

## Cotton Domestic Fundamentals:

- Mostly firm tone witnessed in the cotton spot markets on Friday amid good demand.
- South and North Indian mills were active in the market now days which weighed on the market.
- Cotton imports by mills in the South have picked up considerably in the last one month.
- Government directed Banks to restructure loans of Rs. 35,000 for textile firms.
- As per rating agency Fitch in its 2012 mid-year outlook on Indian textiles, India cotton prices will continue to increase on fall in acreage and delayed monsoon for September 2012-March 2013 cotton season.
- Area under cotton is down by .69 lakh hectares to 109.23 lakh hectares as on 10<sup>th</sup> August 2012 compared to 109.92 lakh hectares during the same period last year.
- Higher acreage is reported in the states of Andhra Pradesh (up by 4.23 lakh ha.), Maharashtra (up by 1.54 lakh ha.), Orissa (up by 0.15 lakh ha.) as per Ministry of Agriculture. Lower area is reported in the states of Gujarat (down by 4.73 lakh ha.), Madhya Pradesh (down by 1.09 lakh ha.), Haryana (up by 0.82 lakh ha.), Karnataka (down by 0.3 lakh ha.), Punjab (down by 0.59 lakh ha.) and Rajasthan (down by 0.1 lakh ha.) compared to same period during previous year.

## Cotton International Fundamentals

- As per USDA, Us Net Upland sales of 77,800 running bales for the 2012/2013 marketing year were primarily for South Korea (24,800 RB), Taiwan (10,900 RB), China (10,800 RB), and Turkey (8,300 RB).
- Australia is set to become world's second-biggest exporter as water availability has boosted the yields even as the area under cotton declines.

## 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	<b>-10</b>	1125.00	1125.00	1111.50	1111.5
Apr-13	<b>-11.5</b>	1155.00	1160.00	1131.50	1143

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	5	-2	113	-2
Apr-13	7,254	1599	6588	-17

Spread	Feb-13	Apr-13
Basis	-146.5	

Feb-13	31.50
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	<b>-11.5</b>	1142.50	1144.90	1120.00	1128.2
Apr-13	<b>-11</b>	1145.50	1149.80	1123.10	1133

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	141	61	118	-5
Apr-13	184	65	314	-9

Spread	Feb-13	Apr-13
Basis	-163.2	
Apr-13		4.80

**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	18000	18050	17760	17810
31-Oct-12	-0.97	18520	18590	18320	18360
30-Nov-12	-0.56	17830	17890	17670	17720
31-Dec-12	-0.45	17910	17940	17780	17800
31-Jan-12	0.28	18190	18190	18010	18050

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	17-8-2012	16-8-2012	
Amravati-Vunni Mech-1#	4800-4825	-	-
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	4750-4900	4760-4900	Unch
Gondal	-	2000-5000	-
Rajkot-(B.T)1	-	4375-5005	-
Abohar-J-34*	3875	3870	+5
Muktsar-J-34*	3875	3870	+5
Fajlika#	3850	3825	+25
Khandwa M.P.	5000-5500	5000-5300	+200
Patan-(B.T)	-	-	-
Sri-Ganganagar	3800	3810	-10

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	17-8-2012	16-8-2012	
Amravati -Vunni Mech-1#	800	-	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	2000	2000	Unch
Gondal	-	430	-
Rajkot-(B.T)	-	530	-
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: 16/8/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (16/8/2012)	Rs. Per Candy (14/8/2012)	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	35400	
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37400	37200	+200
Shankar-6(105)	29mm	3.5 - 4.9	28	38000	37800	+200
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 16/8/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	83.25	+0.90

**China Cotton Index: As on 17/8/2012**

Index	RMB/Ton	Change
CCIndex(328)	18387	+6
CCIndex(527)	16066	+9
CCIndex(229)	19436	+2

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

**USDA Cotton Spot Rates: As on 16/8/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	69.87	72.87	225
North Delta	69.12	70.12	NIL
South Delta	69.12	70.12	NIL
East TX-OK	66.50	71.75	617
West Texas	66.25	72.50	548
Desert SW	67.62	74.12	NIL
SJ Valley	68.37	79.02	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 17/8/2012**

Contract	Open	High	Low	Close	Change
Oct-12	72.7	72.86	72.19	72.37	-0.34
Dec-12	73.11	73.3	72.25	72.59	-0.52
Mar-12	74.08	74.08	73.15	73.37	-0.61
May-12	74.53	74.53	73.65	73.86	-0.57
Jul-12	74.93	74.93	74.47	74.55	-0.49
Oct-12	75.64	76.18	75.64	75.64	-0.54

**Pakistan Cotton Spot rates: As on 16/8/2012 (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

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