

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to firm tone rest on Tuesday.
- Less Arrival were registered in the markets.
- Forward Markets Commission (FMC) likely to ban several agri-commodities contracts for 2013. For Kapas- February, March and April contract.
- Area under cotton is down by 6.55 lakh hectares to 111.81 lakh hectares as on 16th August 2012 as compared to 116.81 lakh hectares during the same period last year.
- Higher acreage is reported in the states of Andhra Pradesh (up by 3.33 lakh ha.), Maharashtra (up by 0.05 lakh ha.), Orissa (up by 0.03 lakh ha.), Haryana (up by 0.82 lakh ha.) as per Ministry of Agriculture. Lower area is reported in the states of Gujarat (down by 6.64 lakh ha.), Madhya Pradesh (down by 0.98 lakh ha), Karnataka (down by 0.84 lakh ha.), Punjab (down by 0.59 lakh ha.) and Rajasthan (down by 0.76 lakh ha.) compared to same period during previous year.
- According to Agricultural and Processed Foods Export Development Authority, Organic textile is likely to touch 50 percent increase in exports in 2012-13.
- Export growth raised by 25-30percent during between April-July 2012 compared to same period last year.

Cotton International Fundamentals

- Center for Advanced Studies on Applied Economics (CEPEA) stated that cotton prices are keeping the upward trend in the domestic market which should not be the case when markets are expecting the arrivals.
- Due to policy regulations in China the mills produce have become uncompetitive which gives India a window to increase the market share.

Outlook: Domestic and International

We expect domestic cotton price to trade on bearish phase.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-11.5	1107.5	1108.5	1105	1105
Apr-13	-8.5	1145	1151	1131.5	1133

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	8	-17	112	-4
Apr-13	4,182	-5779	6457	-195

Spread

	Feb-13	Apr-13
Basis	-147.5	
Feb-13		22.50
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	-2.70	1135	1140	1116	1121.8
Apr-13	-6.10	1133.9	1141	1118.5	1120.5

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	125	52	131	13
Apr-13	108	50	346	28

MCX Cotton Futures (29 mm Variety): Prices in Bales

Contract	% Change	Open	High	Low	Close
31-Aug-12	0.5	17920	17970	17870	17920
31-Oct-12	0.39	17870	17900	17820	17840
30-Nov-12	0.22	18450	18470	18340	18360
31-Dec-12	0.06	17850	17920	17770	17800
31-Jan-12	0.06	18080	18120	18080	18100

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	21-8-2012	20-8-2012	
Amravati-Vunni Mech-1#	4850	Closed	-
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	4750-5000	4750-4900	+100
Gondal	2000-5300	Closed	-
Rajkot-(B.T)1	4505-5065	4500-5065	Unch
Abohar-J-34*	3880	3880	Unch
Muktsar-J-34*	3880	3880	Unch
Fajlika#	3880	3880	Unch
Khandwa M.P.	5000-5250	Closed	-
Patan-(B.T)	-	-	-
Sri-Ganganagar	3800	3825	-25

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	21-8-2012	20-8-2012	
Amravati -Vunni Mech-1#	700	Closed	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	2000	2000	Unch
Gondal	397	Closed	-
Rajkot-(B.T)	600	700	-100
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: 20/8/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (20/8/2012)	Rs. Per Candy (17/8/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	41900	42100	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42700	42900	-200
J-34(202)	26mm	3.5 - 4.9	23	35400	35500	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37400	37400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38200	38000	+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	53500	53500	Unch

Cotlook Index: As on 20/8/2012

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

China Cotton Index: As on 21/8/2012

Index	RMB/Ton	Change
CCIndex(328)	18391	+4
CCIndex(527)	16069	+3
CCIndex(229)	19436	0

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

USDA Cotton Spot Rates: As on 20/8/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	71.67	74.67	88
North Delta	70.92	71.92	176
South Delta	70.92	71.92	200
East TX-OK	68.25	73.50	1152
West Texas	68.00	74.25	554
Desert SW	69.42	75.92	736
SJ Valley	70.17	80.82	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 20/8/2012

Contract	Open	High	Low	Close	Change
Oct-12	72.78	74.7	72.76	74.17	1.51
Dec-12	73.52	75.31	73.3	74.83	1.53
Mar-12	74.07	75.84	74.07	75.44	1.45
May-12	74.47	76.04	74.47	75.64	1.2
Jul-12	75.05	76.25	75.05	76.05	1
Oct-12	77.33	77.33	77.33	77.33	1.13

Pakistan Cotton Spot rates: As on 18/8/2012 (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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