

Cotton Domestic Fundamentals:

- Mostly firm tone witnessed in the cotton spot markets on Thursday amid mixed demand except Rajkot and Patan where price declined on account of poor demand.
- Arrivals were also registered in mixed phase in the markets.
- As per the cotton association of India, per day arrivals in India is recorded around 65000 now a days.
- In Gujarat, cotton seed sales is likely to touch below 30 lakh packets against 38 lakh packets of last year during this sowing season.
- The farmers in Maharashtra are likely to adopt "Brazil Pattern" for rising cotton yield in rain fed areas from the current cotton yield 475 kg/hectare to 600 kg/hectare. Brazilians farmers receive cotton crops about 1,495 kg/hectare in rain-fed areas because of better mechanization.
- India may have 15% lower cotton planting against 12.2 million hectares sowed in 2011/12 as per the Cotton Association of India. According to USDA report, there is likely to be a decline in the cotton crop in 2012/13 to 32.3 million bales (1 bale=170kgs) in comparison to the current year crop of 34.3 million bales due to the lower planting area.
- Cotton Yarn prices are likely to increase in anticipation of textiles millers demand.

Cotton International Fundamentals

- As per ICAC forecast, cotton prices are weak on global phase in anticipation of higher ending stock to 14.46 million tons against previous year record 13.26 million tons despite a lower forecast of cotton production to 25.10 million tons in 2012/13.
- Ample Rain water in Texas, the top US producing state, helps to improve cotton planting. "In some places there were very good rains," says the National Weather Service's Matt Ziebell. This may pressurize ICE future price in anticipation of higher productions in the marketing season of 2012/13.

Outlook: Domestic and International

We expect domestic cotton price to trade on bullish phase.

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

Contract	+/-	Open	High	Low	Close
Feb-13	7	965	972	948	955
Apr-13	1	963.5	983	955	966.5

MCX Kapas Futures: (Prices in Rs/20/kg)

Contract	+/-	Open	High	Low	Close
Mar-13	-2.2	962.1	971.9	950.6	957
Apr-13	3.4	974.6	979	951.1	968

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	44	28	47	4
Apr-13	3,027	3027	3027	3027

Volumes and OI lots

Contract	Volume	Change	OI	Change
Mar-13	34	-11	13	0
Apr-13	111	47	26	-1

Spread	Feb-13	Apr-13
Basis	-195	
Feb-13		11.50
April-13		

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

Spread	Mar-13	Apr-13
Basis	-197	
Mar-13		11.00

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	2.05	15710	16090	15650	15950
31-Jul-12	1.94	16070	16450	15950	16300
31-Aug-12	1.65	16500	16790	16330	16630

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	07-6-2012	06-6-2012	
Amravati-Vunni Mech-1#	3725	3550	+175
Kadi-Bt Cotton#	3750-4100	3575-4000	+100
Ahmedabad-Shankar-6#	3700-3900	3500-3850	+50
Gondal	2500-3930	2505-3885	+45
Rajkot	3375-3750	3425-3905	-155
Abohar-J-34*	3500	3425	+75
Muktsar-J-34*	3500	3425	+75
Fajlika#	3790	3600	+190
Khandwa	3400-3700	3400-3700	Unch
Patan	3750-3775	3750-3800	-25
Sri-Ganganagar	3360	3110-3115	+245

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	07-6-2012	06-6-2012	
Amravati -Vunni Mech-1`	2000	2500	-500
Kadi -Bt Cotton	25	25	Unch
Ahmedabad - Shankar-6	15000	15000	Unch
Gondal	949	903	+46
Rajkot	2800	3200	-400
Abohar	300	250	+50
Muktsar	-	-	-
Fajlika	150	400	-250
Khandwa	20	-	-
Patan	3	5	-2
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: 6/6/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (6/6/2012)	Rs. Per Candy (5/6/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	-	33900	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	-	35100	-
J-34(202)	26mm	3.5 - 4.9	23	-	29400	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	-	31800	-
Shankar-6(105)	29mm	3.5 - 4.9	28	-	35000	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	-	34000	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	35000	-
DCH-32(107)	34mm	3.0 - 3.8	33	-	46000	-

Cotlook Index: As on 6/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	77.65	-4.15

China Cotton Index: As on 7/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18492	-53
CCIndex(527)	16210	-57
CCIndex(229)	19597	-99

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

USDA Cotton Spot Rates: As on 06/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.89	69.89	NIL
North Delta	65.89	66.89	NIL
South Delta	65.89	66.89	NIL
East TX-OK	61.50	66.50	113
West Texas	61.75	68.00	49
Desert SW	61.64	68.14	NIL
SJ Valley	62.39	73.04	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 6/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	67.1	69.89	67.1	69.89	3
Oct-12	65.64	67.88	65.36	67.45	2.09
Dec-12	65.57	68.36	65.57	68.36	3
Mar-13	67.74	70.4	67.74	70.12	2.58
May-13	69.25	71.4	69.01	71.03	2.2
Jul-13	70.35	72.39	70.35	72.06	2.01

Pakistan Cotton Spot rates: As on 6/6/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	130	5630
Equivalent	40 Kgs	5894	130	6024

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