

Cotton Domestic Fundamentals:

- The Cotton prices improved on Wednesday in expectation that the export ban might be reviewed.
- Ginning and processing mills in few markets are on strike for lifting ban as earlier imposed by the government.
- Traders have stopped buying cotton mainly in Gujarat, Andhra Pradesh and Madhya Pradesh as they fear that prices may come down due to restriction on export.
- Overall sentiments are weak in cotton market like higher production estimates, ban on export, poor domestic demand due to lower profit margin.

Cotton International Fundamentals

ICE future may move upside as India has ban on cotton export however, Chinese demand is increasing and may move to U.S. cotton further to fulfill their fibre requirement.

Outlook: Domestic and International

Considering domestic as well as international factors we expect domestic cotton price is likely to stay range bound to week majorly affected by imposing ban on domestic cotton export by the government.

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

Contract	+/-	Open	High	Low	Close
Mar-12	14.00	800.00	816.00	800.00	816.00
Apr-12	21.00	830.00	849.00	818.50	847.00

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

Contract	+/-	Open	High	Low	Close
Mar-12	20.70	802.00	829.80	802.00	828.00
Apr-12	22.70	825.00	850.90	822.00	849.00

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	7	-4673	9	1
Apr-12	7391	-1315	8294	-108

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-12	553	-377	500	-6
Apr-12	1109	-1013	698	41

Spread

	March-12	April-12
Basis	-16.00	
March-12		-31.00

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

Spread

	March-12	April-12
Basis	-28.00	
March-12		-21.00

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

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	7-03-12	6-03-12	
Kadi – Bt Cotton	3725-4200	3400-3750	+450
Amravati – Vunni Mech-1	3700-3725	3650-3700	+25
Ahmedabad – Shankar-6	-	3900-4100	-
Abhor – J-34	3540	3500	+40
Muktsar – J-34	3540	3500	+40
Fajlika Punjab	-	-	-
Khandwa M.P	-	3200-3800	-

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	7-03-12	6-03-12	
Kadi –Bt Cotton (truck)	125	150	-25
Amravati –Vunni Mech-1 (bales)	4500	3000	+1500
Ahmedabad – Shankar-6	-	30000	-
Abohar (bales)	-	350	-
Muktsar (bales)	-	100	-
Fajlika Punjab (quintal)	-	-	-
Khandwa M.P (Qtl)	-	-	-

Cotton Association of India Spot Rates: As on 6/03/2012

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	33900
J-34	25mm	3.5 - 4.9	23	30500
H-4/ MECH-1	28mm	3.5 - 4.9	25	31000
Shankar-6	29mm	3.5 - 4.9	26	32500
Bunny/ Brahma	31mm	3.5 - 4.9	27	33000
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.A.
DCH-32	35mm	2.8 - 3.6	31	45000

Cotlook Index: As on 6/03/2012

Cotlook Indices	Cents/Pound	Change
A-Index	101.65	+4.20

China Cotton Index: As on 7/03/2012

Index	RMB/Ton	Change
CCIndex(328)	19600	+3
CCIndex(527)	16957	+4
CCIndex(229)	20886	+16

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

USDA Cotton Spot Rates: As on 6/03/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.92	88.92	1181
North Delta	85.42	86.42	NIL
South Delta	85.42	86.42	NIL
East TX-OK	83.50	88.25	2196
West Texas	83.75	89.75	2501

Desert SW	83.67	89.42	NIL
SJ Valley	84.92	95.32	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 6/03/2012

Contract	Open	High	Low	Close	Change
Mar-12	93.20	94.28	91.75	92.37	-0.34
May-12	94.24	94.24	90.77	91.42	-0.81
Jul-12	95.00	95.12	91.94	92.45	-1.14
Oct-12	93.51	94.47	93.25	93.54	-0.94
Dec-12	93.19	93.20	91.40	92.43	-0.75
Mar 13	93.00	93.24	92.65	93.24	-0.76

Pakistan Cotton Spot rates: As on 5/03/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	130	5430
Equivalent	40 Kgs	5680	130	5810

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