

Cotton Domestic Fundamentals:

- Steady to firm tone witnessed in the cotton spot markets on improved demand amid restricted supplies except Rajkot which closed on lower side due to declining demand.
- In North India, millers are increasing their capacity to buy cotton as delaying the arrival of Monsoon.
- Arrivals were also registered with steady to lower pace in the most of the markets.
- India may have 15% lower cotton planting against 12.2 million hectares sowed in 2011/12 as per the Cotton Association of India. According to USDA report, there is likely to be a decline in the cotton crop in 2012/13 to 32.3 million bales (1 bale=170kgs) in comparison to the current year crop of 34.3 million bales due to the lower planting area.
- Indian government has set textile export target to US \$ 40.5 billion against earlier set target of US \$ 38 billion in 2012/13 as textile segments such as garments, carpets and handicrafts are likely to perform well in EU, US market in this year which may weigh on cotton prices in long run.
- Cotton Yarn prices traded steady on back of good exporters and domestic demand.

Cotton International Fundamentals

- Latest sowing cotton crop is in good condition as on date in US supported by favorable weather condition. However farmers are expected to decrease cotton area due to lower fiber prices.

Outlook: Domestic and International

We expect domestic cotton price to move upside in next trading sessions due to firmness in demand.

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

Contract	+/-	Open	High	Low	Close
Feb-13	3	1025	1025	1010.5	1023
Apr-13	6.5	1025	1034.5	1015	1032

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	10	-2	54	1
Apr-13	2,549	-901	2551	145

Spread Feb-13 Apr-13

Basis	-248	
Feb-13		9.00
April-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
Feb-13	1.2	1024	1024	1011.3	1020
Apr-13	7.4	1025.5	1031	1016.2	1028.2

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	10	4	17	-1
Apr-13	73	-34	97	5

Spread Feb-13 Apr-13

Basis	-245	
Apr-13		8.20

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	0.19	16180	16190	15950	16060
31-Jul-12	0.12	16400	16440	16290	16420
31-Aug-12	0.18	16740	16830	16680	16800
31-Oct-12	-0.52	17400	17480	17260	17380

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	26-6-2012	25-6-2012	
Amravati-Vunni Mech-1#	4100-4125	4025-4050	+75
Kadi-Bt Cotton#	3900-4300	3800-4250	+50
Ahmedabad-Shankar-6#	3750-4000	3750-4000	Unch
Gondal	3250-4500	-	-
Rajkot-(B.T)	3600-4150	3600-4160	-10
Abohar-J-34*	3540	3530	+10
Muktsar-J-34*	3540	3530	+10
Fajlika#	3525	3525	Unch
Khandwa M.P.	3300-3800	3300-3800	Unch
Patan-(B.T)	3525	3525	Unch
Sri-Ganganagar	3460	3450	+10

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	26-6-2012	25-6-2012	
Amravati -Vunni Mech-1`	1500	2500	-1000
Kadi -Bt Cotton	50	50	Unch
Ahmedabad - Shankar-6	10000	10000	Unch
Gondal	800	-	-
Rajkot-(B.T)	1000	1050	-50
Abohar	20	20	Unch
Muktsar	-	-	-
Fajlika	-	-	-
Khandwa M.P.	-	-	-
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: 25/6/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (25/6/2012)	Rs. Per Candy (23/6/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35900	35600	+300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37300	36800	+500
J-34(202)	26mm	3.5 - 4.9	23	31400	30900	+500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32200	+300
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35400	35400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36800	36800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46000	46000	Unch

Cotlook Index: As on 25/6/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.30	+1.30

China Cotton Index: As on 26/6/2012

Index	RMB/Ton	Change
CCIndex(328)	18249	-30
CCIndex(527)	16017	-7
CCIndex(229)	19351	-40

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

USDA Cotton Spot Rates: As on 25/6/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.51	76.51	NIL
North Delta	72.01	73.01	NIL
South Delta	72.01	73.01	NIL
East TX-OK	63.50	68.50	NIL
West Texas	63.75	70.00	17
Desert SW	67.76	74.26	NIL
SJ Valley	68.51	79.16	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 25/6/2012

Contract	Open	High	Low	Close	Change
Jul-12	70.71	72.50	68.23	70.46	-3.71
Oct-12	68.88	70.63	68.83	70.51	+1.21
Dec-12	69.01	70.33	68.50	70.05	+0.93
Mar-12	71.18	71.73	69.93	71.44	+0.87
May-12	71.69	72.85	71.15	72.55	+0.97
Jul-12	72.49	73.70	72.00	73.38	+1.10

Pakistan Cotton Spot rates: As on 25/6/2012 (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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