

Cotton Domestic Fundamentals:

Cotton prices advanced on back of strong textiles millers demand on Saturday. However, demand from handloom is stable. Cotton Arrivals declined in market as farmers are not aggressively releasing their stocks at the current level.

The Cotton Advisory Board has reduced cotton harvest forecast for 2011-12 by 3%, or 1.1 million bales, to 34.5 million tons, against last year production to 32.5 million bales despite higher planting as diseases in the cotton crop had destroyed yield in key states majorly in Maharashtra.

Maharashtra's production may be 6.9 million bales in 2011-12, 19% lower than the 8.5 million bales estimated in November, while output in Andhra Pradesh may tumble by 13% from the forecast to 4.8 million bales said by textile commissioner.

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	7.20	880.00	880.00	877.00	877.0
Mar-12	25.60	890.00	890.90	890.00	890.5
Apr-12	12.00	898.00	903.00	890.10	895.4

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

Contract	+/-	Open	High	Low	Close
Mar-12	9.10	882.00	894.40	879.10	882.4
Apr-12	13.70	899.00	906.00	895.00	899.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	3	-7	57	6
Mar-12	4	-16	8	-1
Apr-12	4627	-7707	8080	-73

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	516	-737	758	-22
Apr-12	965	-1264	840	-104

Spread	Feb-12	Mar-12	Apr-12
Basis	3		
Feb-12		13.5	
Mar-12			4.9

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

Spread	Mar-12	Apr-12
Basis	-2.4	
Mar-12		17.4

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

Contract	% Change	Open	High	Low	Close
Jan-12	0.78	18050	18100	17800	18080
Mar-12	0.82	18300	18420	18300	18390
Apr-12	0.75	18750	18750	18750	18750
May-12	0.78	18050	18100	17800	18080

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	4-2-12	3-2-12	
Kadi – Bt Cotton	4325-4600	4325-4575	+25
Amravati – Vunni Mech-1	4100	4100	Unch
Ahmedabad – Shankar-6	4425-4500	4400-4475	+25
Abhor – J-34	3840	3800	+40
Muktsar – J-34	3840	3800	+40

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	4-2-12	3-2-12	
Kadi –Bt Cotton (truck)	250	250	Unch
Amravati –Vunni Mech-1 (bales)	4000	6000	-2000
Ahmedabad – Shankar-6	60000	60000	Unch
Abohar (bales)	600	700	-100
Muktsar (bales)	200	300	-100

Cotton Association of India Spot Rates: As on 3/02/2012

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	33500
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	48300

Cotlook Index: As on 3/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	101.90	+0.45

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 3/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.59	92.34	2005
North Delta	90.09	91.09	473
South Delta	90.09	91.09	428
East TX-OK	85.50	90.25	371
West Texas	85.75	91.25	3893
Desert SW	89.59	95.34	688
SJ Valley	90.84	101.24	50

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 3/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	95	97.86	94.12	96.34	2.13
May-12	95.9	98.56	95.51	97.48	1.99
Jul-12	97.29	98.85	96.79	98.45	1.89
Oct-12	98	98	98	98	1.61
Dec-12	95	96.9	94.75	96.38	1.32
Mar 13	96.36	97.56	96.36	97.56	1.39

Pakistan Cotton Spot rates: As on 03/02/2012 (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

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