

Cotton Domestic Fundamentals:

- Steady to weak tone featured in the cotton spot markets due to weak demand except Sri- Ganganagar market which close on upper side due to average demand.
- According to reports, in Gujarat, top cotton producing Indian state has covered only 35% area of cotton till date due to deficit in rain.
- Cotton Yarn production is likely to surge by 8.5 per cent during the fiscal, after it declined by 8 per cent in FY12.
- The cotton yield in Maharashtra is likely to decline around 10 to 20% due to delayed in Mansoon.
- As on 22nd July 12, farmers in Maharashtra have covered total 59.89 lakh hac of cotton area which is higher than previous year i.e. 47.34 lakh hac during corresponding period of time.

Cotton International Fundamentals

- As per market source, Cotton classified as good or excellent rose to 47% up two percentage points from a week earlier and up 18 percentage points from the same point last year. Cotton classified as poor or very poor was unchanged from a week earlier at 18%, down from 41% at the same time in 2011. Still, drought conditions remain in some parts of the U.S., including Texas, and coupled with a 14% drop in acreage this year, mainly due to lower cotton prices, production could still be crimped.
- As Per CN Cotton, China is likely to reduce cotton crop to 6.86 million metric tons in 2012/13 lower 9.1% from a year earlier on account of lowering 9.6% in acreage.

Outlook: Domestic and International

We expect domestic cotton price to trade on sideways to bullish momentum.

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

Contract	+/-	Open	High	Low	Close
Feb-13	2	1078.5	1111.5	1078.5	1104
Apr-13	15	1102	1131.5	1093.5	1124

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	56	10	118	-4
Apr-13	8,653	620	5300	300

Spread	Feb-13	Apr-13
Basis	-139	
Feb-13		20.00
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	21.4	1078.1	1115	1078.1	1110.9
Apr-13	13.7	1091	1124	1085.2	1115

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	87	17	64	-2
Apr-13	198	-100	343	3

Spread	Feb-13	Apr-13
Basis	-145.9	
Apr-13		4.10

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	-0.22	17970	18140	17850	17980
31-Aug-12	-0.44	18250	18480	18220	18300
31-Oct-12	0.11	18090	18390	18090	18220
30-Nov-12	-1.02	17650	17850	17510	17530
31-Dec-12	-0.17	17350	17510	17340	17380

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	24-7-2012	23-7-2012	
Amravati-Vunni Mech-1#	5000	5050-5100	-100
Kadi-Bt Cotton#	5000-5250	5000-5250	Unch
Ahmedabad-Shankar-6#	4750-4900	4750-4900	Unch
Gondal	2500-4945	-	-
Rajkot-(B.T)	4250-5000	4225-5050	-50
Abohar-J-34*	3900	3900	Unch
Muktsar-J-34*	3900	3900	Unch
Fajlika#	3880	3950	-70
Khandwa M.P.	5000-5200	5200	Unch
Patan-(B.T)	4400-4500	4400-4500	Unch
Sri-Ganganagar	3880	3850	+30

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	24-7-2012	23-7-2012	
Amravati -Vunni Mech-1`	500	700	-200
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6	7000	7000	Unch
Gondal	604	-	-
Rajkot-(B.T)	1038	834	+204
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: 23/7/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (23/7/2012)	Rs. Per Candy (21/7/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	43300	43300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44500	44500	Unch
J-34(202)	26mm	3.5 - 4.9	23	35700	35600	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37200	37200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37500	37700	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40600	40600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	N.Q.	N.Q.	-
DCH-32(107)	34mm	3.0 - 3.8	33	54000	53000	+1000

Cotlook Index: As on 23/7/2012

Cotlook Indices	Cents/Pound	Change
A-Index	85.50	+0.25

China Cotton Index: As on 24/7/2012

Index	RMB/Ton	Change
CCIndex(328)	18282	+9
CCIndex(527)	15948	+7
CCIndex(229)	19385	+1

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

USDA Cotton Spot Rates: As on 23/7/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.85	71.85	152
North Delta	68.10	69.10	169
South Delta	68.10	69.10	NIL
East TX-OK	63.50	98.50	71
West Texas	63.50	69.75	1028
Desert SW	66.60	73.10	NIL
SJ Valley	67.35	78.00	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 23/7/2012

Contract	Open	High	Low	Close	Change
Oct-12	71.74	71.85	70.62	71.35	-0.71
Dec-12	72.90	72.90	71.21	72.19	-0.75
Mar-12	72.91	73.30	71.88	72.63	-0.84
May-12	73.40	73.76	72.66	73.35	-0.82
Jul-12	74.24	74.75	73.67	74.27	-0.65
Oct-12	76.33	76.33	76.33	76.33	-0.55

Pakistan Cotton Spot rates: As on 23/7/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5850	130	5980
Equivalent	40 Kgs	6269	130	6399

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