

## Cotton Domestic Fundamentals:

- Cotton prices noticed weak tone on Friday.
- India garments exports fell by 10.5 percent from previous year to \$1.1 billion in June due to weak export demand.
- There has been a significant increase in area sown under cotton in Andhra Pradesh which will compensate for the loss in Gujarat.
- Supplies in spot markets are rising in Punjab, Haryana and Rajasthan; prices in overseas markets are low due to record output with lower demand. Also rupee is also getting stronger. All these factors are weighing on sentiments.
- The estimated production of Cotton at 33.40 million bales (of 170 kg each) has registered an increase of 5.32 million bales as compared to average cotton production of 28.08 million bales
- Area under cotton is down by 5.20 lakh hectares to **114.94 lakh hectares** as on 21st September 2012 compared to 120.17 lakh hectares during the same period last year. **Higher acreage** is reported in the states of **Andhra Pradesh** (up by 3.35 lakh ha.), **Maharashtra** (up by 0.47 lakh ha.), and **Orissa** (up by 0.12 lakh ha.) as per Ministry of Agriculture. **Lower area** is reported in the states of **Rajasthan** (down by 1.17 lakh ha.), **Haryana** (down by 0.02 lakh ha.), **Gujarat** (down by 5.56 lakh ha.), **Madhya Pradesh** (down by 0.98 lakh ha) and **Punjab** (down by 0.44 lakh ha.) and compared to same period during previous year.
- Traders are expecting high arrivals by mid-October and prices of cotton are likely to continue downfall in prices.
- Major Arrivals will only start after October 15.

## Cotton International Fundamentals

- Australia cotton area is projected to decline by 14 percent in 2012-13 to 5.15 lakh hectares.
- In Pakistan, there had been crop shift of cotton area into Rice which is more than 2 lakh hectares.
- USA net exports for cotton stands at 13.05 lakh bales, primarily for China for marketing year 2012-13.
- China will not issue any fresh import quota for Cotton in 2012.
- Global output is likely to be at 76 million bales for year ending in July next year.
- Global cotton prices are likely to fall by 11 percent amid higher output and lesser demand.

**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	-25.50	884.00	884.00	871.50	871.50
Apr-13	-26.00	923.50	924.50	888.00	895.00

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	13	12	78	10
Apr-13	7355	791	8574	164

Spread	Feb-13	Apr-13
Basis	-84	
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	-22.20	894.10	897.10	867.40	872.00
Apr-13	-25.00	919.80	921.00	890.50	893.00

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	264	15	509	-22
Apr-13	802	-348	367	-19

Spread	Feb-13	Apr-13
Basis	-84.5	
Feb-13		21.00
April-13		

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

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

Contract	% Change	Open	High	Low	Close
31-Oct-12	-0.61	16300	16360	16150	16220
30-Nov-12	-0.5	15920	16050	15860	15920
31-Dec-12	-0.25	15950	16080	15890	15990
31-Jan-13	-1.22	16300	16300	16150	16260
28-Feb-13	-0.6	16500	16500	16500	16500

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	28-9-2012	27-9-2012	
Amravati-Vunni Mech-1#	3400-3450	3450-3500	-50
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	3500-4375	3500-4500	-125
Gondal1	2260-4080	2280-3980	+100
Rajkot-(B.T)	3550-4355	4440	-85
Abohar-J-34*	3600	3600	Unch
Muktsar-J-34*	3600	3600	Unch
Fajlika#	-	-	-
Khandwa M.P.	2800-3300	2900-3300	Unch
Patan-(B.T)	-	-	-
Sri-Ganganagar	3510	3510	Unch

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	28-9-2012	27-9-2012	
Amravati -Vunni Mech-1#	1000	700	+300
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	5000	5000	Unch
Gondal	876	1053	-177
Rajkot-(B.T)	2050	2210	-160
Abohar	150	100	+50
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: 27/9/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (27/9/2012)	Rs. Per Candy (26/9/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37300	-200
J-34(202)	26mm	3.5 - 4.9	23	32000	32000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33700	33800	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	34100	34400	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35700	36000	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36500	37000	-500
DCH-32(107)	34mm	3.0 - 3.8	33	48500	49000	-500

**Cotlook Index: As on 27/9/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	80.80	-1.10

**China Cotton Index: As on 28/9/2012**

Index	RMB/Ton	Change
CCIndex(328)	18671	+5
CCIndex(527)	16367	+7
CCIndex(229)	19594	+3

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

**USDA Cotton Spot Rates: As on 27/9/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.03	71.03	NIL
North Delta	67.28	68.78	NIL
South Delta	67.28	68.78	578
East TX-OK	64.75	69.5	440
West Texas	64.25	70	222
Desert SW	66.03	72.53	NIL
SJ Valley	66.78	77.43	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 27/9/2012**

Contract	Open	High	Low	Close	Change
Oct-12	69.5	70.03	69.5	70.03	0.51
Dec-12	71.49	71.59	70.46	71.53	0.51
Mar-13	72.39	72.56	71.5	72.49	0.51
May-13	73.22	73.61	72.54	73.51	0.55
Jul-13	74.21	74.65	73.64	74.59	0.54
Oct-13	76.3	76.3	76.3	76.3	0.63

**Pakistan Cotton Spot rates: As on 26/9/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5250	155	5405
Equivalent	40 Kgs	5626	155	5781

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.