

Cotton Domestic Fundamentals:

Steady to firm tone witnessed in the cash cotton market on Tuesday on some supportive buying activity. Arrivals were reportedly steady or slightly higher at most of the key centers. The cotton prices are expected gain further as exporters are comfortable buying at the prevailing price. Domestic ginners/mills are slowly procuring cotton from mandi, which is restricting cotton price to go up.

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

According to the National Cotton Council's survey results, the upland cotton sowing area in 2012 is likely to decline by 7.5% to 13.34mn acres compared from the last year 2011. Alabama and Virginia are the major state, where farmers are expected to reduce cotton sowing area by 17.6% and 16% respectively as farmers are switching into soybean, peanuts and corn.

Outlook: Domestic and International

We can see steady to firm movement of cotton prices during upcoming days as reversal buying activities of exporter is likely to start.

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
Mar-12	9.4	868	868	868	868	Mar-12	-5.2	870.1	877	856.5	863.5
Apr-12	-4.6	884	890	868.4	875.3	Apr-12	-3.2	885	895	874.1	880.8

Volumes and OI in Lots					Volumes and OI in Lots				
Contract	Volume	Change	OI	Change	Contract	Volume	Change	OI	Change
Mar-12	1	-5	32	1	Mar-12	350	-40	734	-13
Apr-12	0	-3	9	0	Apr-12	638	-154	830	-20
May-12	6113	1101	8115	6113					

Spread	Apr-12	May-12	Jun-12
Basis			
Mar-12			
Apr-12			

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Basis		
Mar-12		

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

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

Contract	% Change	Open	High	Low	Close
30-Mar-12	-0.79	17850	17850	17660	17800
30-Apr-12	-0.77	18120	17970	17980	18120
31-May-12	-0.71	18400	18450	18300	18300

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	21-02-12	18-02-12	
Kadi – Bt Cotton	4325-4550	4250-4550	Unch
Amravati – Vunni Mech-1	4050	4000	+50
Ahmedabad – Shankar-6	4250-4425	4250-4400	+25
Abhor – J-34	3745	3745	Unch
Muktsar – J-34	3745	3745	Unch

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	21-02-12	18-02-12	
Kadi –Bt Cotton (truck)	350	250	+100
Amravati –Vunni Mech-1 (bales)	3000	6000	-3000
Ahmedabad – Shankar-6	60000	55000	+5000
Abohar (bales)	450	450	Unch
Muktsar (bales)	150	150	Unch

Cotton Association of India Spot Rates: As on 18/02/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	34700
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	35700
J-34	25mm	3.5 - 4.9	23	33600
H-4/ MECH-1	28mm	3.5 - 4.9	25	34600
Shankar-6	29mm	3.5 - 4.9	26	35600
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 20/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.00	-1.00

China Cotton Index: As on 21/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19572	+2
CCIndex(527)	16943	+5
CCIndex(229)	20818	+3

USDA Cotton Spot Rates: As on 17/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.40	89.65	NIL
North Delta	86.65	87.65	NIL
South Delta	86.65	87.65	NIL
East TX-OK	82.50	87.25	1798
West Texas	82.75	88.25	923
Desert SW	84.90	90.65	NIL
SJ Valley	86.15	96.55	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 17/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	92.45	93.27	91.31	91.45	-1.00
May-12	93.71	94.29	92.39	92.65	-1.06
Jul-12	93.98	95.35	93.60	93.65	-1.21
Oct-12	95.85	95.85	94.46	94.46	-0.82
Dec-12	93.57	94.24	92.50	92.62	-1.10
Mar 13	94.77	94.78	93.47	93.47	-1.05

Pakistan Cotton Spot rates: As on 20/02/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	130	5630
Equivalent	40 Kgs	5894	130	6024

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