

Cotton Domestic Fundamentals:

- Cotton prices witnessed mixed tone on Saturday amid lower demand and expected lower acreage this season.
- Arrivals noticed ups and downs in the markets.
- Increasing demand from domestic millers in the southern states added to the positive tone of the market.
- Mills in South India are importing cotton from Africa and Brazil following lower availability in the domestic market.
- Domestic mills have contracted 10-11 lakh bales of cotton for import from West Africa following shortage in the spot market.
- Higher exports during this year have resulted in shortage. Exports have crossed 120 lakh bales this season compared to the estimate of 85 lakh bales made by the Cotton Advisory Board
- Area under cotton is down at 9.72 million hectares as on 27th July 2012 compared to 10.4 million hectares during the same period last year.
- Cotton merchants and growers in and nearby villages of Amravati are affected by hefty local tax.
- According to state agriculture department sources, cotton sowing has been completed on about 1 million hectares so far in Gujarat during the current Kharif season, down by around 10 per cent against the same period last year. Overall total cotton sowing was made on about 2.6 million hectares in the state last year.
- 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 delay in Monsoon.
- Cotton Yarn prices are likely to increase in anticipation of textiles millers demand.

Cotton International Fundamentals

- Cotton futures at NYMEX closed higher following likely stockpiling of fibre by China into the next year and likely fears of a drought in India.
- Cotton prices in Pakistan firmed up following slow down in arrivals in Sindh.

Outlook: Domestic and International

We expect domestic cotton price to notice steady to firm tone in the near –term.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-12	1109.50	1109.50	1089.00	1089
Mar-13	-32.5	1102.00	1124.00	1090.50	1090.5
Apr-13	-11.50	1124.50	1134.00	1105.00	1111.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	-11.9	1110.00	1117.00	1095.00	1094
Apr-13	-10.8	1115.00	1123.10	1099.00	1099.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	15	-4	121	1
Mar-13	6	4	4	1
Apr-13	4111	541	5271	19

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	50	31	74	7
Apr-13	158	53	365	-58

Spread	Feb-13	Mar-13	Apr-13
Basis	-124		
Feb-13		1.50	
April-13			21.00

Spread	Feb-13	Apr-13
Basis	-129	
Apr-13		5.50

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
31-Jul-12	-1.57	17840	17840	17460	17500
31-Aug-12	-1.6	18150	18180	17800	17840
31-Oct-12	-0.71	18310	18370	18130	18160
30-Nov-12	-1.02	17650	17670	17400	17420
31-Dec-12	-0.68	17610	17610	17400	17420

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	28-7-2012	27-7-2012	
Amravati-Vunni Mech-1#	4750-4800	4800	Unch
Kadi-Bt Cotton#	4900-5050	4950-5100	-50
Ahmedabad-Shankar-6#	4750-4900	4750-4900	Unch
Gondal	2755-4880	2500-4900	-20
Rajkot-(B.T)	4575-4990	4300-5025	-35
Abohar-J-34*	3925	3900	+25
Muktsar-J-34*	3925	3900	+25
Fajlika#	3900	3900	Unch
Khandwa M.P.	5100-5200	5100-5200	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3825	3825	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	28-7-2012	27-7-2012	
Amravati -Vunni Mech-1#	-	700	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	6000	8000	-2000
Gondal	200	165	+35
Rajkot-(B.T)	655	519	+136
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: 27/7/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (26/7/2012)	Rs. Per Candy (25/7/2012)	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	35200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36800	36800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37300	37300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40100	40100	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 27/7/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.35	+1.10

China Cotton Index: As on 27/7/2012

Index	RMB/Ton	Change
CCIndex(328)	18308	+8
CCIndex(527)	15988	+11
CCIndex(229)	19402	+2

USDA Cotton Spot Rates: As on 27/7/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.23	71.23	4379
North Delta	67.48	68.48	NIL
South Delta	67.48	68.48	505
East TX-OK	63.75	68.75	NIL
West Texas	63.75	70.00	433
Desert SW	65.98	72.48	29
SJ Valley	66.73	77.38	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 27/7/2012

Contract	Open	High	Low	Close	Change
Oct-12	70.38	71.99	70.35	70.73	+0.05
Dec-12	71.36	72.91	70.82	71.45	+0.06
Mar-13	71.90	73.64	71.75	72.15	-0.02
May-13	72.65	74.38	72.58	72.85	-0.03
Jul-13	73.57	75.28	73.57	73.65	-0.04
Oct-13	75.75	75.75	75.75	75.75	+0.10

Pakistan Cotton Spot rates: As on 27/7/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5600	130	5730
Equivalent	40 Kgs	6002	130	6132

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