

Cotton Domestic Fundamentals:

- Steady to weak tone witnessed in the cotton spot markets on Wednesday amid lower demand.
- Arrivals were also registered on lower side in the markets.
- South Indian mills bought around 7,000 bales from Gujarat yesterday.
- As on 16th July 12, cotton area has been covered in Gujarat to 13396 hundred hac. against 20216 hundred hac. of last year in same period of time.
- As per IMD, rains reported in many parts of Maharashtra, Madhya Pradesh and Andhra Pradesh. Although, weather was dry in Gujarat.
- Cotton Yarn production is likely to surge by 8.5 per cent during the fiscal, after it declined by 8 per cent in FY12.
- In the 4th advanced estimate of government, cotton production has been estimated to 352 lakh bales in 2011/12 against previous year estimate i.e. 340 lakh bales.

Cotton International Fundamentals

- 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.
- 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 cramped.

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	20	1109	1120	1109	1120
Mar-13	12.5	1115	1134	1104	1134
Apr-13	9.00	1117	1140	1117	1130.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	8.4	1106.3	1120	1106.3	1115.1
Apr-13	8	1108	1127.4	1108	1120.7

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	12	-44	118	0
Mar-13	6	6	5	5
Apr-13	4897	-3756	5539	239

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	47	-40	69	5
Apr-13	114	-84	368	25

Spread	Feb-13	Mar-13	Apr-13
Basis	-155		
Mar-13		14.00	
Apr-13			-3.50

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

Spread	Feb-13	Apr-13
Basis	-150.1	
Apr-13		5.60

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	0.5	17880	18060	17860	18020
31-Aug-12	0.44	18260	18420	18210	18360
31-Oct-12	1.1	18200	18400	18180	18390
30-Nov-12	1.14	17560	17750	17540	17750
31-Dec-12	1.49	17420	17660	17400	17660

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	25-7-2012	24-7-2012	
Amravati-Vunni Mech-1#	4950	5000	-50
Kadi-Bt Cotton#	5100-5250	5000-5250	Unch
Ahmedabad-Shankar-6#	4750-4900	4750-4900	Unch
Gondal	2500-4925	2500-4945	-20
Rajkot-(B.T)	-	4250-5000	-
Abohar-J-34*	3900	3900	Unch
Muktsar-J-34*	3900	3900	Unch
Fajlika#	3875	3880	-5
Khandwa M.P.	5000-5200	5000-5200	Unch
Patan-(B.T)	4400-4500	4400-4500	Unch
Sri-Ganganagar	3825	3880	-55

*-Rs/maund, #-Rs. qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	25-7-2012	24-7-2012	
Amravati -Vunni Mech-1`	500	500	-200
Kadi -Bt Cotton	20	-	-
Ahmedabad - Shankar-6	7000	7000	Unch
Gondal	184	604	-420
Rajkot-(B.T)	-	1038	-
Abohar	1000	-	-
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: 24/7/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (24/7/2012)	Rs. Per Candy (23/7/2012)	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	35200	35700	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37000	37200	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	37500	37500	Unch
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	54000	Unch

Cotlook Index: As on 24/7/2012

Cotlook Indices	Cents/Pound	Change
A-Index	84.85	-0.65

China Cotton Index: As on 25/7/2012

Index	RMB/Ton	Change
CCIndex(328)	18290	+8
CCIndex(527)	15961	+13
CCIndex(229)	19392	+7

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

USDA Cotton Spot Rates: As on 24/7/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.79	70.79	NIL
North Delta	67.04	68.04	NIL
South Delta	67.04	68.04	NIL
East TX-OK	63.50	68.50	211
West Texas	63.50	69.75	126
Desert SW	65.54	72.04	NIL
SJ Valley	66.29	76.94	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 24/7/2012

Contract	Open	High	Low	Close	Change
Oct-12	71.00	71.53	69.89	70.29	-1.06
Dec-12	71.95	72.69	70.55	71.03	-1.16
Mar-13	72.30	72.92	71.21	71.60	-1.03
May-13	73.45	73.45	72.10	72.39	-0.96
Jul-13	74.23	74.40	73.12	73.30	-0.97
Oct-13	75.21	75.21	75.21	75.21	-1.12

Pakistan Cotton Spot rates: As on 24/7/2012 (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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