

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Saturday.
- Limited demand in the spot market and weakness in the global markets weighed on prices.
- Good rains in the month of September is likely to improve the yield of the crop in Gujarat.
- Limited selling lent some support to the market.
- Major Arrivals will only start after October 15.
- Cotton sowing progress, 114.94 lakh hectares have been sown in 2012-13, which is lower than previous year, due to late monsoon.
- Exporters are booking forward contracts of November, as prices are far below than last year due to sluggish demand and over expectation of price arise after arrivals will start.
- Demand for cotton yarn remained sluggish in the spot market.
- Arrivals have started in Punjab, Haryana as harvesting began, soon farmers will bring their produce to market. But major arrivals will only begin after October 15, where actual situation of prices can be noted.

Cotton International Fundamentals

- Global cotton production will exceed demand, more than which was forecasted by Cotlook. Global output is likely to be 3.239 million metric tonnes up from last month projection of 3.0 million metric tonnes.
- Cotton futures at NYMEX closed lower following anticipation of slowdown in demand and higher production in the current season.
- China will stop releasing its cotton reserve by Sept 29 as this year's fresh cotton is launched onto the market, said an official from the National Development and Reform Commission.

Outlook: We expect domestic cotton prices to witness bearish tone.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-36.50	896.50	896.5	887.5	887.5
Apr-13	-24.50	918.00	922	893.5	903

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	7	-1	63	0
Apr-13	6,730	-2,490	8198	352

Spread Feb-13 Apr-13

Basis	-37.5	
Feb-13		15.50
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	-26.80	888	888	868	873.5
Apr-13	-30.20	916	919.9	888	893.1

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	256	55	439	26
Apr-13	370	-41	344	-3

Spread Feb-13 Apr-13

Basis	-23.5	
Feb-13		19.60
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-Oct-12	-1.35	16210	16220	15980	16050
30-Nov-12	-0.87	16090	16090	15870	15920
31-Dec-12	-0.81	16020	16050	15870	15940

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	22-9-2012	21-9-2012	
Amravati-Vunni Mech-1#	4100	4100	Unch
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	4000-4500	4000-4500	Unch
Gondal1	-	2155-4265	-
Rajkot-(B.T)	3650-4625	3750-4800	-175
Abohar-J-34*	3650	3700	-50
Muktsar-J-34*	3650	3700	-50
Fajlika#	3570	3620	-50
Khandwa M.P.	3300-3600	3300-3600	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3600	3600	Unch

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	22-9-2012	21-9-2012	
Amravati -Vunni Mech-1#	-	400	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	3000	3000	Unch
Gondal	-	1008	-
Rajkot-(B.T)	510	830	-320
Abohar	-	150	-
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: 22/9/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (22/9/2012)	Rs. Per Candy (21/9/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	38900	39200	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39500	39800	-300
J-34(202)	26mm	3.5 - 4.9	23	32500	32700	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34400	34600	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	34300	34900	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37700	37700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39200	39200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	51700	52200	-500

Cotlook Index: As on 21/9/2012

Cotlook Indices	Cents/Pound	Change
A-Index	84.10	-1.15

China Cotton Index: As on 21/9/2012

Index	RMB/Ton	Change
CCIndex(328)	18651	+1
CCIndex(527)	16343	+3
CCIndex(229)	19585	Unch

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

USDA Cotton Spot Rates: As on 21/9/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	69.75	72.75	NIL
North Delta	69.00	70.50	NIL
South Delta	69.00	70.50	NIL
East TX-OK	66.25	71.00	11
West Texas	65.75	71.50	NIL
Desert SW	67.75	74.25	NIL
SJ Valley	68.50	79.15	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 21/9/2012

Contract	Open	High	Low	Close	Change
Oct-12	73.77	74.42	71.76	72.00	-1.74
Dec-12	75.26	75.65	73.14	73.25	-1.97
Mar-13	76.03	76.37	74.12	74.23	-1.76
May-13	77.18	77.18	75.14	75.25	-1.59
Jul-13	77.69	77.69	76.00	76.22	-1.38
Oct-13	78.61	78.61	77.86	77.86	-0.89

Pakistan Cotton Spot rates: As on 20/9/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	155	5705
Equivalent	40 Kgs	5948	155	6103

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