

Cotton Domestic Fundamentals:

The cotton prices dropped in the spot market on Wednesday on account of sluggish trading activities. Domestic millers are using their procured stocks and further waiting for better prices. Meanwhile, exporters are slowing down as waiting for better prices. On other hand, farmers are unwilling to sell their crop at the current price. However, bearish market sentiments will remain in the market.

Yarn export is registered down by 4.65% to 79.14 million kgs during the month of January'12 against December'11 recorded at 83 million kgs. As on date 12th Feb 2012, total arrival in India registered at 197.69 lakh bales lower compared to 213.53 lakh bales during the corresponding period 2011.

Cotton International Fundamentals

US production estimate stood down by 13.4% to 15.67 million bales compared to 18.1 million bales of last year. Higher production estimate and lower domestic use may cause to fall worlds cotton price further. However, export is rising which may support cotton price from the one sided fall.

Outlook: Domestic and International

The cotton prices are expected to trade range bound with weak bias in upcoming week as millers and exporters are slowing down their buying and it is likely to continue even in the next week.

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	18.30	825.00	840.00	825.00	840.00	Mar-12	8.70	857.00	874.00	847.10	862.10
Mar-12	11.50	861.00	870.00	841.60	866.50	Apr-12	10.80	870.00	890.00	859.00	878.50
Apr-12	13.90	867.00	883.20	851.00	874.10						

Volumes and OI in Lots					Volumes and OI in Lots				
Contract	Volume	Change	OI	Change	Contract	Volume	Change	OI	Change
Feb-12	2	-25	35	-1	Mar-12	551	-103	745	-33
Mar-12	17	15	12	2	Apr-12	918	-827	839	-13
Apr-12	7091	-1903	7825	-639					

Spread	Feb-12	Mar-12	Apr-12	Spread	Mar-12	Apr-12
Basis	20.00			Basis	-2.10	
Feb-12		-26.50		Mar-12		-16.40
Mar-12			-7.60			

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

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MCX Cotton Futures (29 mm Variety): Prices in Bales

Contract	% Change	Open	High	Low	Close
30-Mar-12	0.62	17750	17840	17590	17800
30-Apr-12	0.83	18070	18180	17930	18160
31-May-12	0.82	18350	18540	18300	18500

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	15-02-12	14-02-12	
Kadi – Bt Cotton	4250-4550	4250-4575	-25
Amravati – Vunni Mech-1	4000	4025-4050	-50
Ahmedabad – Shankar-6	4250-4350	4360-4400	-50
Abhor – J-34	3745	3770	-25
Muktsar – J-34	3745	3770	-25

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	15-02-12	14-02-12	
Kadi –Bt Cotton (truck)	150	250	-100
Amravati –Vunni Mech-1 (bales)	7000	5000	+2000
Ahmedabad – Shankar-6	60000	60000	Unch
Abohar (bales)	1000	1000	Unch
Muktsar (bales)	450	400	+50

Cotton Association of India Spot Rates: As on 14/02/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	35000
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36000
J-34	25mm	3.5 - 4.9	23	33700
H-4/ MECH-1	28mm	3.5 - 4.9	25	34700
Shankar-6	29mm	3.5 - 4.9	26	35800
Bunny/ Brahma	31mm	3.5 - 4.9	27	36000
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	49000

Cotlook Index: As on 14/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.25	+0.50

China Cotton Index: As on 15/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19522	+16
CCIndex(527)	16894	+5
CCIndex(229)	20757	+39

USDA Cotton Spot Rates: As on 14/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.00	89.25	1843
North Delta	86.00	87.00	NIL
South Delta	86.00	87.00	NIL
East TX-OK	81.25	86.00	1026
West Texas	81.50	87.00	764
Desert SW	85.50	91.25	NIL
SJ Valley	86.75	97.15	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 14/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	91.45	92.34	91.00	92.25	+0.73
May-12	92.60	93.09	91.96	92.84	+0.30
Jul-12	94.13	94.45	93.19	93.96	-0.06
Oct-12	94.26	94.26	94.26	94.26	-0.21
Dec-12	93.77	94.05	93.00	93.48	-0.16
Mar 13	95.12	95.12	94.06	94.29	-0.45

Pakistan Cotton Spot rates: As on 14/02/2012 (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

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