

Cotton Domestic Fundamentals:

- Mostly firm trend witnessed in the cotton key markets except Fajlika and Patan on Friday.
- Good local demands weigh on the cotton prices.
- Ups and downs have been registered in cotton arrivals during the day.
- We expect cotton area in Gujarat is to stay near to 28.88 lakh hectare during 2012 compared to 30.23 lakh hectare during 2011.
- As per traders, the cotton sowing has been completed in Punjab and Haryana almost in all the cotton districts successfully due to availability of irrigated water. However, cotton area has been reduced by 8 to 10% and 10 to 15% respectively in Punjab and Haryana as farmers are planning to shift towards Guar.
- Traders expect 10% decline in cotton area totalled in India during 2012/13 and the area may further reduce if there is any deficiency in the monsoon rain. The sowing pace will increase second half of June with onset of four month long rainy 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. Brazilian farmers receive cotton crops about 1,495 kg/hectare in rain-fed areas because of better mechanization.
- Cotton Yarn prices are likely to increase in anticipation of textiles millers demand.

Cotton International Fundamentals

- As per USDA report, US cotton production is likely to increase supported by favorable weather condition in 2012/13 despite reducing cotton area against previous year record. Export figure has been revised down by 1.67% to 11.8 million bales from 12 million bales as projected in May 2012. Ending stocks is same as previous month but higher than previous year in anticipation of lower mills consumption in 2012/13.

Outlook: Domestic and International

We expect domestic cotton price to trade on bullish phase on improving local mills demand.

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

Contract	+/-	Open	High	Low	Close
Feb-13	13.5	976.00	982.50	971.00	975
Apr-13	10.5	977.00	988.00	973.50	981.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	7.60	970	976.50	966.10	970.20
Apr-13	10.60	978	985	973.40	980.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	15	-4	47	3
Apr-13	2,423	1066	1728	298

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	18	11	21	-34
Apr-13	35	-1031	59	-1254

Spread	Feb-13	Apr-13
Basis	-200	
Feb-13		6.50
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	-195.2	
Apr-13		10.30

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	1.06	16190	16370	16170	16250
31-Jul-12	1.04	16570	16800	16520	16590
31-Aug-12	0.83	17030	17100	16510	16930

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	15-6-2012	14-6-2012	
Amravati-Vunni Mech-1#	3900	3750-3800	+100
Kadi-Bt Cotton#	3750-4150	3800-4100	+50
Ahmedabad-Shankar-6#	3750-4000	3600-3850	+150
Gondal	-	-	-
Rajkot-(B.T)	3750-3950	3575-3900	+50
Abohar-J-34*	3550	3525-3540	+10
Muktsar-J-34*	3550	3525-3540	+10
Fajlika#	3650	3800	-150
Patan-(B.T)	3400-3425	3450-3500	-75
Sri-Ganganagar	3420-3425	3300-3420	+5

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	15-6-2012	14-6-2012	
Amravati -Vunni Mech-1`	3000	2500	+500
Kadi -Bt Cotton	100	50	+50
Ahmedabad - Shankar-6	12000	12000	Unch
Gondal	-	-	-
Rajkot-(B.T)	2050	3000	-950
Abohar	200	100	+100
Muktsar	-	-	-
Fajlika	50	50	Unch
Patan-(B.T)	-	-	-
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: 14/6/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (14/6/2012)	Rs. Per Candy (13/6/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35000	34800	+200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36200	36000	+200
J-34(202)	26mm	3.5 - 4.9	23	30800	30700	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30900	30900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32100	32000	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	46000	-500

Cotlook Index: As on 14/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.85	+0.35

China Cotton Index: As on 15/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18346	-12
CCIndex(527)	16073	-24
CCIndex(229)	19444	-24

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

USDA Cotton Spot Rates: As on 14/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.09	78.09	NIL
North Delta	74.09	75.09	97
South Delta	74.09	75.09	NIL
East TX-OK	69.50	74.50	371
West Texas	69.75	76.00	1153
Desert SW	69.84	76.34	NIL
SJ Valley	70.59	81.24	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 14/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	75.15	78.09	74.66	78.09	3
Oct-12	69.5	72.2	69.14	70.3	1.04
Dec-12	70.4	73.08	70.01	70.6	0.19
Mar-12	72.88	74.55	72.04	72.38	Unch
May-12	73.91	75.3	73.5	73.61	0.07
Jul-12	74.66	75.9	74.43	74.43	-0.04

Pakistan Cotton Spot rates: As on 14/6/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5700	130	5830
Equivalent	40 Kgs	6109	130	6239

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