

Cotton Domestic Fundamentals:

Steady to weak sentiments featured in the cotton spot market on Saturday due to lackluster demand. Overall dull trade activities witnessed in the market. 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.

Even, 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 may trade in range bound to weak during the week ahead.

NCDEX Kapas Futures: (Prices in Rs/20/kg)						MCX Kapas Futures: (Prices in Rs/20/kg)					
Contract	+/-	Open	High	Low	Close	Contract	+/-	Open	High	Low	Close
Feb-12	0	0	875.2	0	0	Mar-12	8.4	891.6	906.9	891.6	896.9
Mar-12	19.7	899.8	899.8	899.8	19.7	Apr-12	8	912	927.8	911.2	916.7
Apr-12	9	902.3	920	898.2	9						

Volumes and OI in Lots					Volumes and OI in Lots				
Contract	Volume	Change	OI	Change	Contract	Volume	Change	OI	Change
Feb-12	10	-15	51	-13	Mar-12	221	-718	685	-22
Mar-12	20	-2	9	-20	Apr-12	479	-1385	733	-75
Apr-12	-	-	-	-					

Spread	Feb-12	Mar-12	Apr-12	Spread	Mar-12	Apr-12
Basis	12.2			Basis	-6.9	
Feb-12		-24.6		Mar-12		-19.8
Mar-12			-9.6	NB: Spread was done by taking avg spot prices at Ahmedabad market for Shankar cotton.		

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Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	11-02-12	10-02-12	
Kadi – Bt Cotton	4250-4575	4325-4575	Unch
Amravati – Vunni Mech-1	4075	4100	-25
Ahmedabad – Shankar-6	4400-4475	4400-4475	Unch
Abhor – J-34	3850	3860	-10
Muktsar – J-34	3850	3860	-10

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	11-02-12	10-02-12	
Kadi –Bt Cotton (truck)	450	350	+100
Amravati –Vunni Mech-1 (bales)	6000	6000	Unch
Ahmedabad – Shankar-6	50000	50000	Unch
Abohar (bales)	800	800	Unch
Muktsar (bales)	350	400	-50

Cotton Association of India Spot Rates: As on 10/02/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35300
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36300
J-34	25mm	3.5 - 4.9	23	34100
H-4/ MECH-1	28mm	3.5 - 4.9	25	34700
Shankar-6	29mm	3.5 - 4.9	26	36200
Bunny/ Brahma	31mm	3.5 - 4.9	27	36500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	49000

Cotlook Index: As on 10/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	99.75	-2.00

China Cotton Index: As on 10/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19472	+6
CCIndex(527)	16848	+20
CCIndex(229)	20685	+13

USDA Cotton Spot Rates: As on 10/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.86	86.61	NIL
North Delta	84.36	85.36	NIL
South Delta	84.36	85.36	NIL
East TX-OK	80.25	85.00	1286
West Texas	80.50	86.00	1743
Desert SW	83.86	89.61	NIL
SJ Valley	85.11	95.51	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 10/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	91.12	91.46	89.99	90.61	+0.23
May-12	93.49	93.49	91.62	92.06	+0.18
Jul-12	94.45	94.71	93.10	93.57	+0.12
Oct-12	93.77	93.77	93.77	93.77	+0.12
Dec-12	92.75	94.50	92.43	92.97	+0.09
Mar 13	94.07	94.07	94.07	94.07	+0.02

Pakistan Cotton Spot rates: As on 09/02/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5800	130	5930
Equivalent	40 Kgs	6216	130	6346

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