

Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Friday on account of mixed demand.
- Arrivals were also registered in mixed phase in the markets.
- Higher cost of cultivation and poor cotton prices will compel Indian cotton growers to reduce cotton area by 10% or 12.2 million hectares in 2012/13 as said by the Cotton Association of India.
- The farmers have covered almost 70 to 80% cotton sowing in irrigated parts of Punjab.
- In Gujarat, cotton seed sales is likely to touch below 30 lakh packets against 38 lakh packets of last year during this sowing season.
- Cotton Yarn prices are likely to increase in anticipation of textiles millers demand.

Cotton International Fundamentals

- 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	-14	954	954	956	950
Apr-13	-16	955	970	970	954

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	14	-30	45	-2
Apr-13	1,545	1545	1633	1633

Spread	Feb-13	Apr-13
Basis	-180	
Feb-13		4.00
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
Mar-13	-12.1	960	960	948.1	949.8
Apr-13	-13.8	962.1	967	950	956

Volumes and OI lots

Contract	Volume	Change	OI	Change
Mar-13	16	-18	13	-1
Apr-13	27	-84	26	3

Spread	Mar-13	Apr-13
Basis	-179.8	
Apr-13		6.20

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	-1.81	16100	16100	15690	15690
31-Jul-12	-1.96	16470	16550	15990	16000
31-Aug-12	-1.38	16580	16580	16290	16400

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	8-6-2012	7-6-2012	
Amravati-Vunni Mech-1#	3750	3725	+25
Kadi-Bt Cotton#	3750-4100	3750-4100	Unch
Ahmedabad-Shankar-6#	3750-3950	3700-3900	+50
Gondal	2500-4895	2500-3930	+965
Rajkot	3535-4015	3375-3750	+265
Abohar-J-34*	3550	3500	+500
Muktsar-J-34*	3550	3500	+500
Fajlika#	3615	3790	-175
Khandwa	3400-3700	3400-3700	Unch
Patan	3650	3750-3775	-125
Sri-Ganganagar	3360	3360	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	8-6-2012	7-6-2012	
Amravati -Vunni Mech-1`	2000	2000	Unch
Kadi -Bt Cotton	25	25	Unch
Ahmedabad - Shankar-6	5000	15000	-10000
Gondal	675	949	+274
Rajkot	4200	2800	+1400
Abohar	200	300	-100
Muktsar	-	-	-
Fajlika	150	150	Unch
Khandwa	-	20	-
Patan	10	3	+7
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: 7/6/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (7/6/2012)	Rs. Per Candy (6/6/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	-	-	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	-	-	-
J-34(202)	26mm	3.5 - 4.9	23	-	-	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	-	-	-
Shankar-6(105)	29mm	3.5 - 4.9	28	-	-	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	-	-	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	-	-	-

Cotlook Index: As on 7/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	79.65	2.90

China Cotton Index: As on 8/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18473	-19
CCIndex(527)	16200	-10
CCIndex(229)	19575	-22

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

USDA Cotton Spot Rates: As on 7/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.89	73.89	NIL
North Delta	69.89	70.89	579
South Delta	69.89	70.89	NIL
East TX-OK	65.25	70.25	176
West Texas	65.50	71.75	266
Desert SW	65.64	72.14	NIL
SJ Valley	66.39	77.04	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 7/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	70.66	73.89	70.43	73.89	4
Oct-12	68.06	71.45	68.06	71.29	3.84
Dec-12	68.45	72.36	68.12	72.28	3.92
Mar-12	70.4	74	70.32	73.63	3.51
May-12	71.3	74.6	71.3	74.45	3.42
Jul-12	72.4	75.3	72.22	75.15	3.09

Pakistan Cotton Spot rates: As on 7/6/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5600	130	5630
Equivalent	40 Kgs	5002	130	6024

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