

**Cotton Domestic Fundamentals:**

Lack luster trade can be seen in different spot market due to tepid buying. Lack of aggressive buying and weak export demand continue to weigh on the market sentiments. Exporters are waiting for correction and already covered their near term requirement.

Domestic ginner/mills are slowly procuring cotton from Mandi and lack aggressive buying. Demand from handloom is stable. Lack of aggressive buying from all the section keeps domestic cotton prices almost range bound with marginal decline.

Government recently release 2<sup>nd</sup> advance estimate of cotton production. Production of cotton is estimated at 34.09 million bales (of 170 kg. bales). Higher cotton production estimates ensures better supply during current marketing year. However, growers may not be interested to sell cotton at subdued price levels negating any major price decline.

However, higher consumption anticipation by Cotton Advisory Board which is pegged at 21.6 million bales from its earlier estimate of 21 million bales might keep its long term bullish trend intact. Relatively greater demand by small- scale industries from the earlier 2 million bales to 2.4 million bales might lend underlying support to the prices at lower levels.

**Cotton International Fundamentals**

As per a survey conducted by Chinese National Cotton Market Monitoring System (NCMMS) cotton area for 2012 would decline significantly. The agency conducted a survey to know the planting intentions. Survey results show that planting area to decline by 8.2% compared to previous year. However, actual Chinese cotton planting acreage would be clear after March and any major decline in area may lead to subsequent lower Chinese production.

**Outlook: Domestic and International**

Concisely prices might correct for short term due to lukewarm buying interest. However, higher domestic consumption and anticipation of higher export during 2012 might keep medium to long term fundamentals on encouraging note.

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

Contract	+/-	Open	High	Low	Close
Feb-12	24.40	846.00	869.80	840.00	869.80
Mar-12	18.60	864.00	882.00	848.30	882.00
Apr-12	30.60	863.40	891.70	852.50	888.00

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

Contract	+/-	Open	High	Low	Close
Mar-12	25.50	857.00	876.90	846.30	876.90
Apr-12	25.90	872.00	889.90	856.10	889.90

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-12	10	-15	51	-13
Mar-12	20	-2	9	-20
Apr-12	12334	2980	8153	-1293

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	1253	-128	780	-213
Apr-12	2229	-68	944	-276

Spread	Feb-12	Mar-12	Apr-12
Basis	45		
Feb-12		18	12
Mar-12			-6

**NB:** Spread was done by taking avg spot prices at Ahmedabad market for Shankar cotton.

Spread	Mar-12	Apr-12
Basis	13.1	
Mar-12		13

**NB:** Spread was done by taking avg spot prices at Ahmedabad market for Shankar cotton.

## Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	3-2-12	2-2-12	
Kadi – Bt Cotton	4325-4575	4325-4575	Unch
Amravati – Vunni Mech-1	4100	4050-4075	+25
Ahmedabad – Shankar-6	4400-4475	4400-4500	-25
Abhor – J-34	3800	3820	-20
Muktsar – J-34	3800	3820	-20

## Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	3-2-12	2-2-12	
Kadi –Bt Cotton (truck)	250	450	-200
Amravati –Vunni Mech-1 (bales)	6000	5000	+1000
Ahmedabad – Shankar-6	60000	60000	Unch
Abohar (bales)	700	700	Unch
Muktsar (bales)	300	300	Unch

## Cotton Association of India Spot Rates: As on 2/02/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35700
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36700
J-34	25mm	3.5 - 4.9	23	33300
H-4/ MECH-1	28mm	3.5 - 4.9	25	34900
Shankar-6	29mm	3.5 - 4.9	26	36200
Bunny/ Brahma	31mm	3.5 - 4.9	27	36100
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	38100
DCH-32	35mm	2.8 - 3.6	31	48500

## Cotlook Index: As on 2/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	101.45	+0.20

## China Cotton Index: As on 3/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19353	15
CCIndex(527)	16753	13
CCIndex(229)	20570	9

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

## USDA Cotton Spot Rates: As on 2/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.46	90.21	4206
North Delta	87.71	88.71	NIL
South Delta	87.71	88.71	NIL
East TX-OK	83.25	88.00	1548
West Texas	83.50	89.00	3240
Desert SW	87.71	93.46	NIL
SJ Valley	88.71	99.11	250

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 2/02/2012**

Contract	Open	High	Low	Close	Change
Mar-12	93.40	94.88	92.69	94.21	+0.82
May-12	94.93	96.13	94.12	95.49	+0.70
Jul-12	95.99	97.15	95.33	96.56	+0.58
Oct-12	96.39	96.39	96.39	96.39	+0.58
Dec-12	94.10	95.15	94.00	95.06	+0.59
Mar 13	95.46	96.17	95.46	96.17	+0.85

**Pakistan Cotton Spot rates: As on 02/02/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5700	130	5830
Equivalent	40 Kgs	6109	130	6239

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
© 2005 Indian Agribusiness Systems Pvt Ltd.