.00	957.80	969.50
Apr-12	-29.10	990.00	1005.60	961.00	972.00

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	2623	-550	853	57
Apr-12	3455	-179	1280	177

Spread	Mar-12	Apr-12
Basis	-74.50	
Mar-12		2.50
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
	21-01-12	20-01-12	
Kadi – Bt Cotton	4250-4675	4325-4675	Unch
Amravati – Vunni Mech-1	4200	4150	+50
Ahmedabad – Shankar-6	4400-4500	4450-4500	Unch
Abhor – J-34	3800	3950	-150
Muktsar – J-34	3820	3950	-130

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	21-01-12	20-01-12	
Kadi –Bt Cotton (truck)	450	450	Unch
Amravati –Vunni Mech-1 (bales)	4000	5000	-1000
Ahmedabad – Shankar-6	65000	65000	Unch
Abohar (bales)	900	700	+200
Muktsar (bales)	600	400	+200

**Cotton Association of India Spot Rates: As on 20/01/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	36800
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37800
J-34	25mm	3.5 - 4.9	23	34400
H-4/ MECH-1	28mm	3.5 - 4.9	25	35500
Shankar-6	29mm	3.5 - 4.9	26	36900
Bunny/ Brahma	31mm	3.5 - 4.9	27	36800
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	38700
DCH-32	35mm	2.8 - 3.6	31	48000

**Cotlook Index: As on 20/01/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	102.45	+0.20

**China Cotton Index: As on 21/01/2012**

Index	RMB/Ton	Change
CCIndex(328)	19288	5
CCIndex(527)	16700	4
CCIndex(229)	20508	3

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

**USDA Cotton Spot Rates: As on 20/01/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	93.35	95.10	2801
North Delta	92.60	93.60	2729
South Delta	92.60	93.60	NIL
East TX-OK	87.00	91.75	843
West Texas	87.25	92.75	5521
Desert SW	92.10	97.85	800
SJ Valley	93.60	104.00	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 19/01/2012**

Contract	Open	High	Low	Close	Change
Mar-12	97.5	98.5	96.76	98.17	+0.64
May-12	97.21	98.25	96.53	97.99	+0.69
Jul-12	96.9	97.9	96.33	97.57	+0.57
Oct-12	96.53	96.53	96.53	96.53	+0.58
Dec-12	92	93.5	92	93.27	+0.47
Mar 13	93.94	93.94	93.94	93.94	+0.46

**Pakistan Cotton Spot rates: As on 20/01/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5600	130	5730
Equivalent	40 Kgs	6002	130	6132

1.00 PKR = 0.557127 INR (as on dated 21<sup>st</sup> Jan)

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