

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to firm tone on Wednesday except slight weakness in Patan and Sri-Ganganagar markets.
- Good buying from the mills, positive tone in the international and domestic futures supported the market.
- Slow down in arrivals added to the positive tone of the market.
- According to a study conducted by research Institute Council for Social Development, the use of Bt cotton seeds has increased the production of cotton and income of the farmers in Punjab and Haryana.
- The farmers in Gujarat may reduce area under by 4.5% to 28.88 lakh hectares during 2012 compared to 30.23 lakh hectares during 2011.
- According to trade sources, around 3-5% of sowing under cotton has been completed in Gujarat.
- According to government officials, sowing of cotton in Sri-Ganganagar and Hanumangarh areas of Rajasthan is less compared to previous year.
- According to IMD, rains are expected along the west coast, thereby supporting sowing of cotton in Maharashtra.
- 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.
- Cotton yarn prices increased amid good demand from the textile mills.

Cotton International Fundamentals

- Cotton futures at ICE noticed firm tone amid short-covering. Good purchase by China supported the market.
- The government of Zimbabwe has designated cotton as an essential commodity following delay in the start of 2012 cotton marketing season.
- Cotton prices in Pakistan witnessed firm tone amid good demand from the spinners and positive tone in the international market.
- According to USDA crop progress report, 10% of the cotton crop is in excellent condition, 43% in good condition and 32% in fair condition.

Outlook: Domestic and International

We expect domestic cotton prices to notice steady to firm tone in the near –term.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-9	1025.50	1025.50	1007.00	1007
Apr-13	-6	1044.00	1045.00	1011.50	1014

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

Contract	+/-	Open	High	Low	Close
Mar-13	10.1	1025.00	1027.30	1001.00	1007.5
Apr-13	-3.5	1032.8	1037.1	1010	1011

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	41	21	55	0
Apr-13	3,939	889	2236	92

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	57	38	24	-5
Apr-13	124	85	79	-3

Spread

	Feb-13	Apr-13
Basis	-227	

	Feb-13	Apr-13
Feb-13		7.00
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	-227.5	

	Feb-13	Apr-13
Apr-13		3.50

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	-0.98	16490	16500	16190	16190
31-Jul-12	-0.84	16780	16830	16520	16530
31-Aug-12	-0.88	17030	17070	16790	16820

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	20-6-2012	19-6-2012	
Amravati-Vunni Mech-1#	3950	3950	Unch
Kadi-Bt Cotton#	3800-4175	3800-4100	+75
Ahmedabad-Shankar-6#	3750-4050	3750-4000	+50
Gondal	-	-	-
Rajkot-(B.T)	-	-	-
Abohar-J-34*	3600	3525	+75
Muktsar-J-34*	3600	3525	+75
Fajlika#	3750-3800	-	-
Patan-(B.T)	3500-3550	3500-3550	-50
Sri-Ganganagar	3510	3420	-60

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	20-6-2012	19-6-2012	
Amravati -Vunni Mech-1`	1500	1000	+500
Kadi -Bt Cotton	80	100	-20
Ahmedabad - Shankar-6	10000	10000	Unch
Gondal	-	-	-
Rajkot-(B.T)	-	-	-
Abohar	80	100	-20
Muktsar	-	-	-
Fajlika	-	-	-
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: 19/6/2012

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	35200	35400	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36400	36600	-200
J-34(202)	26mm	3.5 - 4.9	23	31000	31200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	33000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	34900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46000	46000	Unch

Cotlook Index: As on 19/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	84.00	+0.55

China Cotton Index: As on 20/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18325	0
CCIndex(527)	16053	-2
CCIndex(229)	19428	-1

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

USDA Cotton Spot Rates: As on 19/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	77.05	80.05	115
North Delta	75.55	76.55	45
South Delta	75.55	76.55	NIL
East TX-OK	67.00	72.00	NIL
West Texas	67.25	73.50	575
Desert SW	71.30	77.80	NIL
SJ Valley	72.05	82.70	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 19/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	83.50	87.98	83.50	87.98	+5.00
Oct-12	72.89	75.00	71.87	74.05	+2.18
Dec-12	72.10	74.80	72.00	74.43	+2.57
Mar-12	73.87	76.10	73.55	75.58	+2.12
May-12	74.88	76.82	74.63	76.35	+1.78
Jul-12	75.52	77.60	75.03	77.00	+1.71

Pakistan Cotton Spot rates: As on 19/6/2012 (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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