

## Cotton Domestic Fundamentals:

- Steady to firm tone witnessed in the cotton spot markets except Kadi market which closed on lower side on Wednesday.
- Arrivals pace has been registered in mixed phase.
- Millers and exporters demand improved slightly which weighed on markets.
- However, we expect a decline in exporters demand as China is not seen much eager to buy cotton from India on account of a sudden decision of Indian government to cap on raw cotton exports as earlier imposed on 5<sup>th</sup> March 2012 however ban has been revoked on 30<sup>th</sup> April 2012.
- As per DGFT, one RC ((Registration Certificate) for a maximum quantity of 10,000 bales or actual quantity exported in the current season, whichever is less would be issued at a time to an exporter. While, for new exporter or who have exported up to 1500 bales can export up to 1500 bales.

## Cotton International Fundamentals

- In US, representative for mills in Japan and Taiwan purchased a moderate volume of color 31, leaf 3, and staple 36 for May/June shipment.
- As per USDA, China import is expected to reduce to 14 million bales in 2012/13 from 21.5 million bales in 2011/2012.

## Outlook: Domestic and International

We expect domestic spot cotton prices to decline further in anticipation of lower exporters and millers demand.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-14.5	1000	1010	994.5	1000
Mar-13	4	995	1014	995	997
Apr-13	-12.5	1020	1020	995.5	1005

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	44	-17	51	-5
Mar-13	8	6	5	1
Apr-13	1925	-335	1368	211

Spread	Feb-13	Mar-13	Apr-13
Basis	-220		
Feb-13		-3.00	
Mar-13			8.00
April-13			

**NB:** Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

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

Contract	+/-	Open	High	Low	Close
Apr-13	-	-	-	-	-

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Apr-13	-	-	-	-

Spread	April-13
Basis	
Apr-13	

**NB:** Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market Basis = Spot - April

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

Contract	% Change	Open	High	Low	Close
31-May-12	-1.19	16870	16870	16580	16660
29-Jun-12	-1.27	17300	17300	16960	17060
31-Jul-12	-1.24	17710	17710	17390	17460
31-Aug-12	-1.22	17960	17960	17780	17820

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	16-5-2012	15-5-2012	
Kadi-Bt Cotton#	3900-4100	3700-4100	Unch
Amravati-Vunni Mech-1#	3900	3950	-50
Ahmedabad-Shankar-6#	-	-	-
Abohar-J-34*	3700	3650	+50
Muktsar-J-34*	3700	3650	+50
Fajlika#	4150	4115	+35
Khandwa#	3200-3800	3200-3800	Unch

\*-Rs/maund, #-Rs.qtl

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	16-5-2012	15-5-2012	
Kadi -Bt Cotton	125	75	+50
Amravati -Vunni Mech-1	3500	4000	-50
Ahmedabad - Shankar-6	-	-	-
Abohar	200	150	+50
Muktsar	-	-	-
Fajlika	60	100	-40
Khandwa	1400	1700	-300

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmadabad, Abohar and Muktsar-Bales

**Cotton Association of India Spot Rates: 15/5/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (15/5/2012)	Rs. Per Candy (14/5/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33400	33400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34400	34400	Unch
J-34(202)	26mm	3.5 - 4.9	23	32300	32300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34800	34800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	35000	-1000
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35000	36500	-1500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	Unch

**Cotlook Index: As on 15/5/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	87.45	Unch

**China Cotton Index: As on 16/5/2012**

Index	RMB/Ton	Change
CCIndex(328)	19125	-97
CCIndex(527)	16682	-34
CCIndex(229)	20327	-119

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

**USDA Cotton Spot Rates: As on 15/5/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.66	76.66	448
North Delta	72.66	73.66	NIL
South Delta	72.66	73.66	NIL
East TX-OK	71.00	76.00	119
West Texas	71.25	77.50	539
Desert SW	70.41	76.91	NIL
SJ Valley	71.16	81.56	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 15/5/2012**

Contract	Open	High	Low	Close	Change
Jul-12	78.72	80.65	78.5	79.16	0.34
Oct-12	78.4	80.18	78.31	78.92	0.2
Dec-12	76.57	78.55	75.98	77.33	0.63
Mar-12	77.2	79.63	77.2	78.53	0.68
May-12	79.61	80.35	79.38	79.61	0.76
Jul-12	80.32	81.04	80.2	80.43	0.87

**Pakistan Cotton Spot rates: As on 15/5/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6000	130	6130
<b>Equivalent</b>	40 Kgs	6430	130	6560

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