

## Cotton Domestic Fundamentals:

- Mixed tone featured in the cotton spot markets on Thursday amid patchy demand.
- Arrivals were also registered in mixed phase in the markets.
- In Gujarat, cotton seed sales is likely to touch below 30 lakh packets against 38 lakh packets of last year during this sowing season.
- The farmers in Gujarat may decline around 4.5% of cotton area to 28.88 lakh hectare during 2012 compared to 30.23 lakh hectare during 2011.
- Indian Government declared cotton minimum support price for 2012/13 up by 28.57% to 3600 per quintal for medium staple length and long staple length by 18.18% to 3900 per quintal against last year MSP i.e. 2800 per quintal and 3300 per quintal respectively to encourage cotton farmers. However, lower cotton prices against dull demand and other lucrative crops like Guar, soybean has compelled cotton farmers to reduce cotton area in 2012/13.
- 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

- As per the market source, Pakistan's cotton production is likely to decline by 15% or around 2.2 million bales in 2012/13 after major reduction in cotton area due to water shortage and low cotton prices.

## Outlook: Domestic and International

We expect domestic cotton price to trade on bullish phase.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-24.5	1012	1012	995	995
Mar-13	-23.5	1000	1000	1000	1000
Apr-13	-22.50	1025	1031.5	999	1001

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

Contract	+/-	Open	High	Low	Close
Feb-13	-16.2	1006.1	1014.9	999.8	999.8
Apr-13	-21.3	1026	1026	997.1	999

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	10	9	52	-2
Mar-13	1	1	3	3
Apr-13	2892	1486	2430	-250

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	7	6	20	2
Apr-13	115	56	93	-5

Spread	Feb-13	Mar-13	Apr-13
Basis	-220		
Feb-13		5.00	
April-13			1.00

Spread	Feb-13	Apr-13
Basis	-224.8	
Apr-13		-0.80

**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	0.31	16080	16130	15830	16060
31-Jul-12	Unch	16380	16530	16340	16380
31-Aug-12	-0.06	16760	16870	16740	16750
31-Oct-12	-0.29	17500	17500	17360	17360
30-Nov-12	-0.58	17280	17280	17060	17100

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	28-6-2012	27-6-2012	
Amravati-Vunni Mech-1#	4200	4150-4200	Unch
Kadi-Bt Cotton#	3950-4350	3900-4300	+50
Ahmedabad-Shankar-6#	3750-4125	3750-4050	+75
Gondal	-	-	-
Rajkot-(B.T)	3750-4200	3600-4150	+50
Abohar-J-34*	3515	3525	-10
Muktsar-J-34*	3515	3525	-10
Fajlika#	3550	3550	Unch
Khandwa M.P.	3300-3800	3300-3800	Unch
Patan-(B.T)	-	3550	-
Sri-Ganganagar	3470	3460	+10

\*-Rs/maund, #-Rs.qtl

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	28-6-2012	27-6-2012	
Amravati -Vunni Mech-1`	1500	1000	+500
Kadi -Bt Cotton	50	25	+25
Ahmedabad - Shankar-6	10000	15000	-5000
Gondal	-	-	-
Rajkot-(B.T)	975	1000	-25
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: 27/6/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (27/6/2012)	Rs. Per Candy (26/6/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36500	36000	+500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37800	37500	+300
J-34(202)	26mm	3.5 - 4.9	23	31800	31800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	32700	+300
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	33800	+200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35600	35600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37000	37000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46500	46500	Unch

**Cotlook Index: As on 27/6/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	80..50	-1.80

**China Cotton Index: As on 28/6/2012**

Index	RMB/Ton	Change
CCIndex(328)	18188	-19
CCIndex(527)	15904	-46
CCIndex(229)	19326	-15

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

**USDA Cotton Spot Rates: As on 27/6/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.81	71.81	NIL
North Delta	67.31	68.31	NIL
South Delta	67.31	68.31	NIL
East TX-OK	61.00	66.00	NIL
West Texas	61.25	67.50	NIL
Desert SW	65.06	71.56	NIL
SJ Valley	65.81	76.46	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 27/6/2012**

Contract	Open	High	Low	Close	Change
Jul-12	69.45	69.95	68.01	68.01	<b>-0.30</b>
Oct-12	68.50	69.10	67.60	67.81	<b>-0.54</b>
Dec-12	68.50	69.19	67.93	67.96	<b>-0.24</b>
Mar-12	70.31	70.46	69.17	69.22	<b>-0.39</b>
May-12	71.25	71.45	70.20	70.27	<b>-0.61</b>
Jul-12	71.92	72.34	71.09	71.18	<b>-0.60</b>

**Pakistan Cotton Spot rates: As on 27/6/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6100	130	6230
<b>Equivalent</b>	40 Kgs	6537	130	6667

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