

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to firm tone in the spot markets on Saturday.
- Good buying by mills in the domestic market in anticipation of higher demand in the near-term supported prices.
- Firm tone in the international market added to the positive tone of the market.
- India is likely to import more cotton in the medium –term following good demand.
- Reduction in acreage during the season is supporting prices. Area could reduce further if there is lack of sufficient rainfall in the growing areas.
- According to Gujarat government officials, acreage under cotton during this year is likely to decline to 25 lakh hectares compared to 30 lakh hectares during the previous season.
- Production of cotton in Gujarat is likely to decline by 25 percent in the current fiscal year compared to 112 lakh bales during 2011-12.
- The recent increase in MSP is low and is not sufficient to motivate farmers to grow more cotton. Due to lower prices during the previous season, farmers are diverting area under cotton towards maize, groundnut and guar.
- Traders expect 10% decline in cotton area 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 in the second half of June with onset of four month long rainy season.
- Cotton Yarn prices are likely to increase in anticipation of textiles millers demand.

Cotton International Fundamentals

- Cotton futures recorded a two-week's high following increase in exports from the U.S. five times. Net sales of upland cotton jumped to 1.02 million running bales in the week ended June 7 from 199,233 a week earlier according to USDA.
- China bought nearly 95% of the 795,700 bales of the net export sales from the U.S. in the week ending June 7
- According to Pakistan officials, 88 percent of the target area under cotton has been achieved following lack of sufficient water in the growing areas.

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	-3.5	975.00	975.00	971.50	973
Apr-13	-1.5	980.00	984.50	972.50	980

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

Contract	+/-	Open	High	Low	Close
Mar-13	-1.80	968	976	967	970
Apr-13	-2.60	981	984.40	972	975.90

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	4	-11	48	1
Apr-13	932	-1491	1762	34

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	18	0	22	+1
Apr-13	18	-17	63	+4

Spread	Feb-13	Apr-13
Basis	-195.2	
Feb-13		10.30
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	
Apr-13		5.90

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	-0.86	16280	16310	16090	16120
31-Jul-12	-0.84	16630	16670	16440	16470
31-Aug-12	-0.77	17010	17010	16770	16820

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	16-6-2012	15-6-2012	
Amravati-Vunni Mech-1#	3900-3925	3900	+25
Kadi-Bt Cotton#	3900-4150	3750-4150	Unch
Ahmedabad-Shankar-6#	3750-4000	3750-4000	Unch
Gondal	-	-	-
Rajkot-(B.T)	3575-3965	3750-3950	+15
Abohar-J-34*	3575	3550	+15
Muktsar-J-34*	3575	3550	+15
Fajlika#	3650	3650	Unch
Patan-(B.T)	3550	3400-3425	+125
Sri-Ganganagar	3420-3480	3420-3425	+55

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	16-6-2012	15-6-2012	
Amravati -Vunni Mech-1`	1500	3000	-1500
Kadi -Bt Cotton	70	100	-30
Ahmedabad - Shankar-6	10000	12000	-2000
Gondal	-	-	-
Rajkot-(B.T)	1100	2050	-950
Abohar	50	200	-150
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: 15/6/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (15/6/2012)	Rs. Per Candy (14/6/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35400	35000	+400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36200	+400
J-34(202)	26mm	3.5 - 4.9	23	31200	30800	+400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	30900	+400
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32100	+500
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	45500	Unch

Cotlook Index: As on 15/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	83.05	+0.20

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 15/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	79.99	81.37	79.37	79.98	+1.89
Oct-12	70.93	71.35	69.87	70.88	+0.58
Dec-12	70.60	71.59	70.37	71.02	+0.42
Mar-12	72.38	72.95	71.89	72.70	+0.32
May-12	73.75	74.13	71.98	73.88	+0.27
Jul-12	75.00	75.00	74.10	74.65	+0.22

Pakistan Cotton Spot rates: As on 15/6/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5800	130	5930
Equivalent	40 Kgs	6216	130	6239

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.