

Cotton Domestic Fundamentals:

Lack luster trading could be seen in majority of the market due to lower demand at these price levels. Arrival was seen improving from Amravati, Kadi and Abohar on Thursday. Ginners and handlooms are waiting for more correction in prices to go for aggressive buying.

Moving forward we expect cotton prices to stay range bound with growers' intention to sell cotton in major trading centers in case any near term price rise. At the same time importers are waiting for prices to correct. We expect cotton demand to stay weak in near term.

Cotton International Fundamentals

Weak economic data from EU and China pounding pressure in the international prices. Worry over weak demand from major cotton consuming nations in one hand and lower Latin American supply on the other might keep international cotton prices sideways.

Meanwhile, Pakistan is competing with India as the lint price of Pakistani cotton is cheapest in the world and exporters are enquiring fine quality of lint from Pakistan. This results into diversion of demand from India to Pakistan.

Outlook: Domestic and International

Considering domestic as well as international factors we expect domestic cotton price is likely to stay range bound for short term. Any immediate rise might be a selling opportunity in spot market.

NCDEX Kapas Futures: (Prices in Rs/20/g)

Contract	+/-	Open	High	Low	Close
Mar-12	-	-	-	-	-
Apr-12	0.30	865.10	880.50	861.00	871.00

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

Contract	+/-	Open	High	Low	Close
Mar-12	0.10	854.00	866.00	851.00	859.10
Apr-12	-3.60	870.6	882.00	866.60	873.10

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	-	-	9	0
Apr-12	6482	-1707	9232	102

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	487	125	623	-54
Apr-12	704	-26	785	-8

Spread

	March-12	April-12
Basis	-31	
March-12		

Spread

	March-12	April-12
Basis	-19.10	
March-12		14

NB: Spread was done by taking avg spot prices at Ahmedabad market for Shankar cotton. Basis = Spot - April

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

Contract	% Change	Open	High	Low	Close
30-Mar-12	-1.02	17650	17650	17450	17470
30-Apr-12	-1.06	17970	17970	17760	17790
31-May-12	-1.31	18200	18200	18080	18080

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	23-02-12	22-02-12	
Kadi – Bt Cotton	4000-4450	4200-4510	+40
Amravati – Vunni Mech-1	3950	4000	-50
Ahmedabad – Shankar-6	4100-4300	4100-4300	Unch
Abhor – J-34	3560-3585	3545	+40
Muktsar – J-34	3590	3570	+20

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	23-02-12	22-02-12	
Kadi –Bt Cotton (truck)	550	450	+100
Amravati –Vunni Mech-1 (bales)	6000	3000	+3000
Ahmedabad – Shankar-6	55000	55000	Unch
Abohar (bales)	600	500	+100
Muktsar (bales)	400	500	-100

Cotton Association of India Spot Rates: As on 22/02/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33800
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34800
J-34	25mm	3.5 - 4.9	23	31800
H-4/ MECH-1	28mm	3.5 - 4.9	25	33600
Shankar-6	29mm	3.5 - 4.9	26	35100
Bunny/ Brahma	31mm	3.5 - 4.9	27	35700
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	48800

Cotlook Index: As on 22/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.25	+0.15

China Cotton Index: As on 23/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19618	+39
CCIndex(527)	16968	+11
CCIndex(229)	20866	+40

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

USDA Cotton Spot Rates: As on 22/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.28	87.53	225
North Delta	84.53	85.53	NIL
South Delta	84.53	85.53	NIL
East TX-OK	81.25	86.00	937
West Texas	81.50	87.00	3672
Desert SW	82.78	88.53	NIL
SJ Valley	84.03	94.43	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 22/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	91.20	91.65	88.50	88.57	-2.68
May-12	93.00	93.45	90.45	90.53	-2.44
Jul-12	94.32	94.75	91.82	91.88	-2.44
Oct-12	92.70	92.70	92.70	92.70	-2.46
Dec-12	93.30	93.99	91.12	91.19	-2.12
Mar 13	93.76	93.76	92.25	92.25	-2.09

Pakistan Cotton Spot rates: As on 22/02/2012 (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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