

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to firm tone on Saturday.
- Limited selling and expectation of lower acreage this season supported prices.
- Demand remains normal in the market around current levels.
- Lack of sufficient rainfall in the growing regions is adding to the positive tone of the market.
- Prices will trade sideways following limited buying by mills and lower acreage this season till date compared to previous year.
- 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 10th 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 yarn spinners are hopeful of revival following increasing demand for cotton yarn from China.

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).
- Cotton futures at NYMEX closed slightly higher amid short –covering. Lower acreage in India till date lent some support to the market.
- According to USDA's first survey-based forecast, U.S. cotton production in 2012 is projected at 17.65 million bales, 651,000 bales above July's estimate and nearly 2.1 million bales above last season's crop.
- Lack –luster trading witnessed in Pakistan following the festival of Eid.
- 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	-6.5	1118.00	1118.00	1105.00	1105
Apr-13	0.5	1138.00	1146.00	1136.00	1143.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	-3	1130.00	1131.90	1122.00	1124.5
Apr-13	-5.3	1131.20	1136.50	1124.00	1126.6

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	2	-3	113	0
Apr-13	2,198	-5056	6349	-239

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	73	-68	118	0
Apr-13	58	-126	318	4

Spread	Feb-13	Apr-13
Basis	-140	
Feb-13		38.50
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	-159.5	
Apr-13		2.10

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	-0.06	17880	17880	17760	17810
31-Oct-12	-0.16	18400	18430	18300	18350
30-Nov-12	0.11	17670	17840	17670	17750
31-Dec-12	0.06	17850	17930	17800	17820
31-Jan-12	0.28	18090	18090	18090	18090

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	18-8-2012	17-8-2012	
Amravati-Vunni Mech-1#	-	4800-4825	-
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	4750-4900	4750-4900	Unch
Gondal	2000-4955	-	-
Rajkot-(B.T)1	4000-5000	-	-
Abohar-J-34*	3900	3875	+25
Muktsar-J-34*	3900	3875	+14
Fajlika#	3860	3850	+10
Khandwa M.P.	5000-5500	5000-5500	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3810	3800	+10

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	18-8-2012	17-8-2012	
Amravati -Vunni Mech-1#	-	800	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	2000	2000	Unch
Gondal	445	-	-
Rajkot-(B.T)	400	-	-
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: 17/8/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (17/8/2012)	Rs. Per Candy (16/8/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	42100	42300	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42900	43100	-200
J-34(202)	26mm	3.5 - 4.9	23	35500	35400	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37400	37400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38000	38000	Unch
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	53500	54000	-500

Cotlook Index: As on 17/8/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.75	-0.50

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	72.36	73.5	72.36	72.66	0.29
Dec-12	72.7	74.17	72.65	73.3	0.71
Mar-12	73.5	74.83	73.5	73.99	0.62
May-12	74.13	75.29	74.13	74.44	0.58
Jul-12	75.03	75.8	74.93	75.05	0.5
Oct-12	76.2	76.2	76.2	76.2	0.56

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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