

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone continuing the weak tone on Friday.
- Arrivals were registered mostly steady to lower in the major mandis.
- In the international market, prices closed lower thereby weighing on the domestic market.
- According to IMD, monsoon is expected to progress in normal pace in the coming days. Showers are expected in certain parts of Gujarat in the near –term.
- According to trade sources, in Kadi market of Gujarat around 35-40% sowing is complete. Sowing progress is slow following rainfall below normal in the sowing regions.
- In Punjab sowing is complete and lack of rainfall will affect the crop currently.
- 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.
- Usage of Bt cotton seeds has attracted the farmers following higher yields, productivity, returns and reduction in 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 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 the Directorate General of Foreign Trade (DGFT), total registration for cotton yarn shot up to 74.5 million kg in May, against 63.2 mn kg in the corresponding month last year. In the three preceding months ended April, however, total cotton yarn export registration was 60-64 mn kg.

Cotton International Fundamentals

- Cotton futures at ICE closed lower following weak manufacturing data in the major consuming countries of U.S, Europe and China.
- Cotton farmers in Tanzania are likely to suffer more losses following price fluctuations resulting from by surplus production of the crop in the world market. s
- 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/kg)

Contract	+/-	Open	High	Low	Close
Feb-13	9	1003.00	1013.50	995.00	1002
Apr-13	12.5	996	1016	987.5	1010

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

Contract	+/-	Open	High	Low	Close
Mar-13	15.1	987.00	1008.90	987.00	1001
Apr-13	18.3	989.9	1013	989.9	1008.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	17	7	56	3
Apr-13	3,110	-30	2424	73

Spread

	Feb-13	Apr-13
Basis	-252	

Feb-13	8.00
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April-13

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

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	5	-52	18	-6
Apr-13	185	61	80	1

Spread

Basis	-251	
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Apr-13	7.80
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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	-0.32	15660	15970	15560	15780
31-Jul-12	-0.12	16010	16290	15900	16140
31-Aug-12	0	16210	16600	16210	16460

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	22-6-2012	21-6-2012	
Amravati-Vunni Mech-1#	3900	3950	-50
Kadi-Bt Cotton#	3800-4075	3900-4200	-125
Ahmedabad-Shankar-6#	3600-3900	3750-4000	-100
Gondal	-	-	-
Rajkot-(B.T)	3550-3990	-	-
Abohar-J-34*	3500	3520-3540	-40
Muktsar-J-34*	3500	3600	-100
Fajlika#	3500	3750-3800	-300
Patan-(B.T)	3300-3800	3300-3800	Unch
Sri-Ganganagar	3550	3550	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	22-6-2012	21-6-2012	
Amravati -Vunni Mech-1`	2500	2000	+500
Kadi -Bt Cotton	50	70	-20
Ahmedabad - Shankar-6	10000	12000	-2000
Gondal	-	-	-
Rajkot-(B.T)	2800	-	-
Abohar	50	50	Unch
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: 21/6/2012

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	35600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36800	36800	Unch
J-34(202)	26mm	3.5 - 4.9	23	30800	31300	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	32000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	33500	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35200	35500	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36500	36500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	46000	-500

Cotlook Index: As on 21/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	84.30	-1.65

China Cotton Index: As on 22/6/2012

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 21/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.25	73.25	NIL
North Delta	68.75	69.75	NIL
South Delta	68.75	69.75	NIL
East TX-OK	60.25	65.25	NIL
West Texas	60.50	66.75	NIL
Desert SW	64.50	71.00	NIL
SJ Valley	65.25	75.90	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 21/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	82.5	82.5	78.17	78.17	-5
Oct-12	70.82	70.82	67.06	67.25	-4.49
Dec-12	72.13	72.13	67.71	67.71	-5
Mar-12	73.21	73.21	69.04	69.08	-4.96
May-12	74.14	74.14	69.99	70.24	-4.75
Jul-12	74.82	74.82	70.76	71.13	-4.45

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	6000	130	6130
Equivalent	40 Kgs	6430	130	6560

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