

**Cotton Domestic Fundamentals:**

Mixed tone witnessed in cotton spot market on Friday in absence of clarity about market movement resulting dull trade activities. Arrivals are nominal as most of the key markets were closed on strike. Millers along with farmers are appealing to lift ban which was imposed by the government on 5th March. As of now, the export ban is the main price determining factor in the short term. Until the issue is resolved, we expect domestic cotton prices to remain volatile. If the ban is revoked, prices might recover some of their recent losses, but given the dull demand in the domestic market, prices are not likely to rise substantially. If the ban is not revoked completely, prices will remain under pressure.

Subsequently, the government is ready to allow cotton exporters to ship out those registrations which are made for overseas sales before 4<sup>th</sup> March after the strong opposition by a group of ministers against raw cotton ban. Such announcement made a relief to the exporters to fulfill their already registered exports deals. The government added that the ban was imposed to increase domestic supplies of raw cotton. From 1<sup>st</sup> Oct 2011, India has exported a record around 9.5 million bales of cotton higher than the government estimates i.e. 8.4 million bales for this year.

**Cotton International Fundamentals**

China and Bangladesh have criticized on raw cotton ban imposed by India and further stated that they will possibly move to alternative sources of imports as Uzbekistan, Australia and the United States. As China textiles producers had faced a huge loss in 2010 when India had banned on raw cotton exports.

**Outlook: Domestic and International**

The short term is likely to be volatile. However, once this issue is resolved, the weak domestic fundamentals due to poor demand from domestic mills are likely to limit the upside to prices.

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

Contract	+/-	Open	High	Low	Close
Mar-12	0.50	810.00	810.00	810.00	810.00
Apr-12	-11.50	851.00	859.00	831.50	835.00

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	2	-4678	8	0
Apr-12	5703	-3003	8473	71

Spread	March-12	April-12
Basis	-15.00	
March-12		-25.00

**NB:** Spread was done by taking avg spot prices at Kadi Market as Ahmadabad Market is closed. Basis = Spot-April

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

Contract	+/-	Open	High	Low	Close
Mar-12	-7.20	810.00	836.00	810.00	819.80
Apr-12	-11.50	848.00	857.60	833.00	836.50

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Mar-12	576	-354	539	33
Apr-12	931	-1191	705	48

Spread	March-12	April-12
Basis	-24.80	
March-12		-16.70

**NB:** Spread was done by taking avg spot prices at Kadi Market as Ahmadabad Market is closed. Basis = Spot-April

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

Contract	% Change	Open	High	Low	Close
30-Mar-12	0.95	17930	18100	17900	17980
30-Apr-12	0.06	17600	17860	17600	17640
31-May-12	-0.12	17780	17780	17220	17290
29-June-12	0.18	16850	17150	16750	16860

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	9-3-2012	7-3-2012	
Kadi – Bt Cotton	3750-4200	3725-4200	Unch
Amravati – Vunni Mech-1	3700	3700-3725	-25
Ahmedabad – Shankar-6	-	-	-
Abhor – J-34	3580	3540	+40
Muktsar – J-34	3580	3540	+40
Fajlika Punjab	4351	-	-
Khandwa M.P	-	-	-

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	9-3-2012	7-3-2012	
Kadi –Bt Cotton (truck)	100	125	-25
Amravati –Vunni Mech-1 (bales)	3500	4500	-1000
Ahmedabad – Shankar-6	-	-	-
Abohar (bales)	400	-	-
Muktsar (bales)	150	-	-
Fajlika Punjab (quintal)	1200	-	-
Khandwa M.P (Qtl)	-	-	-

**Cotton Association of India Spot Rates: As on 7/3/2012**

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	30600
H-4/ MECH-1	28mm	3.5 - 4.9	25	31500
Shankar-6	29mm	3.5 - 4.9	26	33000
Bunny/ Brahma	31mm	3.5 - 4.9	27	33000
MCU-5/ Surabhi	33mm	3.3 - 4.5	28	N.Q.
DCH-32	35mm	2.8 - 3.6	31	44500

**Cotlook Index: As on 8/3/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	100.10	-0.95

**China Cotton Index: As on 8/3/2012**

Index	RMB/Ton	Change
CCIndex(328)	19593	-7
CCIndex(527)	16956	-1
CCIndex(229)	20886	0

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

**USDA Cotton Spot Rates: As on 8/3/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.06	87.06	520
North Delta	83.56	84.56	0
South Delta	83.56	84.56	396
East TX-OK	82.25	87	466
West Texas	82.50	88.50	304
Desert SW	81.81	87.81	200

SJ Valley	83.06	93.46	0
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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 8/3/2012**

Contract	Open	High	Low	Close	Change
Mar-12	89.48	89.48	89.48	89.48	<b>-1.90</b>
May-12	90.41	90.93	89.30	89.56	<b>-0.56</b>
Jul-12	91.50	92	90.45	90.70	<b>-0.57</b>
Oct-12	92.44	92.44	92.44	92.44	<b>-0.30</b>
Dec-12	91.73	91.96	90.83	91.29	<b>-0.35</b>
Mar 13	92.48	92.48	91.71	92.14	<b>-0.12</b>

**Pakistan Cotton Spot rates: As on 6/3/2012 (in Pakistan Rupees)**

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

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