

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to firm tone on Saturday except slight weakness in Khandwa and Sri-Ganganagar markets.
- Lower arrivals and some buying by the mills supported prices.
- Recovery in the international futures added to the positive tone of the market.
- The South-west monsoon so far is 24 percent deficit. This has resulted in delayed sowing of kharif crops including cotton.
- As on June 22, 2012, area under cotton has been reported at 21 lakh hectares of which 18.47 lakh hectares is under transgenic Bt. Variety. Last year during the same time, area covered under cotton was reported at 24.59 lakh hectares.
- Acreage has declined in key states such as Gujarat, Punjab, Haryana and Madhya Pradesh, whereas it has increased 1.04 lakh hectares in Andhra Pradesh.
- Bt Cotton is resistant to bollworm and this is now invading other agricultural crops like chickpea, pigeon pea, sorghum, tomato and maize.
- The A.P. Seedsmen Association has assured the farmers that there will not be shortage of seed for sowing purpose. Around 85% of the seed requirement has been met and the remaining 15 percent will also be supplied in different districts.
- India's share in the value of exports increased from 0.75% in 2000 to 10.53% in 2009. It was also observed that pre-Bt Cotton period the cotton exports in quantity terms were negative 24.6% and in value terms they were at negative 21.3% according to industry sources.
- With the introduction of Bt cotton, India has become net exporter of cotton during the recent times.
- 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.
- Competition Commission of India has started inquiry into duty draw back following which yarn market is down.

Cotton International Fundamentals

- Cotton futures at ICE closed higher recovering the losses to certain extent amid short-covering.
- ICE Futures U.S. on Friday raised the amount cotton investors and hedgers must pay to open and maintain positions in the cotton market by 25%.
- Cotton market in Pakistan witnessed lack-luster trading as buyers remained on the sidelines amid expectation of decline in prices.

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	-3.5	998.00	1006.00	997.00	1000
Apr-13	-2	1013	1018	998.5	1007

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

Contract	+/-	Open	High	Low	Close
Mar-13	8.4	1006.00	1007.50	1003.00	1006.2
Apr-13	5.6	1003.9	1015	994	1011.8

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	6	-11	52	26
Apr-13	1,854	-1256	2427	3

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	5	0	17	-1
Apr-13	30	-155	86	6

Spread

	Feb-13	Apr-13
Basis	-225	
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	-251	
Apr-13		7.80

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	0.44	15750	15930	15750	15860
31-Jul-12	0.56	16150	16280	16140	16210
31-Aug-12	0.61	16510	16640	16490	16570
31-Oct-12	4.01	16690	16850	16690	16850

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	23-6-2012	22-6-2012	
Amravati-Vunni Mech-1#	3950	3900	+50
Kadi-Bt Cotton#	3800-4125	3800-4075	+50
Ahmedabad-Shankar-6#	3750-4000	3600-3900	+100
Gondal	-	-	-
Rajkot-(B.T)	3575-4030	3550-3990	+40
Abohar-J-34*	3520	3500	+20
Muktsar-J-34*	3520	3500	+20
Fajlika#	3500	3500	Unch
Khandwa M.P.	3300-3700	3300-3800	-100
Patan-(B.T)	3550	3550	Unch
Sri-Ganganagar	3450	3550	-100

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	23-6-2012	22-6-2012	
Amravati -Vunni Mech-1`	2500	2500	Unch
Kadi -Bt Cotton	40	50	-10
Ahmedabad - Shankar-6	10000	10000	Unch
Gondal	-	-	-
Rajkot-(B.T)	1000	2800	-1800
Abohar	20	50	-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: 22/6/2012

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	30600	30800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	32000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33300	33000	+300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35200	35200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36500	36500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

Cotlook Index: As on 22/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	80.00	-4.60

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 22/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.30	75.30	NIL
North Delta	70.80	71.80	NIL
South Delta	70.80	71.80	NIL
East TX-OK	62.25	67.25	NIL
West Texas	62.50	68.75	37
Desert SW	66.55	73.05	NIL
SJ Valley	67.30	77.95	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 22/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	74.17	74.17	74.17	74.17	-4.00
Oct-12	67.00	69.70	67.00	69.30	+2.05
Dec-12	67.51	69.88	67.38	69.12	+1.41
Mar-12	69.07	71.97	68.83	70.57	+1.49
May-12	71.95	72.18	71.35	71.58	+1.34
Jul-12	72.78	73.12	72.06	72.28	+1.15

Pakistan Cotton Spot rates: As on 22/6/2012 (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

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.