

Cotton Domestic Fundamentals:

- Cotton prices witnessed firm tone on Saturday amid good demand except slight weakness in Patan market.
- Rains in Gujarat region weighed on market to certain extent.
- Arrivals were reported to be steady to lower.
- As on 13th July, 2012, area under cotton increased by 10% to 65.22 lakh hectares compared to last year.
- Increase in acreage in Andhra Pradesh, Gujarat, Madhya Pradesh and Maharashtra has been reported till date.
- Good demand from the mills in the domestic market supported prices.
- There is good buying by the exporters in the domestic market.
- According to IMD, rain would occur at a few places over Punjab, Haryana, Delhi, west Uttar Pradesh, east Rajasthan, Gujarat region, west Madhya Pradesh and Tamil Nadu in the near –term.
- Sowing activities are likely to pick up in the growing regions amid forecast of rains in the near –term.
- Now farmers in Bhiwani district will get cotton crops insurance. The government of Haryana has issued a notification for the same done under National Agriculture Insurance Scheme (NAIS) and fixed up general insurance premium of Rs 15,700 per acre of cotton crops.
- Gujarat government is likely to announce new textile policy by next week to attract fresh investments in spinning.

Cotton International Fundamentals

- USDA projected global cotton ending stocks down by 3 percent on lower beginning stocks & production for 2012/13. World production is declined 1.5 million bales due to decreases for India, Pakistan, and others.
- In the international futures market, cotton prices closed higher at New York amid news of revival of Chinese economy in the second quarter as expected.

Outlook: Domestic and International

We expect domestic cotton prices to continue firm tone in the near –term.

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

Contract	+/-	Open	High	Low	Close
Feb-13	25	1075.50	1095.00	1075.00	1091
Apr-13	30	1070.00	1100.00	1064.50	1095.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	90	10	126	30
Apr-13	7,273	2494	4853	138

Spread	Feb-13	Apr-13
Basis	-216	
Feb-13		4.50
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	26.2	1058	1078	1056	1076.1
Apr-13	29.4	1059.5	1088.5	1059.5	1086.2

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	28	4	56	-5
Apr-13	116	-47	297	-16

Spread	Feb-13	Apr-13
Basis	-201.1	
Apr-13		10.10

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
31-Jul-12	1.39	17380	17570	17380	17530
31-Aug-12	1.25	17720	17900	17700	17810
31-Oct-12	1.88	17700	17850	17660	17850
30-Nov-12	2.4	17050	17540	17050	17500
31-Dec-12	1.93	17200	17430	17200	17400

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	14-7-2012	13-7-2012	
Amravati-Vunni Mech-1#	4750	4700	+50
Kadi-Bt Cotton#	4600-4850	4600-4750	+100
Ahmedabad-Shankar-6#	-	4250-4500	-
Gondal	3000-4755	2500-4550	+205
Rajkot-(B.T)	4025-4650	3925-4525	+125
Abohar-J-34*	3720	3680	+40
Muktsar-J-34*	3730	3680	+50
Fajlika#	3675	3675	Unch
Khandwa M.P.	3300-3700	3300-3700	Unch
Patan-(B.T)	4400-4500	4400-4650	-150
Sri-Ganganagar	3650	3650	+125

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	14-7-2012	13-7-2012	
Amravati -Vunni Mech-1`	800	1000	-200
Kadi -Bt Cotton	50	50	Unch
Ahmedabad - Shankar-6	-	8000	Unch
Gondal	284	490	-206
Rajkot-(B.T)	669	630	+39
Abohar	-	-	-
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: 12/7/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (13/7/2012)	Rs. Per Candy (12/7/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	41900	41700	+200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43200	43000	+200
J-34(202)	26mm	3.5 - 4.9	23	33700	33400	+300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	35100	34700	+400
Shankar-6(105)	29mm	3.5 - 4.9	28	35400	35100	+300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38400	38100	+300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39300	39300	+200
DCH-32(107)	34mm	3.0 - 3.8	33	51500	51500	+200

Cotlook Index: As on 13/7/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.85	-0.60

China Cotton Index: As on 13/7/2012

Index	RMB/Ton	Change
CCIndex(328)	18222	+14
CCIndex(527)	15892	+19
CCIndex(229)	19360	+8

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

USDA Cotton Spot Rates: As on 13/7/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	69.51	72.51	10
North Delta	68.51	69.51	11
South Delta	68.51	69.51	26
East TX-OK	63.00	68.00	1012
West Texas	63.25	69.50	918
Desert SW	67.01	73.51	NIL
SJ Valley	67.76	78.41	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 13/7/2012

Contract	Open	High	Low	Close	Change
Oct-12	69.80	71.89	69.80	71.76	+2.40
Dec-12	70.20	72.76	70.18	72.66	+2.73
Mar-12	71.61	73.88	71.59	73.77	+2.67
May-12	72.95	74.70	72.95	74.56	+2.57
Jul-12	74.95	75.36	74.72	75.36	+2.44
Oct-12	77.39	77.39	77.39	77.39	+2.54

Pakistan Cotton Spot rates: As on 12/7/2012 (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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