

## Cotton Domestic Fundamentals:

- Steady to firm tone witnessed in the cotton spot markets on Monday amid rising demand.
- Arrivals were also registered in mixed phase in the markets.
- In a recently released report of DGFT (Directorate General of Foreign Trade) cotton yarn export registrations have increased sharply by 10.69% to 82.41 million kgs in June'2012 as compared to 74.45 million kgs of May'12 followed by good demand from Yarn makers and textiles millers.
- India had been actively exporting cotton, mainly to China during the first nine months of the cotton year (2011-12), but its exports have nearly halted from the end of June. Since May, Indian exports have remained almost stagnant. During October-May, 11 million bales were exported. However, since then, only one million bales were exported.
- This season, cotton imports are expected to cross two million bales higher than previous year i. e 700,000 bales of cotton. Landed cost of imported cotton is Rs 35,000 a candy (a candy = 356 kg) of average quality, while the benchmark local variety, Shankar 6, is quoted at Rs 37,000 a candy.

## Cotton International Fundamentals

- In 2012/13, the resulting excess supply of 1.6 million tons will cause global stocks to rise by 11% to 15.2 million tons. In contrast with 2011/12, stocks could accumulate at a faster rate outside of China. However, the Chinese government announced a slightly higher minimum support price for 2012/13 and is expected to buy a large portion of the new cotton crop. This suggests that the size of the Chinese national cotton reserve may continue to increase, even if the government rotates some of its old stocks during the season.

## 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	-5	1143	1150	1128	1142
Apr-13	-1	1161.5	1175	1149	1162.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	-2	1156	1159	1139.5	1146
Apr-13	-2.4	1157	1162.5	1140.1	1148.6

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	26	0	118	1
Apr-13	7,453	-149	6589	360

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	165	51	107	14
Apr-13	414	52	445	13

Spread	Feb-13	Apr-13
Basis	-177	
Feb-13		20.50
April-13		

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

Spread	Feb-13	Apr-13
Basis	-181	
Apr-13		2.60

**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-Aug-12	0.77	18270	18420	18190	18320
31-Oct-12	1.25	18550	18790	18510	18700
30-Nov-12	0.83	18190	18420	18110	18240
31-Dec-12	0.39	18340	18400	18210	18230

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	6-8-2012	4-8-2012	
Amravati-Vunni Mech-1#	4725-4750	4750	Unch
Kadi-Bt Cotton#	4900	4900	Unch
Ahmedabad-Shankar-6#	4750-4900	4750-4900	Unch
Gondal	-	2500-4755	-
Rajkot-(B.T)1	4225-5005	4150-4900	+105
Abohar-J-34*	3925	3870	+40
Muktsar-J-34*	3925	3870	+40
Fajlika#	3850	3820	+30
Khandwa M.P.	5100-5200	5100-5200	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3825	3820	+5

\*-Rs/maund, #-Rs.qtl

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	6-8-2012	4-8-2012	
Amravati -Vunni Mech-1#	500	1000	-500
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	4000	5000	-1000
Gondal	-	135	-
Rajkot-(B.T)	900	1400	-500
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: 4/8/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (4/8/2012)	Rs. Per Candy (3/8/2012)	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	35700	35200	+500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36800	36300	+500
Shankar-6(105)	29mm	3.5 - 4.9	28	37400	36900	+500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39100	+500
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 3/8/2012**

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

**China Cotton Index: As on 6/8/2012**

Index	RMB/Ton	Change
CCIndex(328)	18343	+6
CCIndex(527)	16023	+7
CCIndex(229)	19422	+3

**USDA Cotton Spot Rates: As on 3/8/2012**

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 4/8/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	5650	130	5805
<b>Equivalent</b>	40 Kgs	6055	130	6210

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