

Cotton Domestic Fundamentals:

The cotton complex closed with mixed performance of prices in the spot market on Thursday. However, arrival was seen improving from Amravati, Kadi and Ahmedabad as farmers have started to release their stocks at the current price. However, stockiest are buying for the purpose of stocking in expectation of further hike in prices. 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 from stockiest and trader's side may improve in a short run however, millers are remain not interested to buy at the current market price which may hurt cotton price to rise further.

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.

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

As future prices settled higher against previous day as fresh buying activity has been seen on NCDEX. Considering domestic as well as international factors we expect domestic cotton price is likely to trade with firm to range bound for short term.

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

Contract	+/-	Open	High	Low	Close
Mar-12	15.50	835.00	835.00	824.00	831.0
Apr-12	31.50	828.00	866.00	822.00	864.0

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

Contract	+/-	Open	High	Low	Close
Mar-12	24.50	813.30	845.40	809.00	842.9
Apr-12	28.20	830.00	867.00	825.00	863.1

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	4	-2	10	1
Apr-12	7991	1299	8418	-203

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	759	177	646	-54
Apr-12	1001	55	676	-54

Spread

	March-12	April-12
Basis	24	
March-12		-33

Spread

	March-12	April-12
Basis	12.1	
March-12		-20.2

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	3.02	17080	17450	16930	17400
30-Apr-12	2.08	17340	17820	17310	17780
31-May-12	1.83	17600	18160	17600	18130

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	1-03-12	29-02-12	
Kadi – Bt Cotton	3950-4150	3900-4300	-150
Amravati – Vunni Mech-1	3750	3750-3800	-50
Ahmedabad – Shankar-6	4200-4350	4150-4325	+25
Abhor – J-34	3500	3500	Unch
Muktsar – J-34	3520-3525	3500	+25

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	1-03-12	29-02-12	
Kadi –Bt Cotton (truck)	250	125	+125
Amravati –Vunni Mech-1 (bales)	5000	4000	+1000
Ahmedabad – Shankar-6	40000	35000	+5000
Abohar (bales)	400	400	Unch
Muktsar (bales)	200	200	Unch

Cotton Association of India Spot Rates: As on 29/02/2012

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	30300
H-4/ MECH-1	28mm	3.5 - 4.9	25	32600
Shankar-6	29mm	3.5 - 4.9	26	34100
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 29/02/2012

Cotlook Indices	Cents/Pound	Change
A-Index	100.65	+1.40

China Cotton Index: As on 1/03/2012

Index	RMB/Ton	Change
CCIndex(328)	19606	-2
CCIndex(527)	16956	-1
CCIndex(229)	20878	-3

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

USDA Cotton Spot Rates: As on 29/02/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.94	87.69	658
North Delta	84.44	85.44	NIL
South Delta	84.44	85.44	NIL
East TX-OK	82.75	87.50	5002
West Texas	83.00	89.00	3636
Desert SW	82.69	88.44	NIL

SJ Valley	83.94	94.34	NIL
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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 29/02/2012

Contract	Open	High	Low	Close	Change
Mar-12	91.00	91.70	89.86	89.86	-1.80
May-12	92.24	92.30	89.88	90.44	-1.80
Jul-12	93.31	93.38	91.23	91.87	-1.43
Oct-12	92.78	92.78	92.78	92.78	-1.02
Dec-12	91.75	91.99	90.28	91.18	-0.66
Mar 13	93.00	93.00	92.00	92.68	-0.26

Pakistan Cotton Spot rates: As on 29/02/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	130	5480
Equivalent	40 Kgs	5734	130	5864

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