

Cotton Domestic Fundamentals:

- Cotton prices witnessed weak tone on Saturday.
- Marginal Arrivals was registered in spot markets.
- All India Cotton Sowing progress, area covered under cotton 112.83 lakh hectares as on 31 August, 2012.
- Cotton crop will get respite in parts of Rajasthan and Gujarat with rains, which will weigh sentiment on local prices to go down.
- Cotton arrivals will begin in next week from Punjab and Gujarat.

Cotton International Fundamentals

- Damage due to hurricane Isaac in USA has drenched main cotton producing regions, which will possibly lead to decline in stockpiles. Also, cotton farmers are switching to soybean to benefit from rising grain prices.
- US markets are also taking note of likely sale of reserve stocks by China which will put downward pressure on global prices.
- Declining demand of cotton in China is putting pressure on inventories.

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	-20.00	1030.50	1032	1030	1030
Apr-13	-8.50	1060.00	1064	1045	1053

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	4	4	97	97
Apr-13	4,684	4684	6264	6264

Spread Feb-13 Apr-13

Basis	-90	
Feb-13		23.00
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	-11.00	1057	1063.9	1044.1	1049.1
Apr-13	-12.80	1060	1063.1	1032	1047.5

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	68	68	176	176
Apr-13	190	190	372	372

Spread Feb-13 Apr-13

Basis	-109.1	
Feb-13		-1.60
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	-0.79	17810	17880	17600	17660
31-Oct-12	-0.23	17430	17480	17290	17380
30-Nov-12	-0.29	17490	17550	17380	17430
31-Dec-12	-0.84	17840	17840	17640	17690
31-Jan-13	-0.79	17810	17880	17600	17660

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	1-9-2012	31-8-2012	
Amravati-Vunni Mech-1#	4725-4750	-	-
Kadi-Bt Cotton#	4375-4625	4375-4625	Unch
Ahmedabad-Shankar-6#	4600-4800	4750-4850	-50
Gondal	3355-4915	3255-4925	-10
Rajkot-(B.T)1	4075-4890	4125-4925	-35
Abohar-J-34*	3920	3950	-30
Muktsar-J-34*	3920	3950	-30
Fajlika#	3970	3980	-10
Khandwa M.P.	5200	5200	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3880	3880	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	1-9-2012	31-8-2012	
Amravati -Vunni Mech-1#	800	-	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	2000	2000	Unch
Gondal	242	2000	-1758
Rajkot-(B.T)	500	700	-200
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: 30/8/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (31/8/2012)	Rs. Per Candy (30/8/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	41400	41900	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42000	42500	-500
J-34(202)	26mm	3.5 - 4.9	23	35200	35600	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37100	37300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	37800	38000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40200	40400	-200
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 31/8/2012

Cotlook Indices	Cents/Pound	Change
A-Index	86.50	+0.20

China Cotton Index: As on 31/8/2012

Index	RMB/Ton	Change
CCIndex(328)	18520	+33
CCIndex(527)	16190	+24
CCIndex(229)	19494	+19

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

USDA Cotton Spot Rates: As on 31/8/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.48	77.48	NIL
North Delta	73.73	75.23	NIL
South Delta	73.73	75.23	NIL
East TX-OK	71.25	76.00	364
West Texas	70.75	76.50	92
Desert SW	71.73	78.23	NIL
SJ Valley	72.48	83.13	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 31/8/2012

Contract	Open	High	Low	Close	Change
Oct-12	76.10	76.48	76.02	76.48	+0.33
Dec-12	76.90	77.29	76.25	77.26	+0.32
Mar-12	77.59	78.02	77.05	77.98	+0.25
May-12	78.19	78.69	77.90	78.66	+0.29
Jul-12	78.80	79.33	78.55	79.33	+0.44
Oct-12	80.40	80.75	80.40	80.75	+0.75

Pakistan Cotton Spot rates: As on 31/8/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5700	155	5855
Equivalent	40 Kgs	6109	155	6264

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