

Cotton Domestic Fundamentals:

- At most weak tone witnessed in the major cotton spot markets despite Kadi market which set on downside on Wednesday.
- Arrivals have been reported on mixed phase on back of sluggish ginners and spinners demand.
- The farmers in Andhra Pradesh is likely to shift towards Maize crop reducing 4% to 7% area of cotton in 2012 planting season on account of insufficient water availability of last season 2011 and poor performance of cotton prices in 2012.
- Most traded variety Shankar-6(105) of cotton traded on lower side to 33400 as on 21st May 2012 against its previous day prices to 33000.
- A regular declining cotton price is discouraging cotton growers to cut cotton sowing area ahead.

Cotton International Fundamentals

- According to USDA forecast World cotton production is likely to reduce by 5% to 116.7 million bales in 2012/13 due to declining cotton prices, higher cultivation cost.
- Whereas cotton production in Pakistan has been forecasted down by 6% down to 10 million bales in 2012/13 after cutting cotton area around 3% to 3.1 million hectares as per USDA.

Outlook: Domestic and International

We expect domestic cotton price to trade on lower side on back of lackluster demand.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-38	930	930	919.5	921
Mar-13	-42.5	926	926	916.5	921
Apr-13	-25.50	936	938.5	919	929

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	30	16	36	-4
Mar-13	3	3	3	3
Apr-13	1536	204	1366	30

Spread	Feb-13	Mar-13	Apr-13
Basis	-166		
Feb-13		0.00	
Mar-13			8.00
Apr-13			

NB: Spread was done by taking avg spot prices at Arravati 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	-3.97	16020	16020	15470	15470
29-Jun-12	-4	16380	16380	15830	15830
31-Jul-12	-3.97	16520	16520	16200	16200
31-Aug-12	-3.99	16770	16820	16600	16600

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	23-5-2012	22-5-2012	
Kadi-Bt Cotton#	3500-4000	3750-4050	-50
Amravati-Vunni Mech-1#	3700-3850	3350-3800	+50
Ahmedabad-Shankar-6#	-	-	-
Gondal	2555-3945	2605-3995	-50
Abohar-J-34*	3450	3570	-120
Muktsar-J-34*	3450	3570	-120
Fajlika#	3750-4200	3750-4200	Unch
Khandwa	3100-3700	3400-3800	-100

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	23-5-2012	22-5-2012	
Kadi -Bt Cotton	100	75	+25
Amravati -Vunni Mech-1`	3000	4500	-1500
Ahmedabad - Shankar-6	-	-	-
Gondal	1152	896	+256
Abohar	400	300	+100
Muktsar	-	100	-
Fajlika	700	800	-100
Khandwa	700	800	-100

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

Cotton Association of India Spot Rates: 22/5/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (22/5/2012)	Rs. Per Candy (21/5/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33000	33000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34000	34000	Unch
J-34(202)	26mm	3.5 - 4.9	23	30500	31000	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31900	33400	-1500
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	33400	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34500	34500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	44000	44000	Unch

Cotlook Index: As on 22/5/2012

Cotlook Indices	Cents/Pound	Change
A-Index	86.00	-0.40

China Cotton Index: As on 23/5/2012

Index	RMB/Ton	Change
CCIndex(328)	18905	-23
CCIndex(527)	16551	-1
CCIndex(229)	20202	-33

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

USDA Cotton Spot Rates: As on 22/5/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	71.02	74.02	NIL
North Delta	70.02	71.02	973
South Delta	70.02	71.02	NIL
East TX-OK	66.25	71.25	50
West Texas	66.50	72.75	86
Desert SW	66.27	72.77	NIL
SJ Valley	67.02	77.67	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 22/5/2012

Contract	Open	High	Low	Close	Change
Jul-12	77.85	78.01	74.52	74.52	-3.00
Oct-12	75.85	75.85	73.67	73.80	-2.87
Dec-12	74.60	75.10	71.57	71.57	-3.00
Mar-12	76.29	76.29	72.90	72.91	-2.99
May-12	76.50	76.50	74.09	74.09	-3.00
Jul-12	77.10	77.10	75.15	75.15	-3.00

Pakistan Cotton Spot rates: As on 21/5/2012 (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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