

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to weak tone on Thursday.
- Normal buying and record stocks at global level weighed on prices.
- Limited buying by the mills added to the weak tone of the market.
- 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.
- Cotton sowing has so far covered around 4.52 lakh hectares in Rajasthan as on 14th August 2012 as against 5.31 lakh hectares during the same period previous year.
- Expected demand for cotton yarn from China is likely to support the spinning mills during this season.
- Textile and clothing companies in India have recorded losses during the first quarter of the fiscal year 2012 -13 following high cotton inventory and lack –luster demand in the overseas market.

Cotton International Fundamentals

- As per USDA forecast, cotton supply and demand include larger production and ending stock of last month. World production also increased by 300,000 bales, also world consumption has reduced 820,000 bales.
- Cotton futures at NYMEX closed higher following short –covering and some buying by the mills around current levels.
- Ethiopia produced 78,000 tons of cotton during last fiscal which ended on July 7, 2012, according to the Ministry of Agriculture.
- Australia is set to become world's second largest exporter of cotton as there has been bumper crop production due to availability of water for the fields. The projected harvest is at 4.95 million bales in 2012-13, which were 4.5 million bales in 2011-12.
- Australia's cotton growers will pay levy to their industry group from next year. Record harvest during the last two years has improved profitability of the industry.

Outlook: Domestic and International

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

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

Contract	+/-	Open	High	Low	Close
Feb-13	10	1119.50	1127.50	1118.00	1125
Apr-13	14	1141.00	1156.50	1139.00	1155

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

Contract	+/-	Open	High	Low	Close
Feb-13	10.2	1131.00	1141.30	1129.00	1140
Apr-13	10.4	1136.00	1145.00	1132.20	1144.9

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	7	-5	115	-1
Apr-13	5,655	-2134	6605	-31

Spread	Feb-13	Apr-13
Basis	-160	

Feb-13	30.00
April-13	

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

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	80	-30	123	10
Apr-13	119	-72	323	16

Spread	Feb-13	Apr-13
Basis	-175	

Apr-13	4.90
--------	------

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	0.78	18040	18040	17880	17980
31-Oct-12	0.71	18460	18560	18440	18510
30-Nov-12	0.45	17830	17870	17700	17830
31-Dec-12	0.45	17900	17920	17800	17890

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	16-8-2012	14-8-2012	
Amravati-Vunni Mech-1#	-	4800	-
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	4760-4900	-	-
Gondal	2000-5000	Closed	-
Rajkot-(B.T)1	4375-5005	Closed	-
Abohar-J-34*	3870	3880	-10
Muktsar-J-34*	3870	3880	-10
Fajlika#	3825	3880	-55
Khandwa M.P.	5000-5300	-	-
Patan-(B.T)	-	-	-
Sri-Ganganagar	3810	3825	-15

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	16-8-2012	14-8-2012	
Amravati -Vunni Mech-1#	-	500	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	2000	-	-
Gondal	430	Closed	-
Rajkot-(B.T)	530	Closed	-
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: 14/8/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (14/8/2012)	Rs. Per Candy (13/8/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	42300	42300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43100	43100	Unch
J-34(202)	26mm	3.5 - 4.9	23	35400	35000	+400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37200	37200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37800	38200	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40500	40500	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 15/8/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.35	+0.15

China Cotton Index: As on 16/8/2012

Index	RMB/Ton	Change
CCIndex(328)	18381	+2
CCIndex(527)	16057	Unch
CCIndex(229)	19434	+1

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

USDA Cotton Spot Rates: As on 15/8/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.21	73.21	NIL
North Delta	69.46	70.46	NIL
South Delta	69.46	70.46	75
East TX-OK	67.00	72.25	849
West Texas	66.75	73.00	227
Desert SW	67.96	74.46	NIL
SJ Valley	68.71	79.36	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 15/8/2012

Contract	Open	High	Low	Close	Change
Oct-12	72.62	72.96	71.67	72.71	1.12
Dec-12	73.3	73.69	72.13	73.11	1.02
Mar-12	73.04	74.31	73.04	73.98	0.95
May-12	74.34	74.5	73.6	74.43	0.95
Jul-12	74.96	75.09	74.4	75.04	0.98
Oct-12	76.18	76.18	76.18	76.18	1.07

Pakistan Cotton Spot rates: As on 15/8/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5800	155	5955
Equivalent	40 Kgs	6216	155	6371

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.