

Cotton Domestic Fundamentals:

- Cotton prices witnessed steady to weak tone on Thursday.
- Less Arrival was registered in key spot markets.
- Floods in Cotton growing regions of East-West Godavari ruined over 1000 hectares of land; this is likely to increase prices in local region in coming marketing year.
- Indian cotton exports are likely to rise by 10 percent to 12.7 million bales for the current year began on 1 October 2011.
- Cotton production output is likely to be lowered by the Cotton Advisory Board (CAB) from 35.3 million bales to 34.7 million bales for October-September Season (2011-12).

Cotton International Fundamentals

- China has issued fresh quotas for additional 400,000 tonnes of cotton import at cheaper international, which are 40 percent lower than that of domestic prices.
- According to Morgan Stanley, China, the world's biggest importer and consumer of cotton, has accumulated stockpiles and has reduced demand.
- China cotton consumption may decline 11 percent this year, due to lack of domestic demand.

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	17.5	1091.00	1110	1091	1110
Apr-13	19.5	1123.50	1142	1119	1140.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	36	23	112	0
Apr-13	5,352	-1159	6714	480

Spread Feb-13 Apr-13

Basis	-135	
Feb-13		30.50
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	15.4	1113	1128	1111	1127.1
Apr-13	16	1115.7	1133.5	1112.7	1130.6

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	197	95	168	27
Apr-13	158	-1	329	-14

Spread Feb-13 Apr-13

Basis	-152.1	
Feb-13		3.50
April-13		

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

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

Contract	% Change	Open	High	Low	Close
31-Aug-12	0.84	17730	17990	17730	17980
31-Oct-12	0.71	18350	18510	18300	18480
30-Nov-12	1.23	17840	18140	17830	18100
31-Dec-12	1.34	17840	18190	17840	18150
31-Jan-13	0.55	18100	18310	18060	18310

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	23-8-2012	22-8-2012	
Amravati-Vunni Mech-1#	-	-	-
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	4760-5000	4760-5000	Unch
Gondal	1500-5035	2000-5300	-265
Rajkot-(B.T)1	4375-5000	4400-5020	-20
Abohar-J-34*	3910	3890	+20
Muktsar-J-34*	3910	3890	+20
Fajlika#	3880	-	-
Khandwa M.P.	5200-5300	5000-5200	+100
Patan-(B.T)	-	-	-
Sri-Ganganagar	3810	3815	-5

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	23-8-2012	22-8-2012	
Amravati -Vunni Mech-1#	-	-	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	2000	2000	Unch
Gondal	1010	851	+159
Rajkot-(B.T)	650	625	+25
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: 22/8/2012

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	42000	41900	+100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42800	42700	+100
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	38400	38400	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	53500	Unch

Cotlook Index: As on 22/8/2012

Cotlook Indices	Cents/Pound	Change
A-Index	86.90	+1.95

China Cotton Index: As on 23/8/2012

Index	RMB/Ton	Change
CCIndex(328)	18413	+11
CCIndex(527)	16087	+13
CCIndex(229)	19442	0

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

USDA Cotton Spot Rates: As on 22/8/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.57	76.57	677
North Delta	73.32	74.82	NIL
South Delta	73.32	74.82	1014
East TX-OK	70.50	75.25	793
West Texas	70.00	75.75	1020
Desert SW	71.32	77.82	NIL
SJ Valley	72.07	82.72	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 22/8/2012

Contract	Open	High	Low	Close	Change
Oct-12	75.92	76.07	74.4	76.07	-0.38
Dec-12	76.9	77.05	74.9	76.97	-0.33
Mar-12	77.17	77.61	75.61	77.57	-0.17
May-12	77.42	77.89	76.33	77.81	-0.13
Jul-12	77.82	78.34	76.55	78.34	0.07
Oct-12	79.5	79.5	79.5	79.5	-0.12

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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