

## Cotton Domestic Fundamentals:

Cotton prices declined in most of the trading centers due to weak demand from the ginners and handlooms. They are now taking cautious approach to go for active cotton purchase and expecting prices to decline further.

Meanwhile exporters are not seen active and import demand from China and other nations was seen low during the recent period. Domestic market also derived bearish cues from the bench mark ICE futures which recently plunged down.

Expectation of lower demand from EU, China and other destinations we expect export demand to stay weak in near term. The same might weight on the market sentiments for short term.

## Cotton International Fundamentals

USDA recently pegged upland cotton area for 2012-12 planting season to 13 million acres, up by 1 million acres from previous estimates. However USDA projection is lower compared to National Cotton Council's estimates of 13.6 million acres. National Council forecast includes mid-land and low- land cotton as well and not just upland.

Higher acreage estimates for the coming planting season shall ensures better supply of cotton from US and should add to the global supply especially when the supply is more this year compared to demand. This would keep ICE futures under pressure for short to medium term.

## Outlook: Domestic and International

Keeping view the current weak fundamentals and no major export deal we expect cotton prices to reel under pressure for short term.

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

Contract	+/-	Open	High	Low	Close
Mar-12	-26	850	850	845	845
Apr-12	-25	865	867	845	846

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	3	3	8	-1
Apr-12	6,939	457	9915	683

### Spread

	March-12	April-12
Basis	-35	
March-12		

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

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

Contract	+/-	Open	High	Low	Close
Mar-12	-22	860	860	838	838.80
Apr-12	-24	868	872	851	852

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	401	-86	662	39
Apr-12	724	20	796	11

### Spread

	March-12	April-12
Basis	21.2	
March-12		13

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

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

Contract	% Change	Open	High	Low	Close
30-Mar-12	-0.73	17700	17700	17550	17650
30-Apr-12	-0.80	17300	17340	17200	17310
31-May-12	-0.99	17700	17020	16860	16950

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	24-02-12	23-02-12	
Kadi – Bt Cotton	3925-4425	4000-4450	-25
Amravati – Vunni Mech-1	3900	3950	-50
Ahmedabad – Shankar-6	4000-4250	4100-4300	-50
Abhor – J-34	3525	3560-3585	-60
Muktsar – J-34	3525	3590	-65

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	24-02-12	23-02-12	
Kadi –Bt Cotton (truck)	450	550	-100
Amravati –Vunni Mech-1 (bales)	7000	6000	+1000
Ahmedabad – Shankar-6	50000	55000	-5000
Abohar (bales)	500	600	-100
Muktsar (bales)	250	400	-150

**Cotton Association of India Spot Rates: As on 23/02/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33500
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34500
J-34	25mm	3.5 - 4.9	23	31100
H-4/ MECH-1	28mm	3.5 - 4.9	25	33200
Shankar-6	29mm	3.5 - 4.9	26	34500
Bunny/ Brahma	31mm	3.5 - 4.9	27	35200
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	47800

**Cotlook Index: As on 23/02/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	99.35	-0.90

**China Cotton Index: As on 24/02/2012**

Index	RMB/Ton	Change
CCIndex(328)	19623	+5
CCIndex(527)	16968	Unch
CCIndex(229)	20881	+15

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

**USDA Cotton Spot Rates: As on 23/02/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.98	86.23	NIL
North Delta	83.23	84.23	NIL
South Delta	83.23	84.23	NIL
East TX-OK	79.75	84.50	603
West Texas	80.00	85.50	688
Desert SW	81.48	87.23	NIL
SJ Valley	82.73	93.13	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 23/02/2012**

Contract	Open	High	Low	Close	Change
Mar-12	88.85	88.85	87.46	87.48	-1.09
May-12	91.15	91.15	89.01	89.23	-1.30
Jul-12	92.80	92.80	90.29	90.61	-1.27
Oct-12	91.35	91.35	91.35	91.35	-1.35
Dec-12	91.61	91.79	89.75	90.00	-1.19
Mar 13	92.20	92.20	91.20	91.33	-0.92

**Pakistan Cotton Spot rates: As on 23/02/2012 (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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