

Cotton Domestic Fundamentals:

Mixed trend is seen in cotton spot market on Wednesday. However, arrivals have been reported down in most of market today despite Muktsar market reported an increase in arrivals. As sources said that the clarity about market movement is not in talk with farmers or traders. Therefore, aggressive trading activities is not witnessing in the market. Despite bumper crop production farmers were stocking their crop and were waiting for better prices, however continue down prices disappointed farmers and compelled farmers to sell their stock at the current level due to economical purpose. However, daily supply is still less to 1.60 to 1.65 lakh bales compared to 1.70-1.75 lakh bales last year as big farmers is still holding stock in hope of better prices further. On other hand, Ginners and handlooms are not aggressively buying cotton. We can expect prices to trade in range bound during a day ahead as cotton demand from millers along with exporters is lagging.

Cotton International Fundamentals

China is expected to plant cotton down by 6.1% to 5.09 million hectares in 2012 from the previous year 2011, recently revealed in Shanghai Securities News Report. They added that the cotton prices in China came down by 29.9% to 7.67 yuan less than last year record however, inputs cost reported higher by 21% compared to last year due to which it is expected that Chinese government may further step forward to increase its state reserve importing cotton from its overseas market.

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.

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

Contract	+/-	Open	High	Low	Close
Mar-12	-6.00	825.00	825.00	805.00	812.0
Apr-12	-8.00	839.00	849.00	814.00	831.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	6	2	9	-3
Apr-12	6692	29	8621	-897

Spread

	March-12	April-12
Basis	35	
March-12		-19

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	-11.80	823.40	837.00	804.00	817.0
Apr-12	-9.10	839.90	852.00	817.80	834.0

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	582	151	700	-38
Apr-12	946	-191	730	-169

Spread

	March-12	April-12
Basis	30	
March-12		-17

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

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

Contract	% Change	Open	High	Low	Close
30-Mar-12	0.34	17070	17200	16980	17030
30-Apr-12	0.23	17390	17530	17320	17420
31-May-12	-0.06	17750	17820	17600	17730

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	29-02-12	27-02-12	
Kadi – Bt Cotton	3900-4300	4050-4325	-25
Amravati – Vunni Mech-1	3750-3800	3800	Unch
Ahmedabad – Shankar-6	4150-4325	4100-4300	+25
Abhor – J-34	3500	3515	-15
Muktsar – J-34	3500	3515	-15

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	29-02-12	27-02-12	
Kadi –Bt Cotton (truck)	125	150	-25
Amravati –Vunni Mech-1 (bales)	4000	7000	-3000
Ahmedabad – Shankar-6	35000	40000	-5000
Abohar (bales)	400	400	Unch
Muktsar (bales)	200	150	+50

Cotton Association of India Spot Rates: As on 28/02/2012

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	30200
H-4/ MECH-1	28mm	3.5 - 4.9	25	32500
Shankar-6	29mm	3.5 - 4.9	26	34000
Bunny/ Brahma	31mm	3.5 - 4.9	27	34500
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	47000

Cotlook Index: As on 28/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	99.25	+0.30

China Cotton Index: As on 29/02/2012

Index	RMB/Ton	Change
CCIndex(328)	19608	-7
CCIndex(527)	16957	-7
CCIndex(229)	20881	+2

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

USDA Cotton Spot Rates: As on 28/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.74	88.99	2986
North Delta	86.24	87.24	NIL
South Delta	86.24	87.24	NIL
East TX-OK	82.75	87.50	1578
West Texas	83.00	88.50	4532
Desert SW	84.49	90.24	NIL
SJ Valley	85.74	96.14	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 28/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	90.97	92.12	90.97	91.66	+1.26
May-12	90.80	92.74	90.75	92.24	+1.57
Jul-12	91.80	93.83	91.80	93.30	+1.62
Oct-12	93.80	93.80	93.80	93.80	+1.58
Dec-12	90.60	92.53	90.60	91.84	+1.17
Mar 13	92.50	92.94	92.40	92.94	+1.06

Pakistan Cotton Spot rates: As on 28/02/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	130	5530
Equivalent	40 Kgs	5787	130	5917

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