

Cotton Domestic Fundamentals:

- ❖ Steady to weak tone witnessed in the cotton spot markets on Friday.
- ❖ Arrivals were registered continued on mixed phase in the markets.
- ❖ The union finance ministry has taken a decision to restructure debt worth Rs. 35,000 crore to the textile industry to make a relief to textile industry in Tamil Nadu. Now the textiles millers would be able pay interest and could improve its liquidity position. Currently textiles millers are suffering losses due to euro debt crisis and fluctuations in Rs.
- ❖ Importers are asking about price cut due to weakness in Rs against Dollar.
- ❖ The cotton Association of India believes 15% lower cotton planting in 2012/13 against 12.2 million hectares sowed in 2011/12.

Cotton International Fundamentals

- ❖ Cotton planting in China is projected down by 9.2% in 2012 on account of higher cost of cultivation and falling cotton prices as revealed by the China Cotton Association.
- ❖ World cotton production 2012/13 is forecasted down to 116.4 million bales against 123.04 million bales of previous year in anticipation of that major producing countries like India and USA would shift cotton area towards other profitable crops like Groundnut, soybean etc as per WASDE latest report. While world ending stocks is projected to rise to 73.8 million bales in 2012/13 against 66.8 million bales in 2011/12.

Outlook: Domestic and International

We expect domestic cotton price to continue bearish phase amid poor demand.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-23.5	946.00	946.50	926.50	931
Apr-13	-20.5	951.00	952.00	929.00	933

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	19	-4	44	-1
Apr-13	1357	431	1430	32

Spread

	Feb-13	Apr-13
Basis	-166	
Feb-13		2.00
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
29-Jun-12	-2.68	16050	16050	15450	15580
31-Jul-12	-2.86	16420	16420	15760	15900
31-Aug-12	-3.03	16760	16770	16220	16260

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	1-6-2012	31-5-2012	
Kadi-Bt Cotton#	3750-4050	3750-4075	-25
Amravati-Vunni Mech-1#	3725-3750	3350-3800	-50
Ahmedabad-Shankar-6#	3750-3900	3750-4000	-100
Gondal	-	-	-
Rajkot	-	-	-
Abohar-J-34*	3525	3550	-25
Muktsar-J-34*	3525	3550	-25
Fajlika#	3650-4050	3600-4050	Unch
Khandwa	3200-3300	-	-
Sri-Ganganagar	3250-3410	3250-3420	-10

*-Rs/maund, #-Rs. qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	1-6-2012	31-5-2012	
Kadi -Bt Cotton	50	15	+35
Amravati -Vunni Mech-1`	3000	3500	-500
Ahmedabad - Shankar-6	15000	15000	Unch
Gondal	-	-	-
Rajkot	-	-	-
Abohar	300	-	-
Muktsar	50	-	-
Fajlika	500	500	Unch
Khandwa	400	-	-
Sri-Ganganagar	-	-	-

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

Cotton Association of India Spot Rates: 31/5/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (31/5/2012)	Rs. Per Candy (30/5/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34400	34400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35500	35400	+100
J-34(202)	26mm	3.5 - 4.9	23	30300	30200	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31900	32100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	33200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35100	35300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36100	-100
DCH-32(107)	34mm	3.0 - 3.8	33	47000	46700	+300

Cotlook Index: As on 31/5/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.55	-1.35

China Cotton Index: As on 1/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18712	-19
CCIndex(527)	16359	-20
CCIndex(229)	19962	-8

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

USDA Cotton Spot Rates: As on 31/5/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.55	71.55	NIL
North Delta	67.55	68.55	NIL
South Delta	67.55	68.55	NIL
East TX-OK	63.00	68.00	489
West Texas	63.25	69.50	112
Desert SW	63.30	69.80	NIL
SJ Valley	64.05	74.70	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 31/5/2012

Contract	Open	High	Low	Close	Change
Jul-12	71.35	71.75	70.62	71.55	+0.64
Oct-12	71.40	71.85	71.40	71.85	+0.26
Dec-12	70.70	70.95	69.50	70.35	+0.07
Mar-13	72.39	72.59	71.68	72.42	+0.12
May-13	73.59	74.01	73.22	73.96	+0.15
Jul-13	75.09	75.54	74.50	75.46	+0.09

Pakistan Cotton Spot rates: As on 31/5/2012 (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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