

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to weak tone on Tuesday.
- Sluggish demand around current levels weighed.
- Arrivals remained steady in the major mandies and declined slightly in Amravati market.
- Positive tone in the international futures did not have much impact on the market.
- Prices are likely to be range-bound in the near –term as not much demand is likely to emerge.
- Millers are buying according to their requirement.
- In the Adilabad district of Andhra Pradesh, farmers are shifting from cultivation of cotton towards soyabean. Area under cotton cultivation is likely to decline to 3.5 lakh hectares compared to 3.9 lakh hectares during the previous year according to assistant director of Agriculture, Adilabad.
- According to Confederation of Indian Textile Industry, acreage under cotton is likely to be less than 110 lakh hectares compared to 121 lakh hectares in 2011-2012.
- As on 15th June 2012, total area under cotton in Maharashtra is reported to be 1.62 lakh hectares. This is 5.5% of the normal area sown.
- According to CMIE, cotton production is expected to decline by 7.8% to 32.2 million bales during the financial year 2012-13.
- According to IMD, south-west monsoon has advanced over half of India and has entered the west coast. Further rains are expected along the east coast, west coast and certain parts of north-eastern states and central India in the coming days.

Cotton International Fundamentals

- Cotton futures at ICE closed higher continuing the positive tone on Monday. Record sales to China during the month are supporting prices.
- China bought nearly 95% of the 795,700 ton of Indian bales of the net export sales from the U.S. in the week ending June 7.
- According to trade sources, farmers have been able to plant their full area under cotton this season.

Outlook: Domestic and International

We expect domestic cotton price to trade sideways to weak in the near –term.

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

Contract	+/-	Open	High	Low	Close
Feb-13	39.5	982.00	1016.00	982.00	39.5
Apr-13	39.5	985.00	1020.00	985.00	39.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	20	11	55	8
Apr-13	3,050	1582	2144	319

Spread	Feb-13	Apr-13
Basis	-241	
Feb-13		4.00
Apr-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	38.9	975	1011.5	975	1011.5
Apr-13	39.1	990	1017.5	985.1	1017.3

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	19	8	23	4
Apr-13	39	21	77	17

Spread	Feb-13	Apr-13
Basis	-236.5	
Apr-13		5.80

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	2.06	16140	16440	16110	16340
31-Jul-12	1.77	16430	16750	16430	16660
31-Aug-12	1.56	16790	17010	16780	16950

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	19-6-2012	18-6-2012	
Amravati-Vunni Mech-1#	3950	3900-3950	Unch
Kadi-Bt Cotton#	3800-4100	3800-4100	Unch
Ahmedabad-Shankar-6#	3750-4000	3750-4000	Unch
Gondal	-	-	-
Rajkot-(B.T)	-	3550-3950	-
Abohar-J-34*	3525	3550	-25
Muktsar-J-34*	3525	3550	-25
Fajlika#	-	3675	-
Patan-(B.T)	3500-3550	3550-3600	-50
Sri-Ganganagar	3420	3470-3480	-60

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	19-6-2012	18-6-2012	
Amravati -Vunni Mech-1`	1000	1500	-500
Kadi -Bt Cotton	100	100	Unch
Ahmedabad - Shankar-6	10000	10000	Unch
Gondal	-	-	-
Rajkot-(B.T)	-	3150	-
Abohar	100	100	Unch
Muktsar	-	-	-
Fajlika	-	50	-
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: 18/6/2012

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	35400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
J-34(202)	26mm	3.5 - 4.9	23	31200	31200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	32800	+200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	34600	+300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35700	+200
DCH-32(107)	34mm	3.0 - 3.8	33	46000	46000	Unch

Cotlook Index: As on 18/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.90	+0.50

China Cotton Index: As on 19/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18325	-8
CCIndex(527)	16055	-6
CCIndex(229)	19429	-6

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

USDA Cotton Spot Rates: As on 18/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.87	77.87	113
North Delta	73.37	74.37	473
South Delta	73.37	74.37	NIL
East TX-OK	65.00	70.00	NIL
West Texas	65.25	71.50	1905
Desert SW	69.12	75.62	NIL
SJ Valley	69.87	80.52	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 18/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	80.05	82.98	79.98	82.98	3
Oct-12	71.3	72.72	70.88	71.87	0.99
Dec-12	71.32	72.22	70.8	71.86	0.84
Mar-12	73.15	73.72	72.7	73.46	0.76
May-12	74.23	74.83	73.84	74.57	0.69
Jul-12	74.95	75.29	74.59	75.29	0.64

Pakistan Cotton Spot rates: As on 18/6/2012 (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

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