

Cotton Domestic Fundamentals:

A firm tone featured in cotton spot market on Thursday as reflected that sellers are holding back their stocks against demand. Because, producers are remain waiting for better price. Consequently, the pace of arrivals is reducing in the market. Even, NCDEX future prices of April month ended up at profit booking by short sellers. In forward, we can assume prices continue to dip until fresh export demands get visible. Currently, 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 2nd advance estimate of cotton production. Production of cotton is estimated at 340 lakh bales down from its earlier estimate 345 lakh bales. However, it is remained up compared from previous year production estimate at 330 lakh bales.

Cotton International Fundamentals

Mills in Karachi have already bought 11.6 million assorted grades, which is reducing demand. Pakistan has totaled arrival approx. 13.60 million bales of crop season 2011/12 as of now.

Outlook: Domestic and International

We expect that price may trade in range bound on unsupportive buying of domestic millers as well as exporters.

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	-10.50	808.10	825.00	808.10	822.00	Mar-12	-7.30	856.40	869.80	853.30	858.10
Mar-12	-2.20	860.00	860.00	857.90	858.00	Apr-12	-4.70	876.10	886.80	869.50	877.50
Apr-12	-5.90	866.10	879.90	862.50	870.00						

Volumes and OI in Lots					Volumes and OI in Lots				
Contract	Volume	Change	OI	Change	Contract	Volume	Change	OI	Change
Feb-12	6	4	33	-2	Mar-12	390	-161	747	2
Mar-12	3	-14	10	-2	Apr-12	792	-126	850	11
Apr-12	5012	-2079	7943	118					

Spread	Feb-12	Mar-12	Apr-12	Spread	Mar-12	Apr-12
Basis	48.00			Basis	11.90	
Feb-12		-36.00		Mar-12		-19.40
Mar-12			-12.00			

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

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

Contract	% Change	Open	High	Low	Close
30-Mar-12	-0.39	17750	17820	17650	17750
30-Apr-12	-0.61	18050	18160	18000	18050
31-May-12	-0.65	18010	18470	18010	18380

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	16-02-12	15-02-12	
Kadi – Bt Cotton	4250-4550	4250-4550	Unch
Amravati – Vunni Mech-1	-	4000	-
Ahmedabad – Shankar-6	4300-4400	4250-4350	+50
Abhor – J-34	3750	3745	+5
Muktsar – J-34	3750	3745	+5

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	16-02-12	15-02-12	
Kadi –Bt Cotton (truck)	150	150	Unch
Amravati –Vunni Mech-1 (bales)	-	7000	-
Ahmedabad – Shankar-6	60000	60000	Unch
Abohar (bales)	650	1000	-350
Muktsar (bales)	200	450	-250

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 15/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.45	+0.20

China Cotton Index: As on 16/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19537	+15
CCIndex(527)	16902	+8
CCIndex(229)	20770	+13

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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