

## Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Monday as in western part of India demand were good while in north India low demand found.
- However, arrivals declined almost in all the cotton markets except Fajlika market which reported higher arrivals.
- Fresh exporters buying are missing now days which is affecting on cotton prices movements.
- According to the recent release data by DGFT (the Directorate General of Foreign Trade) total cotton yarn export registrations in India reported down by 11.98% to 62.88 million kgs in April, 2012 from 71.36 million kgs of last year cotton yarn export during corresponding period amid declining demand.
- 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.

## Cotton International Fundamentals

- As per USDA, cotton planting in South Delta is almost on completion phase. According to National Agricultural Statistics Service, 89% of cotton planting is completed in Louisiana and 80% in Mississippi. Now farmers are making the arrangement to begin irrigating in already cotton planted area. While, the sowing crop is on blooming stage in Yuma, Arizona.
- According to the China Cotton Association, spring planting in Yangtze River and the Yellow River areas (which account for more than 60 percent of the country's output) is almost on completion phase.

## Outlook: Domestic and International

We expect range bound trading in near term.

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

| Contract | +/-  | Open  | High  | Low | Close |
|----------|------|-------|-------|-----|-------|
| Feb-13   | -3.5 | 950   | 957.5 | 947 | 951   |
| Apr-13   | -1   | 963.5 | 964   | 948 | 957   |

### Volumes and OI in Lots

| Contract | Volume | Change | OI   | Change |
|----------|--------|--------|------|--------|
| Feb-13   | 17     | 9      | 39   | 2      |
| Apr-13   | 902    | -187   | 1352 | 147    |

| Spread   | Feb-13 | Apr-13 |
|----------|--------|--------|
| Basis    | -201   |        |
| Feb-13   |        | 6.00   |
| 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 | 0.82     | 15870 | 16050 | 15820 | 15970 |
| 29-Jun-12 | 0.62     | 16250 | 16310 | 16120 | 16240 |
| 31-Jul-12 | 0.61     | 16550 | 16670 | 16480 | 16600 |
| 31-Aug-12 | 0.53     | 16900 | 17010 | 16870 | 16950 |

**Cotton Prices at Key Spot Markets**

| Centre (1 bale = 170 Kg) | Prices (Rs/Qtl) |           | Change |
|--------------------------|-----------------|-----------|--------|
|                          | 28-5-2012       | 26-5-2012 |        |
| Kadi-Bt Cotton#          | 3750-4000       | 3750-4000 | Unch   |
| Amravati-Vunni Mech-1#   | 3800            | 3750-3800 | Unch   |
| Ahmedabad-Shankar-6#     | 3625-3875       | 3625-3900 | -25    |
| Gondal                   | -               | 2500-3900 | -      |
| Rajkot                   | -               | 3450-3945 | -      |
| Abohar-J-34*             | 3570            | 3550      | +20    |
| Muktsar-J-34*            | 3570            | 3550      | +20    |
| Fajlika#                 | 3650-4050       | 3650-4050 | Unch   |
| Khandwa                  | -               | 3200-3750 | -      |

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

**Cotton Arrivals in Key Centers**

| Centre (1 bale = 170 Kg) | Arrivals  |           | Change |
|--------------------------|-----------|-----------|--------|
|                          | 28-5-2012 | 26-5-2012 |        |
| Kadi -Bt Cotton          | 25        | 50        | -25    |
| Amravati -Vunni Mech-1`  | 4000      | 5000      | -1000  |
| Ahmedabad - Shankar-6    | 15000     | 20000     | -5000  |
| Gondal                   | -         | 662       | -      |
| Rajkot                   | -         | 4000      | -      |
| Abohar                   | 200       | 250       | -50    |
| Muktsar                  | 20        | 100       | -80    |
| Fajlika                  | 800       | 400       | +400   |
| Khandwa                  | -         | 600       | -      |

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

**Cotton Association of India Spot Rates: 26/5/2012**

| Trade Name                            | Staple     | Micronaire | Strength/<br>GPT | Rs. Per<br>Candy<br>(26/5/2012) | Rs. Per<br>Candy<br>(25/5/2012) | Change |
|---------------------------------------|------------|------------|------------------|---------------------------------|---------------------------------|--------|
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0  | 15               | 33500                           | 33200                           | +300   |
| Bengal Deshi (SG)(201)                | Below 22mm | 5.0 - 7.0  | 15               | 34500                           | 34200                           | +300   |
| J-34(202)                             | 26mm       | 3.5 - 4.9  | 23               | 30200                           | 30000                           | +200   |
| H-4/ MECH-1(105)                      | 28mm       | 3.5 - 4.9  | 27               | 31900                           | 31600                           | +300   |
| Shankar-6(105)                        | 29mm       | 3.5 - 4.9  | 28               | 32200                           | 31900                           | +300   |
| Bunny/ Brahma(105)                    | 31mm       | 3.5 - 4.9  | 30               | 34900                           | 34600                           | +300   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 35900                           | 35600                           | +300   |
| 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 28/5/2012

| Index        | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 18828   | -25    |
| CCIndex(527) | 16520   | -9     |
| CCIndex(229) | 20090   | -22    |

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 26/5/2012 (in Pakistan Rupees)

| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton     | 37.32 Kgs | 5600         | 130              | 5730              |
| Equivalent | 40 Kgs    | 6002         | 130              | 6132              |

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