

Cotton Domestic Fundamentals:

- Steady to firm tone witnessed in the cotton spot markets on Saturday amid demand.
- Indian farmers are likely to reduce cotton area by 10 to 15% during this year, as per Textile commissioner due to deficit in rain and poor price as seen last few months.
- The government has represented total cotton production for 2011/12 at 35.20 million tonnes in its fourth advance estimates.
- South mills have preferred much to import cotton in the last one month on the back of lower international prices and expected delay of fresh arrivals in the domestic cotton market. Bannari Amman Spinning Mills, a leading cotton spinner from the south, is importing 10 per cent of its annual consumption from Africa.
- The government has represented total cotton production for 2011/12 at 35.20 million tonnes in its fourth advance estimates.

Cotton International Fundamentals

- World cotton trade is likely to fall by 20% to 7.5 million tons in 2012/13 in expectation of lower imports by China in 2012/13.
- The Cotlook "A" Index averaged \$1.00 per pound in 2011/12, down by 39% from its record of the previous season. Exceptionally high cotton imports by China (5.2 million tons) triggered by domestic policies were the main factor preventing a more pronounced fall in international prices.

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	10	1141	1158.5	1139	1147
Mar-13	17	1163.5	1163.5	1163.5	1163.5
Apr-13	17	1151	1179	1151	1163.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	26	-40	117	-1
Mar-13	-	-	-	-
Apr-13	7602	-6133	6229	-874

Spread	Feb-13	Mar-13	Apr-13
Basis	-182		
Feb-13		16.50	
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	17.4	1144	1162	1144	1148
Apr-13	16.9	1145	1166	1145	1151

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	114	-84	93	9
Apr-13	362	-266	432	-18

Spread	Feb-13	Apr-13
Basis	183	
Apr-13		3.00

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

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	4-8-2012	3-8-2012	
Amravati-Vunni Mech-1#	4750	4700	+50
Kadi-Bt Cotton#	4900	4900	Unch
Ahmedabad-Shankar-6#	4750-4900	4700-4800	+100
Gondal	2500-4755	2500-4755	Unch
Rajkot-(B.T)1	4150-4900	4125-4870	-
Abohar-J-34*	3870	3825-3830	+40
Muktsar-J-34*	3870	3825-3830	+40
Fajlika#	3820	3820	Unch
Khandwa M.P.	5100-5200	5100-5200	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3820	3785	+35

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	4-8-2012	3-8-2012	
Amravati -Vunni Mech-1#	1000	1500	-500
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	5000	5000	Unch
Gondal	135	279	-144
Rajkot-(B.T)		700	-300
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: 3/8/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (3/8/2012)	Rs. Per Candy (2/8/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	42100	42100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43000	43000	Unch
J-34(202)	26mm	3.5 - 4.9	23	35200	34800	+400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36300	36100	+200
Shankar-6(105)	29mm	3.5 - 4.9	28	36900	36700	+200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39100	38900	+200
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 on3/8/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.25	+0.30

China Cotton Index: As on3/8/2012

Index	RMB/Ton	Change
CCIndex(328)	18337	+5
CCIndex(527)	16016	+3
CCIndex(229)	19419	+3

USDA Cotton Spot Rates: As on3/8/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.72	73.72	NIL
North Delta	69.97	70.97	NIL
South Delta	69.97	70.97	NIL
East TX-OK	67.00	72.00	675
West Texas	67.00	73.25	59
Desert SW	68.47	74.97	NIL
SJ Valley	69.22	79.87	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 3/8/2012

Contract	Open	High	Low	Close	Change
Oct-12	70.41	73.44	70.27	73.22	+2.78
Dec-12	70.97	73.97	70.74	73.94	+2.97
Mar-13	71.82	74.99	71.78	74.94	+2.95
May-13	72.59	75.50	72.58	75.50	+2.76
Jul-13	74.20	76.20	73.87	76.19	+2.52
Oct-13	77.66	77.66	77.66	77.66	+2.60

Pakistan Cotton Spot rates: As on 3/8/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	130	5705
Equivalent	40 Kgs	5948	130	6103

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