

Cotton Domestic Fundamentals:

- Cotton spot markets trended in mixed phase on Saturday on supply and demand situation.
- Arrivals were registered on mixed note. Small farmers are ready to release their stock at the current market price while big farmers are waiting for better cotton prices.
- As on date, total 14 to 15% of cotton sowing area under the cotton has been completed in mid- may last against 37% of cotton area sown in preceding year during the same time period of time due to delay in wheat harvesting crop in this year.
- Therefore, cotton growers' loss crucial time in sowing cotton and prefer to switch other alternative crops. Besides, low cotton prices and higher estimation of global stock availability forced cotton farmers to swing other crops like Guar, Soybean and Groundnut.
- As per market source, about 20% cut in cotton sowing area could be seen during this sowing season in 2012.

Cotton International Fundamentals

- As per National Agriculture Statistics Service, Planting in Mississippi increased to 90% against 51% of previous year due to favorable weather condition. While, sowing in Louisiana is heading to complete by the end of the week.
- According to USDA, China, Pakistan and Taiwan enquired U.S cotton mainly from Texas preferring high quality cotton availability so far.

Outlook: Domestic and International

We expect domestic cotton prices continue on bearish phase amid sluggish exporters buying activities.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-6.5	982	986	979	982.5
Apr-13	-9	995	1002	982.5	985

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	15	-5	47	-3
Apr-13	756	-34	1330	-69

Spread	Feb-13	Apr-13
Basis	-207.5	
Feb-13		2.50
April-13		

NB: Spread was done by taking avg spot prices at Kadi 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	-	-	-	-	-
29-Jun-12	-	-	-	-	-
31-Jul-12	-	-	-	-	-
31-Aug-12	-	-	-	-	-

*Prices is not available at MCX site

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	19-5-2012	18-5-2012	
Kadi-Bt Cotton#	3600-4150	3600-4100	+50
Amravati-Vunni Mech-1#	-	3950-4000	-
Ahmedabad-Shankar-6#	-	-	-
Abohar-J-34*	3600	3670	-70
Muktsar-J-34*	3600	3670	-70
Fajlika#	4200	4190	+10
Khandwa#	3400-3875	3200-3875	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	19-5-2012	18-5-2012	
Kadi -Bt Cotton	125	125	Unch
Amravati -Vunni Mech-1	-	5000	-
Ahmedabad - Shankar-6	-	-	-
Abohar	500	200	+300
Muktsar	50	-	-
Fajlika	900	700	+200
Khandwa	500	1000	-500

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

Cotton Association of India Spot Rates: 18/5/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (18/5/2012)	Rs. Per Candy (17/5/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33200	33400	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34200	34400	-200
J-34(202)	26mm	3.5 - 4.9	23	32200	32500	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	33000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33700	
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	44800	44800	Unch

Cotlook Index: As on 18/5/2012

Cotlook Indices	Cents/Pound	Change
A-Index	85.40	-0.10

China Cotton Index: As on 18/5/2012

Index	RMB/Ton	Change
CCIndex(328)	19006	-49
CCIndex(527)	16655	-12
CCIndex(229)	20298	-23

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

USDA Cotton Spot Rates: As on 18/5/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.49	75.49	NIL
North Delta	71.49	72.49	NIL
South Delta	71.49	72.49	NIL
East TX-OK	69.75	74.75	183
West Texas	70.00	76.25	28
Desert SW	69.74	76.24	NIL
SJ Valley	70.49	80.89	500

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 18/5/2012

Contract	Open	High	Low	Close	Change
Jul-12	76.75	78.12	76.47	77.99	1.34
Oct-12	76.97	76.97	76.97	76.97	1.14
Dec-12	74	75.56	74	75.21	1.31
Mar-12	75.35	76.78	75.35	76.45	1.35
May-12	76.33	77.75	76.33	77.47	1.37
Jul-12	77.21	78.69	77.21	78.39	1.36

Pakistan Cotton Spot rates: As on 18/5/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5900	130	6030
Equivalent	40 Kgs	6323	130	6453

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