

## Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Monday.
- Limited demand in the spot market and weakness in the global markets weighed on prices.
- Traders are expecting high arrivals by mid-October and prices of cotton are likely to continue downfall in prices.
- 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.

## Cotton International Fundamentals

- Global cotton prices are likely to fall by 11 percent amid higher output and lesser demand.
- China, the world's top buyer and consumer of cotton, will not issue additional import quotas for 2012 as part of a drive to support local farmers just as the new crop is coming to market as per senior Chinese official.
- Egypt agreed to export additional 322 metric tons of cotton in the week through Sept. 20

**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	-11.00	861.00	890.5	852	876.5
Apr-13	0.50	894.50	918.5	878	900.00

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	42	35	62	-1
Apr-13	9,764	3,034	7992	-206

### Spread Feb-13 Apr-13

Basis	-26.5	
Feb-13		23.50
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	5.70	871.1	895.5	851.2	879
Apr-13	6.90	882.2	916	874	900

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	273	17	429	-10
Apr-13	1280	910	336	-8

### Spread Feb-13 Apr-13

Basis	-29	
Feb-13		21.00
April-13		

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

### MCX Cotton Futures (20mm variety) Prices in Rs/20

Contract	% Change	Open
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31-Oct-12	-1.18	16000	16030	15760	15870
30-Nov-12	-1.07	15810	15820	15610	15760
31-Dec-12	-1	15780	15870	15660	15770
31-Jan-13	-1.71	15900	16170	15900	16090
28-Feb-13	-2.68	16350	16350	16350	16350

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	24-9-2012	22-9-2012	
Amravati-Vunni Mech-1#	-	4100	-
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	-	4000-4500	-
Gondal1	-	-	-
Rajkot-(B.T)	3700-4680	3650-4625	+55
Abohar-J-34*	3600	3650	-50
Muktsar-J-34*	3600	3650	-50
Fajlika#	3570	3570	Unch
Khandwa M.P.	3000-3300	3300-3600	-300
Patan-(B.T)	-	-	-
Sri-Ganganagar	3550	3600	-50

\*-Rs/maund, #-Rs.qtl,

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	24-9-2012	22-9-2012	
Amravati -Vunni Mech-1#	-	-	-
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	-	3000	-
Gondal	-	-	-
Rajkot-(B.T)	1620	510	+1110
Abohar	-	-	-
Muktsar	-	-	-
Fajlika	150	-	-
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/	Rs. Per	Rs. Per	Change
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			GPT	Candy (22/9/2012)	Candy (21/9/2012)	
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	38900	39200	<b>-300</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39500	39800	<b>-300</b>
J-34(202)	26mm	3.5 - 4.9	23	32500	32700	<b>-200</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34400	34600	<b>-200</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	34300	34900	<b>-500</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37700	37700	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39200	39200	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	51700	52200	<b>-500</b>

**Cotlook Index: As on 21/9/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	84.10	<b>-1.15</b>

**China Cotton Index: As on 24/9/2012**

Index	RMB/Ton	Change
CCIndex(328)	18658	<b>+7</b>
CCIndex(527)	16349	<b>+6</b>
CCIndex(229)	19588	<b>+3</b>

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	<b>11</b>
West Texas	65.75	71.50	<b>NIL</b>
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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