

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to firm tone in the spot markets except slight weakness in Kadi, Gondal and Khandwa markets.
- Arrivals were registered in mixed phase in the markets.
- Good buying by exporters at lower levels supported the market.
- Improved demand from the spinners was noticed in the spot market.
- Mixed tone at NYC amid uncertainty over Euro debt crisis and likely sale of cotton by China from its state reserves influenced the market.
- Lack of selling by ginners amid expectation of recovery in prices lent some support to prices.
- 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.

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.
- According to the Federal Bureau of Statistics (FBS) figures, Pakistan imported 5.19 million tons of polyester yarn in 2009-10, which increased to 27.616 million tons in 2010-11. Cotton fabric imports reached 120.53 million square metres during first half of the current fiscal which began on June 1, 2011, a 107 percent up from imports worth 58.36 million square metres registered during the corresponding period of last year.

Outlook: Domestic and International

We expect domestic cotton price to continue firm tone amid good buying by millers.

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

Contract	+/-	Open	High	Low	Close
Feb-13	11.5	943	960.00	943.00	952.50
Apr-13	13.5	344	967.00	940.50	957.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	22	14	43	6
Apr-13	785	-304	1286	81

Spread

	Feb-13	Apr-13
Basis	-200	
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 Bal

Contract	% Change	Open	High	Low	Close
31-May-12	1.21	15760	15900	15720	15900
29-Jun-12	0.5	16050	16180	16050	16130
31-Jul-12	0.49	16500	16550	16450	16520
31-Aug-12	0.72	16830	16890	16800	16880

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	26-5-2012	25-5-2012	
Kadi-Bt Cotton	3750-4000	3625-4200	-200
Amravati-Vunni Mech-1	3750-3800	3750	+50
Ahmedabad-Shankar-6	3625-3900	3500-3900	Unch
Gondal	2500-3900	2500-3905	-5
Rajkot	3450-3945	3550-3945	Unch
Abohar-J-34	3550	3500	+50
Muktsar-J-34	3550	3500	+50
Fajlika	3650-4050	3600-3900	+150
Khandwa	3200-3750	3400-3800	-50

Rs. /quintal

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	26-5-2012	25-5-2012	
Kadi -Bt Cotton	50	50	Unch
Amravati -Vunni Mech-1`	5000	4000	+1000
Ahmedabad - Shankar-6	20000	25000	-5000
Gondal	662	936	-274
Rajkot	4000	3500	+500
Abohar	250	100	+150
Muktsar	100	-	-
Fajlika	400	400	Unch
Khandwa	600	500	+100

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

Cotton Association of India Spot Rates: 25/5/2012

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	33200	32900	+300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34200	33900	+300
J-34(202)	26mm	3.5 - 4.9	23	30000	29900	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31600	31500	+100
Shankar-6(105)	29mm	3.5 - 4.9	28	31900	31800	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34500	+100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35600	35500	+100
DCH-32(107)	34mm	3.0 - 3.8	33	46000	46000	Unch

Cotlook Index: As on 25/5/2012

Cotlook Indices	Cents/Pound	Change
A-Index	83.30	+1.90

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 25/5/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.62	73.62	NIL
North Delta	69.62	70.62	NIL
South Delta	69.62	70.62	NIL
East TX-OK	65.75	70.75	NIL
West Texas	66.00	72.25	79
Desert SW	65.37	71.87	NIL
SJ Valley	66.12	76.77	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 25/5/2012

Contract	Open	High	Low	Close	Change
Jul-12	74.30	74.76	72.65	73.62	-0.32
Oct-12	73.00	73.00	72.18	72.72	+0.23
Dec-12	70.79	71.40	69.67	70.89	+0.22
Mar-13	71.81	72.62	71.12	72.17	+0.17
May-13	72.83	73.75	72.38	73.56	+0.26
Jul-13	74.13	74.92	73.66	74.92	+0.34

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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