

Cotton Domestic Fundamentals:

- Mixed tone extended in the cotton spot markets on Tuesday amid patchy demand.
- Arrivals were also registered in mixed phase in the markets.
- In Gujarat, cotton seed sales is likely to touch below 30 lakh packets against 38 lakh packets of last year during this sowing season. Besides, there is illegal seed availability at the rate of Rs. 400 per 450gm packet (ball quard-2 variety) as compared to market prices under authorized sales at Rs. 930 per 450gm packet (ball quard-2 variety).
- Cotton Yarn production declined to 267.8 million kgs in March, 2012 compared to 268.06 kg in 2011 in the corresponding period of time while blended yarn production stood down by 22.93 to 56.50 million kg and down by 6.76 % month.
- 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 International Fundamentals

- As per the market source, Pakistan's cotton production is likely to decline by 15% or around 2.2 million bales in 2012/13 after major reduction in cotton area due to water shortage and low cotton prices.

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	1	947.5	958	947.5	956
Apr-13	9	953	967.5	946.5	962

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

Contract	+/-	Open	High	Low	Close
Feb-13	6.6	947	957.8	947	954
Apr-13	12.5	955	968.4	946	961

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	5	2	44	0
Apr-13	1,359	134	1563	-36

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	13	-8	20	4
Apr-13	65	15	47	8

Spread	Feb-13	Apr-13
Basis	-208.5	
Feb-13		6.00
April-13		

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

Spread	Feb-13	Apr-13
Basis	-206.5	
Apr-13		7.00

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	0.44	15650	15870	15650	15820
31-Jul-12	0.62	16090	16210	16010	16190
31-Aug-12	0.73	16380	16570	16380	16550

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	12-6-2012	11-6-2012	
Amravati-Vunni Mech-1#	3725	3650-3725	Unch
Kadi-Bt Cotton#	3750-4050	3500-3900	+150
Ahmedabad-Shankar-6#	3625-3850	3660-3850	Unch
Gondal		-	-
Rajkot	3485-3915	3475-3875	+40
Abohar-J-34*	3515	3475-3480	+35
Muktsar-J-34*	3515	3475	+40
Fajlika#	3650	3700	-50
Khandwa	3400-3700	3400-3600	+100
Patan	3500	3600	-100
Sri-Ganganagar	3250-3420	3200-3450	-30

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	12-6-2012	11-6-2012	
Amravati -Vunni Mech-1`	2000	2500	-500
Kadi -Bt Cotton	50	50	Unch
Ahmedabad - Shankar-6	12000	12000	Unch
Gondal		-	-
Rajkot	3450	3500	-50
Abohar	100	100	Unch
Muktsar	-	-	-
Fajlika	250	50	+200
Khandwa	-	-	-
Patan	-	-	-
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: 11/6/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (11/6/2012)	Rs. Per Candy (09/6/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34600	34600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35800	35800	Unch
J-34(202)	26mm	3.5 - 4.9	23	30400	30400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31500	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32300	32500	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34800	35000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46500	46500	Unch

Cotlook Index: As on 11/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.65	-1.20

China Cotton Index: As on 12/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18421	-46
CCIndex(527)	16162	-26
CCIndex(229)	19541	-33

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

USDA Cotton Spot Rates: As on 11/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.09	75.09	NIL
North Delta	71.09	72.09	NIL
South Delta	71.09	72.09	NIL
East TX-OK	66.50	71.50	NIL
West Texas	66.75	73.00	NIL
Desert SW	66.84	73.34	NIL
SJ Valley	67.59	78.24	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 11/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	74.25	75.74	73.27	75.09	2.19
Oct-12	69.18	69.18	68.47	68.75	0.03
Dec-12	70	70.6	68.3	69.29	-0.59
Mar-12	72	72.28	70.05	71.01	-0.71
May-12	72.4	72.54	71.59	71.94	-0.66
Jul-12	73.25	73.25	72.34	72.67	-0.59

Pakistan Cotton Spot rates: As on 11/6/2012 (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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