

Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Friday on declining demand.
- Arrivals were registered in mixed phase in the markets.
- As per market sources, total 15 to 20% cotton area is expected to decline in 2012 due to higher cost of cultivation, poor price performance and flip-flop export policy in 2011/12.
- As per sources, farmers in Haryana have already started to shift cotton area towards Guar in this sowing season. While in Gujarat, farmers are in opinion to shift cotton area towards Groundnut, Soybean and Guar due to higher realizations.
- After sharp decline in Rupee against dollar, textile importers started to re- negotiate of contracts already signed which were signed a month or two ago when the rupee was trading around 51-52 against dollar.

Cotton International Fundamentals

- According to the China Cotton Association, cotton planting in China is expected to reduce by 9.2% in 2012 on back of higher cost of cultivation and falling cotton prices. Cotton farming costs increased by 17% in 2011 following 13% and 20% rise in cost of materials and a labor costs respectively.
- In Pakistan, farmers in Sindh have completed around 45% of targeted cotton area so far in 2012 against 49% area covered in the corresponding period last year as revealed by the Agriculture Department of Sindh.

Outlook: Domestic and International

We expect domestic cotton price to continue bullish phase amid strong millers buying activities.

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

Contract	+/-	Open	High	Low	Close
Feb-13	7.5	926	941	926	941
Apr-13	6.5	940	948	933	946

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	8	-16	37	-1
Apr-13	1,089	-123	1205	-85

Spread

	Feb-13	Apr-13
Basis	-191	
Feb-13		5.00
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	-0.63	15700	15920	15650	15650
29-Jun-12	-1.05	16200	16300	15970	15970
31-Jul-12	-0.67	16620	16690	16390	16410
31-Aug-12	-0.47	16910	17030	16740	16770

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	25-5-2012	24-5-2012	
Kadi-Bt Cotton	3625-4200	3500-3850	+350
Amravati-Vunni Mech-1	3750	3725-3750	Unch
Ahmedabad-Shankar-6	3500-3900	-	-
Gondal	2500-3905	-	-
Rajkot		-	-
Abohar-J-34	3500	3470-3480	+20
Muktsar-J-34	3500	3460-3470	+30
Fajlika	3600-3900	3700-4100	-200
Khandwa	3400-3800	3100-3700	+100

Rs. /quintal

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	25-5-2012	24-5-2012	
Kadi -Bt Cotton	50	100	-50
Amravati -Vunni Mech-1`	4000	4500	-500
Ahmedabad - Shankar-6	25000	-	-
Gondal	936	-	-
Rajkot	3500	-	-
Abohar	100	300	-200
Muktsar	-	100	-
Fajlika	400	600	-200
Khandwa	500	500	Unch

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

Cotton Association of India Spot Rates: 24/5/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (24/5/2012)	Rs. Per Candy (23/5/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	32900	32400	+500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33900	33400	+500
J-34(202)	26mm	3.5 - 4.9	23	29900	29900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	31800	32500	-700
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	46000	45000	+1000

Cotlook Index: As on 24/5/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.40	-2.60

China Cotton Index: As on 25/5/2012

Index	RMB/Ton	Change
CCIndex(328)	18853	-35
CCIndex(527)	16529	-7
CCIndex(229)	20112	-65

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

USDA Cotton Spot Rates: As on 24/5/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.94	73.94	NIL
North Delta	69.94	70.94	NIL
South Delta	69.94	70.94	NIL
East TX-OK	66.00	71.00	465
West Texas	66.25	72.50	1530
Desert SW	65.69	72.19	NIL
SJ Valley	66.44	77.09	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 24/5/2012

Contract	Open	High	Low	Close	Change
Jul-12	72.00	74.50	71.87	73.94	+2.43
Oct-12	71.69	72.98	71.30	72.49	+2.08
Dec-12	68.97	71.05	68.90	70.67	+1.92
Mar-13	71.31	72.25	70.38	72.00	+1.99
May-13	72.60	73.30	71.70	73.30	+2.22
Jul-13	73.03	74.58	72.38	74.58	+2.58

Pakistan Cotton Spot rates: As on 24/5/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5700	130	5830
Equivalent	40 Kgs	6109	130	6239

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