

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to firm tone on Monday except slight firmness in Rajkot market.
- Arrivals were mostly recorded on the lower side during the day.
- Lower demand from domestic millers in the southern states added to the positive tone of the market.
- Imports of raw cotton by mills in India is adding to the weak tone of the market.
- Rains during the week have revived the hopes of farmers in Andhra Pradesh, with rainfall deficit coming down to 6 per cent from 24 per cent a fortnight ago.
- Mills in South India are importing cotton from Africa and Brazil following cheaper price in the international markets.
- 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. Higher acreage is reported in the states of Andhra Pradesh (up by 1.16 lakh ha.), Maharashtra (up by 1.98 lakh ha.), Orissa (up by 0.05 lakh ha.) and Uttar Pradesh (up by 0.08 lakh ha.) as per Ministry of Agriculture. Lower area is reported in the states of Gujarat (down by 5.97 lakh ha.), Madhya Pradesh (down by 0.50 lakh ha), Haryana (down by 0.83 lakh ha.), Karnataka (down by 1.19 lakh ha.), Punjab (down by 0.59 lakh ha.) and Rajasthan (down by 1.39 lakh ha.) compared to same period during previous year.
- Cotton merchants and growers in and nearby villages of Amravati are affected by hefty local tax.
- Cotton Yarn prices are likely to increase in anticipation of textiles millers demand.

Cotton International Fundamentals

- Cotton futures at NYMEX closed higher on Friday following likely stockpiling of fibre by China into the next year and likely fears of a drought in India.
- In terms of volume, Pakistan has exported 1.66 million bales during last fiscal year as against 0.937 million bales in fiscal year 2010-2011, showing an increase of 77.8 percent.

Outlook: Domestic and International

We expect domestic cotton price to notice steady to weak tone in the near –term amid availability of cheaper imports.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-16	1098.50	1098.50	1071.00	1073
Mar-13	-5.5	1085.00	1085.00	1085.00	1085
Apr-13	-19.50	1115.00	1120.00	1086.00	1092

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

Contract	+/-	Open	High	Low	Close
Feb-13	-15	1099.00	1100.00	1076.00	1080
Apr-13	-19	1108.90	1108.90	1077.40	1081

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	39	24	118	-3
Mar-13	1	-5	4	0
Apr-13	6297	2186	5527	256

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	78	28	76	2
Apr-13	302	144	434	69

Spread

	Feb-13	Mar-13	Apr-13
Basis	-113		
Feb-13		12.00	
April-13			7.00

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

Spread

	Feb-13	Apr-13
Basis	-120	
Apr-13		1.00

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	-1.43	17560	17610	17200	17240
31-Aug-12	-1.46	17930	17990	17540	17580
31-Oct-12	-1.76	18220	18230	17790	17830
30-Nov-12	-0.57	17500	17500	17150	17330
31-Dec-12	-1.2	17550	17550	17200	17250

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	30-7-2012	28-7-2012	
Amravati-Vunni Mech-1#	-	4750-4800	-
Kadi-Bt Cotton#	4900-5000	4900-5050	-50
Ahmedabad-Shankar-6#	4700-4900	4750-4900	Unch
Gondal	-	2755-4880	-
Rajkot-(B.T)	4300-5030	4575-4990	+40
Abohar-J-34*	3900	3925	-25
Muktsar-J-34*	3900	3925	-25
Fajlika#	3890	3900	-10
Khandwa M.P.	5000-5200	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
	30-7-2012	28-7-2012	
Amravati -Vunni Mech-1#	-	-	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	6000	6000	Unch
Gondal	-	200	-
Rajkot-(B.T)	646	655	-9
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: 28/7/2012

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	43100	43300	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44100	44500	-400
J-34(202)	26mm	3.5 - 4.9	23	35200	35200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36600	36800	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	37100	37300	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39800	40100	-300
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 30/7/2012

Index	RMB/Ton	Change
CCIndex(328)	18316	+8
CCIndex(527)	15997	+9
CCIndex(229)	19406	+4

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 28/7/2012 (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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