

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Thursday in key spot markets.
- Cotton spot prices are higher than MSP which is Rs.3600 to Rs.3900, this is due to weak global demand.
- Cotton area in Punjab and Haryana has declined which is likely to make shortfall of 10-15 percent lower output from last year. Last year the production was 48 lakh bales this year it is expected to be at 40-42 lakh bales.
- Cotton exports for this season starting from June-July has been at 1.2 million bales while exports have crossed 13 million bales for the year 201-13.
- Cotton production may go up by 3-4 percent as south Gujarat region has received good rains in last few days hoping for recovery in the major cotton growing region. The first advance estimate was calculated on the acreage of 11.5-11.6 million hectares, which has gone up due to good rains received by the Gujarat region. This could offset steep rise in prices in that region.

Cotton International Fundamentals

- According to ICAC, China is expected to remain the largest cotton importer in 2012/13. This will prevent international and Chinese cotton prices from diverging too much. In addition, international cotton prices will eventually receive some support from the expected lower plantings in the Southern Hemisphere at the end of 2012
- According to ICAC, Outside of China, cotton production is forecast down by 6% to 18.6 million tons, while mill use is expected to increase by 5% to 14.9 million tons. Taking into account reduced shipments to China, stocks in the rest of the world are expected to grow by 16% to 9 million tons in 2012/13.
- China is expected to import 2.5 million tonnes of cotton this year, which is less than half of the quantity purchased last year.
- Cotton acreage will drop by 7 percent in crop year 2012-13, but cotton will continue to remain low under pressure from slowing down global economy and depressed 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	-17.50	897.50	897.50	860.00	860.00
Apr-13	-12.00	913.00	923.50	894.00	900.00

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	37	26	79	0
Apr-13	6747	1734	9721	-30

Spread	Feb-13	Apr-13
Basis	-85	
Feb-13		40.00
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	-10.90	885.00	896.00	870.30	875.50
Apr-13	-9.60	912.00	919.90	892.60	899.10

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	258	83	548	-5
Apr-13	762	132	430	54

Spread	Feb-13	Apr-13
Basis	-100.5	
Feb-13		23.60
April-13		

B: 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	-1.44	16050	16120	15770	15790
30-Nov-12	-1.39	15870	15870	15570	15590
31-Dec-12	-1.7	15850	15900	15590	15590
31-Jan-13	-2.04	16290	16290	15800	15850
28-Feb-13	-1.52	16250	16250	16250	16250

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	04-10-2012	03-10-2012	
Amravati-Vunni Mech-1#	3500	3550	-50
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	3500-4250	3500-4250	Unch
Gondal1	2500-4355	2500-4195	-40
Rajkot-(B.T)	3655-4205	3675-4155	+50
Abohar-J-34*	3400	3400	Unch
Muktsar-J-34*	3400	3400	Unch
Fajlika#	-	-	-
Khandwa M.P.	-	3400	-
Khargaon-(M.P.)	3200-3900	3200-3300	+600
Sri-Ganganagar	3400	3480	-80

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	04-10-2012	03-10-2012	
Amravati -Vunni Mech-1#	800	450	+350
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	7000	8000	-1000
Gondal	992	1452	-460
Rajkot-(B.T)	2800	4500	-1700
Abohar	250	250	Unch
Muktsar	-	-	-
Fajlika	-	-	-
Khandwa M.P.	-	-	-
Khargaon-(M.P.)	8000	8000	Unch
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: 03/10/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (03/10/2012)	Rs. Per Candy (28/9/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36100	36600	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	37100	-500
J-34(202)	26mm	3.5 - 4.9	23	31400	32000	-600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32800	33700	-900
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	34200	-700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35200	35700	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36500	-500
DCH-32(107)	34mm	3.0 - 3.8	33	48000	48500	-500

Cotlook Index: As on 03/10/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.15	+0.30

China Cotton Index: As on 04/10/2012

Index	RMB/Ton	Change
CCIndex(328)	18673	+2
CCIndex(527)	16372	+5
CCIndex(229)	19598	+4

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

USDA Cotton Spot Rates: As on 03/10/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.66	71.66	NIL
North Delta	67.91	69.41	NIL
South Delta	67.91	69.41	NIL
East TX-OK	65	69.75	2795
West Texas	64.5	70.25	50
Desert SW	66.66	73.16	NIL
SJ Valley	67.41	78.06	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 03/10/2012

Contract	Open	High	Low	Close	Change
Oct-12	70.54	70.54	70.54	70.54	0.24
Dec-12	71.85	72.21	70.85	72.16	0.31
Mar-13	72.69	73.02	71.66	72.97	0.28
May-13	73.45	73.78	72.55	73.71	0.29
Jul-13	74.2	74.51	73.44	74.45	0.33
Oct-13	76	76	74.38	75.41	-0.53

Pakistan Cotton Spot rates: As on 03/10/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	155	5505
Equivalent	40 Kgs	5734	155	5889

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