

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Saturday following ICE futures market.
- Bearish supply and demand released by the USDA weighed on the market.
- World ending stocks of cotton have been forecast at record high levels.
- There are not much arrivals in the market.
- Some of the markets remained closed following festival season.
- There are limited stocks in the market and lack of sufficient rainfall in the growing regions will lend some support to the market in the medium –term.
- Meanwhile, cotton imports by mills in the South have picked up considerably in the last one month.
- Maharashtra Government cancels license of seed distribution company Mahyco for providing false information.
- Area planted under cotton is likely to decrease in 2012-13 by 200,000 hectares to 10.6 million hectares, lower by 1.6 million hectares which was 2011-12. Further decrease in the area could be result of shortfall of rains during August. Forecasted estimate at 30.0 million 170 kg bales, down 700,000 bales from the current USDA estimate
- 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.

Cotton International Fundamentals

- Cotton futures at NYMEX closed lower following increase in stock estimates by USDA.
- The new ending stock estimate of 74.67 million 480-lb bales, based on its first field surveys for this season, would set a new record.
- 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. However, imports by countries other than China could go up, due to lower cotton prices and a slightly higher level of consumption.
- Prices increased in Pakistan following increase in transportation cost.

Outlook: Domestic and International

We expect domestic cotton price to recover in the near –term.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-17.5	1123.50	1123.50	1105.50	1107.5
Apr-13	-22.5	1152.00	1155.00	1131.50	1135.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	-18.7	1135.00	1135.00	1119.00	1123.4
Apr-13	-20.1	1138.00	1138.00	1123.80	1127.6

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	5	-20	115	-1
Apr-13	4,601	-5360	6096	-556

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	81	-32	113	3
Apr-13	163	-203	353	-137

Spread	Feb-13	Apr-13
Basis	-142.5	
Feb-13		28.00
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	-158.4	
Apr-13		4.20

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	-1.81	17960	18030	17730	17840
31-Oct-12	-1.6	18550	18550	18360	18420
30-Nov-12	-1.97	18000	18000	17820	17860
31-Dec-12	-2.14	18000	18030	17840	17870

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	11-8-2012	9-8-2012	
Amravati-Vunni Mech-1#	-	4750-4800	-
Kadi-Bt Cotton#	-	4900	-
Ahmedabad-Shankar-6#	-	-	-
Gondal	-	-	-
Rajkot-(B.T)1	-	-	-
Abohar-J-34*	3900	3910	-10
Muktsar-J-34*	3900	3910	-10
Fajlika#	3900	3900	Unch
Khandwa M.P.	5100-5200	5100-5200	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3880	3925	-45

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	11-8-2012	9-8-2012	
Amravati -Vunni Mech-1#	-	500	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	-	-	-
Gondal	-	-	-
Rajkot-(B.T)	-	-	-
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: 10/8/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (10/8/2012)	Rs. Per Candy (9/8/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	42800	42800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43600	43600	Unch
J-34(202)	26mm	3.5 - 4.9	23	36000	36000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37500	37500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38500	38400	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40800	40800	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 10/8/2012

Cotlook Indices	Cents/Pound	Change
A-Index	85.80	-0.10

China Cotton Index: As on 10/8/2012

Index	RMB/Ton	Change
CCIndex(328)	18362	+3
CCIndex(527)	16039	+2
CCIndex(229)	19430	+2

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

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

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.00	76.00	NIL
North Delta	72.35	73.25	NIL
South Delta	72.25	73.25	152
East TX-OK	70.00	75.00	1213
West Texas	69.75	76.00	1950
Desert SW	70.75	77.25	NIL
SJ Valley	71.50	82.15	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 10/8/2012

Contract	Open	High	Low	Close	Change
Oct-12	75.52	75.52	72.68	72.90	-2.69
Dec-12	75.80	76.16	72.95	73.02	-2.93
Mar-13	76.33	76.96	73.65	73.81	-2.84
May-13	76.94	77.37	74.24	74.32	-2.91
Jul-13	77.98	77.98	75.00	75.00	-2.80
Oct-13	75.60	75.60	75.60	75.60	-2.52

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

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5700	130	5855
Equivalent	40 Kgs	6109	130	6264

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