

**Cotton Domestic Fundamentals:**

Cotton prices declined in most of the trading centers due to reduced demand at higher price levels. Importers, ginner and handloomers are adopting cautious approach to go for aggressive buying this time. At the same time no major export orders are pending to lend any additional support to cotton prices.

Keeping in view the recent bailout package for Greece and positive indications from the EU economy and Euromart nations to increase cotton export by nearly 20% from India, Pakistan and other Asian nations during the current year, we expect cotton prices to stay steady to firm for medium term.

However, price correction is needed at these levels to fetch importers attention. Stiff competition from Pakistan during recent period results into demand switch from India to Pakistan.

**Cotton International Fundamentals**

Cotton crop in South American nations such as Paraguay and Argentina is facing severe drought during current period. Yield is estimated to decline as high as 60 to 70% in Paraguay as reported by the state government. Yield of 300 to 400 kg/ha is estimated for current crop as against the normal yield of 1800 kg/ha indicating marked decline in Paraguay. Total area planted in Paraguay was at 70,000 ha. Similarly the situation is also worsening in Argentina with production to decline by nearly 8-10% as per an estimate.

However, record production from India and Pakistan to the tune of 340 lakh bales and 143 lakh bales respectively could ensure adequate supply to the global trade chain off-setting any major decline from the Latin American nations. This is likely to limit excessive gains in the world market in general and domestic market in specific.

**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/g)**

Contract	+/-	Open	High	Low	Close
Mar-12	-	-	-	-	-
Apr-12	<b>-2.80</b>	868.50	873.00	855.50	872.00

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

Contract	+/-	Open	High	Low	Close
Mar-12	<b>-1.30</b>	857.50	861.40	846.80	860.00
Apr-12	<b>-3.40</b>	875.00	879.40	865.00	877.40

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	-	3	9	9
Apr-12	8,189	8221	9130	8643

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	362	12	677	-57
Apr-12	730	92	793	-37

**Spread**
**March-12**
**April-12**

Basis  
March-12

-17

**Spread**
**March-12**
**April-12**

Basis

-21.3

March-12

20

**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
	22-02-12	21-02-12	
Kadi – Bt Cotton	4200-4510	4325-4550	-40
Amravati – Vunni Mech-1	4000	4050	-50
Ahmedabad – Shankar-6	4100-4300	4250-4425	-125
Abhor – J-34	3545	3745	-200
Muktsar – J-34	3570	3745	-175

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	22-02-12	21-02-12	
Kadi –Bt Cotton (truck)	450	350	+100
Amravati –Vunni Mech-1 (bales)	3000	3000	Unch
Ahmedabad – Shankar-6	55000	60000	-5000
Abohar (bales)	500	450	+50
Muktsar (bales)	500	150	+350

**Cotton Association of India Spot Rates: As on 21/02/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	34500
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	35500
J-34	25mm	3.5 - 4.9	23	32800
H-4/ MECH-1	28mm	3.5 - 4.9	25	33900
Shankar-6	29mm	3.5 - 4.9	26	35400
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	48800

**Cotlook Index: As on 21/02/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	100.10	+0.10

**China Cotton Index: As on 22/02/2012**

Index	RMB/Ton	Change
CCIndex(328)	19579	+7
CCIndex(527)	16957	+14
CCIndex(229)	20826	+8

RMB - Renminbi, 1RMB = 0.16 \$U.S.

**USDA Cotton Spot Rates: As on 21/02/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.72	89.97	NIL
North Delta	86.97	87.97	NIL
South Delta	86.97	87.97	NIL
East TX-OK	83.25	88.00	1626
West Texas	83.50	89.00	2665
Desert SW	85.22	90.97	NIL
SJ Valley	86.47	96.87	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 21/02/2012**

Contract	Open	High	Low	Close	Change
Mar-12	91.86	92.24	91.12	91.25	-0.20
May-12	92.65	93.79	92.46	92.97	+0.32
Jul-12	93.91	94.98	93.55	94.32	+0.67
Oct-12	95.04	95.16	95.04	95.16	+0.70
Dec-12	92.72	93.96	92.56	93.31	+0.69
Mar 13	94.29	94.68	94.18	94.34	+0.87

**Pakistan Cotton Spot rates: As on 21/02/2012 (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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