

Cotton Domestic Fundamentals:

A weak tone is featured in cotton spot market on account of dull trade activity. Apart from dull trade activities, the pace of arrivals is also slow as farmers are waiting a hike in cotton prices. Even, exporters are waiting for correction and already covered their near term requirement. Domestic ginners/mills are slowly procuring cotton from mandi and lack aggressive buying. Lack of aggressive buying from all the section keeps domestic cotton prices almost range bound with marginal 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

According to the National Cotton Council forecast, U.S crop sowing is likely to decrease by 7.5 from the last year 2011 as forecasted by the National Cotton Council. As cotton prices is down compare to others crop like corn, soybean and peanuts said by NCC vice president.

According to China National Corp, China imports slumped by 59% from the previous month. At the end of January, China cotton imports stood down by 17% to 326,500 tonnes compared to previous year.

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	-33.60	828.00	830.00	819.50	820.00
Mar-12	-21.10	855.00	855.00	855.00	855.00
Apr-12	-14.10	874.30	882.80	849.00	863.20

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-12	27	13	36	-20
Mar-12	2	-4	10	-1
Apr-12	8994	1522	8464	573

Spread	Feb-12	Mar-12	Apr-12
Basis	56.00		
Feb-12		-35.00	
Mar-12			-8.20

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

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

Contract	+/-	Open	High	Low	Close
Mar-12	-13.20	866.50	874.80	844.00	855.00
Apr-12	-15.20	886.80	890.40	856.50	869.90

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	654	50	778	49
Apr-12	1745	492	852	58

Spread	Mar-12	Apr-12
Basis	21.00	
Mar-12		-14.90

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

Contract	% Change	Open	High	Low	Close
30-Mar-12	-0.79	17830	17850	17550	17690
30-Apr-12	-0.93	18160	18200	17910	18020
31-May-12	-1.24	18500	18520	18300	18350

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	14-02-12	13-02-12	
Kadi – Bt Cotton	4250-4575	4250-4575	Unch
Amravati – Vunni Mech-1	4025-4050	4025-4050	Unch
Ahmedabad – Shankar-6	4360-4400	4350-4450	-50
Abhor – J-34	3770	3825	-55
Muktsar – J-34	3770	3825	-55

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	14-02-12	13-02-12	
Kadi –Bt Cotton (truck)	250	300	-150
Amravati –Vunni Mech-1 (bales)	5000	7000	-2000
Ahmedabad – Shankar-6	60000	50000	+10000
Abohar (bales)	1000	850	+150
Muktsar (bales)	400	400	Unch

Cotton Association of India Spot Rates: As on 13/02/2012

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	34900
Shankar-6	29mm	3.5 - 4.9	26	36000
Bunny/ Brahma	31mm	3.5 - 4.9	27	36200
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	49000

Cotlook Index: As on 13/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	99.75	Unch

China Cotton Index: As on 14/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19506	+31
CCIndex(527)	16889	+29
CCIndex(229)	20718	+22

USDA Cotton Spot Rates: As on 13/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.77	88.02	581
North Delta	85.27	86.27	NIL
South Delta	85.27	86.27	NIL
East TX-OK	81.25	86.00	749
West Texas	81.50	87.00	862
Desert SW	84.77	90.52	400
SJ Valley	86.02	96.42	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 13/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	90.86	93.05	90.62	91.52	+0.91
May-12	92.14	94.18	91.78	92.54	+0.48
Jul-12	93.28	95.50	93.21	94.02	+0.45
Oct-12	94.47	94.47	94.47	94.47	+0.70
Dec-12	92.75	94.99	92.75	93.64	+0.67
Mar 13	95.37	95.55	94.74	94.74	+0.67

Pakistan Cotton Spot rates: As on 13/02/2012 (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

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.