

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Thursday except slight firmness in Kadi market.
- Lack of demand from the millers in the domestic market weighed on prices.
- Weak tone in the international market added to the soft tone of the market.
- Arrivals increased in Amravati and Ahmedabad market and it remained almost steady in other mandis.
- According to trade sources, acreage under cotton is likely to decline by 15% in North India. Farmers are diverting to other profitable crops like guar, soya bean and groundnut.
- Cotton seed makers are worried of increase in stocks following decline in acreage during this season.
- The overall seed production is estimated at 5 crore packets, while sales for the year are expected to be in the range of 3.5-4 crore packets according to industry sources.
- According to sources, acreage under cotton in East Godavari district of Andhra Pradesh is likely to increase to 13,000 acres during this season compared to 9500 acres during the previous season. Usage of Bt cotton seeds has attracted the farmers following higher yields and lower usage of pesticides.
- The Maharashtra government is implementing Brazilian model of cotton cultivation in eight districts of Vidarbha region so as to increase the per-acre yield of cotton and reduce the per-acre cultivation cost.
- As per the model, yield of cotton could increase from current 350 kg/lint per ha to around world average of 725 kg/lint per ha and cost of cultivation could reduce from Rs.12500 per hectare to Rs. 5000 per hectare.
- According to trade sources, around 60% of sowing under cotton has been completed in Maharashtra till date.
- According to the latest update by Andhra Pradesh government, sowing under cotton has been completed in 2.97 lakh hectares till date compared to 1.93 lakh hectares during the same period previous year.
- According to CMIE, production of cotton yarn and synthetic yarn would increase by 10% and 3.5% respectively amid good fabric demand.

Cotton International Fundamentals

- Cotton futures at ICE noticed weak tone following profit-booking at higher levels and lower industrial demand.
- Cotton prices in Pakistan noticed dull trading amid lack –luster demand in the spot market.
- China imported 501,838 metric tons of cotton in May, up sharply from 144,559 tons a year earlier according to the General Administration of Customs. The country's January-May imports rose to 2.58 million tons from 1.21 million tons during the same period a year earlier.

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	-19.5	991.50	997.00	987.50	987.5
Apr-13	-16	1006.5	1009	984.5	998

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

Contract	+/-	Open	High	Low	Close
Mar-13	-11.3	999.00	1034.00	979.60	994.3
Apr-13	-18.3	1029.6	1029.6	982	994

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	10	-31	53	-2
Apr-13	3,140	-799	2351	115

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	25	-32	17	-7
Apr-13	71	-53	78	-1

Spread

	Feb-13	Apr-13
Basis	-212.5	
Feb-13		10.50
April-13		

Spread

	Feb-13	Apr-13
Basis	-219.3	
Apr-13		-0.30

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

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MCX Cotton Futures (29 mm Variety): Prices in Bales

Contract	% Change	Open	High	Low	Close
29-Jun-12	-2.47	16050	16050	15710	15820
31-Jul-12	-2.36	16300	16320	16040	16150
31-Aug-12	-2.26	16560	16610	16330	16460

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	21-6-2012	20-6-2012	
Amravati-Vunni Mech-1#	3950	3950	Unch
Kadi-Bt Cotton#	3900-4200	3800-4175	+75
Ahmedabad-Shankar-6#	3750-4000	3750-4050	-50
Gondal	-	-	-
Rajkot-(B.T)	-	-	-
Abohar-J-34*	3520-3540	3600	-60
Muktsar-J-34*	3600	3600	Unch
Fajlika#	3750-3800	3750-3800	Unch
Patan-(B.T)	3300-3800	3300-3800	Unch
Sri-Ganganagar	3550	3500-3550	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	21-6-2012	20-6-2012	
Amravati -Vunni Mech-1`	2000	1500	+500
Kadi -Bt Cotton	70	80	-10
Ahmedabad - Shankar-6	12000	10000	+2000
Gondal	-	-	-
Rajkot-(B.T)	-	-	-
Abohar	50	80	-30
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: 20/6/2012

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	35600	35200	+400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36800	36400	+400
J-34(202)	26mm	3.5 - 4.9	23	31300	31000	+300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	31500	+500
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33000	+500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35500	34900	+600
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36500	35900	+600
DCH-32(107)	34mm	3.0 - 3.8	33	46000	46000	Unch

Cotlook Index: As on 20/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	86.30	+2.30

China Cotton Index: As on 21/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18325	0
CCIndex(527)	16046	-7
CCIndex(229)	19426	-2

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

USDA Cotton Spot Rates: As on 20/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.74	77.74	NIL
North Delta	73.24	74.24	NIL
South Delta	73.24	74.24	NIL
East TX-OK	64.75	69.75	NIL
West Texas	65.00	71.25	110
Desert SW	68.99	75.49	NIL
SJ Valley	69.74	80.39	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 20/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	89.38	89.48	82.98	83.17	-4.81
Oct-12	74.78	74.96	69.05	71.74	-2.31
Dec-12	74.43	74.50	71.06	72.71	-1.72
Mar-12	75.09	75.09	72.60	74.04	-1.54
May-12	75.09	75.13	73.46	74.99	-1.36
Jul-12	75.70	75.70	74.40	75.58	-1.42

Pakistan Cotton Spot rates: As on 20/6/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5900	130	6030
Equivalent	40 Kgs	6323	130	6453

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