

Cotton Domestic Fundamentals:

Lesser demand and moderate arrivals of Cotton in various key markets kept the prices steady to weak in today's trading session.

Lesser export demand from major Cotton importing countries like China are also becoming the major influencing factors for recent decline in prices as reported.

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	-18	850	852	830.5	830.5
Apr-12	-9.5	846	857	835.5	839.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	3	0	10	2
Apr-12	4722	-2217	9485	-430

Spread

	March-12	April-12
Basis	-5	
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	-7.6	845	848.8	831.2	834.5
Apr-12	-9	858	862	842	847.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	130	-271	683	21
Apr-12	551	-173	799	3

Spread

	March-12	April-12
Basis	-4.5	
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	0.41	17090	17150	16900	17000
30-Apr-12	0.52	17330	17500	17320	17380
31-May-12	0.85	17670	17820	17670	17730

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	25-02-12	24-02-12	
Kadi – Bt Cotton	3950-4450	3925-4425	+25
Amravati – Vunni Mech-1	3850	3900	-50
Ahmedabad – Shankar-6	4100-4150	4000-4250	-100
Abhor – J-34	3525	3525	Unch
Muktsar – J-34	3525	3525	Unch

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	25-02-12	24-02-12	
Kadi –Bt Cotton (truck)	250	450	-200
Amravati –Vunni Mech-1 (bales)	5000	7000	-2000
Ahmedabad – Shankar-6	50000	50000	Unch
Abohar (bales)	550	500	+50
Muktsar (bales)	250	250	Unch

Cotton Association of India Spot Rates: As on 24/02/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33200
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34200
J-34	25mm	3.5 - 4.9	23	30400
H-4/ MECH-1	28mm	3.5 - 4.9	25	32900
Shankar-6	29mm	3.5 - 4.9	26	34100
Bunny/ Brahma	31mm	3.5 - 4.9	27	34800
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	47300

Cotlook Index: As on 24/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	98.15	-1.20

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 24/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.90	87.15	701
North Delta	84.15	85.15	NIL
South Delta	84.15	85.15	NIL
East TX-OK	80.75	85.50	101
West Texas	81.00	86.50	259
Desert SW	82.40	88.15	NIL
SJ Valley	83.65	94.05	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 24/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	88.48	90.11	88.22	89.85	+2.37
May-12	89.30	90.72	89.02	90.15	+0.92
Jul-12	91.01	91.89	90.32	91.35	+0.74
Oct-12	91.76	91.76	91.76	91.76	+0.41
Dec-12	90.00	90.80	89.56	90.38	+0.38
Mar 13	91.44	91.63	91.06	91.63	+0.30

Pakistan Cotton Spot rates: As on 24/02/2012 (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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