

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Friday in key spot markets.
- Domestic demand for cotton is pegged 5 percent higher at 213 lakh bales against 218 lakh bales
- Cotton production has increased from last few years due to increase in acreage but yield has remained static or lower due to lack of technology. Gujarat is likely to have yield of 610 kg/hectare for 2012-13 which is 10 kg lower than last year. All India average yields were 500 kg/hectares for 2011-12, lower than 2007-08 which was 554 kg/hectare.
- India has been losing the cotton export market to USA due to higher domestic prices.
- India cotton exports to China are 65 percent, which will see a drop in 2012-13 due to lack in demand from China.
- Cotton spot prices are higher than MSP which is Rs.3600 to Rs.3900; this is due to weak global demand.

Cotton International Fundamentals

- Pakistan is likely to miss the target of 15 million bales for 2012-13 and is likely to harvest 13.5 million bales.
- 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.

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	-7.00	860.50	870.00	851.50	870.00
Apr-13	11.00	899.00	913.50	892.00	911.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	15	-22	79	0
Apr-13	5939	-808	9584	-137

Spread Feb-13 Apr-13

Basis	-120	
Feb-13		41.50
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	9.40	872.00	887.70	870.10	885
Apr-13	11.40	902.00	911.60	891.00	910.00

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	232	-26	570	22
Apr-13	602	-160	449	19

Spread Feb-13 Apr-13

Basis	-135	
Feb-13		25.00
April-13		

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

Contract	% Change	Open	High	Low	Close
31-Oct-12	0.13	15850	15850	15670	15830
30-Nov-12	0	15610	15640	15450	15610
31-Dec-12	0.19	15890	15890	15450	15660
31-Jan-13	-0.63	15720	15780	15550	15750
28-Feb-13	-2.58	15790	15880	15690	15850

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	05-10-2012	04-10-2012	
Amravati-Vunni Mech-1#	3600	3500	+100
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	3500-4000	3500-4250	-250
Gondal1	2500-4465	2500-4355	+110
Rajkot-(B.T)	3630-4165	3655-4205	-40
Abohar-J-34*	3400	3400	Unch
Muktsar-J-34*	3400	3400	Unch
Fajlika#	-	-	-
Khandwa M.P.	-	-	-
Khargaon-(M.P.)	3200-3600	3200-3900	-300
Sri-Ganganagar	3400	3400	Unch

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	05-10-2012	04-10-2012	
Amravati -Vunni Mech-1#	200	800	-300
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	6000	7000	-1000
Gondal	-914	992	-78
Rajkot-(B.T)	2902	2800	+102
Abohar	100	250	-150
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: 04/10/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (04/10/2012)	Rs. Per Candy (03/10/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35600	36100	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	36600	-500
J-34(202)	26mm	3.5 - 4.9	23	30900	31400	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32800	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	33500	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35200	35200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	48000	48000	Unch

Cotlook Index: As on 04/10/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.35	+0.20

China Cotton Index: As on 05/10/2012

Index	RMB/Ton	Change
CCIndex(328)	18673	-
CCIndex(527)	16372	-
CCIndex(229)	19598	-

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

USDA Cotton Spot Rates: As on 04/10/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.84	71.84	530
North Delta	67.84	69.34	NIL
South Delta	67.84	69.34	NIL
East TX-OK	65.25	70	1545
West Texas	64.75	70.5	328
Desert SW	66.59	73.09	NIL
SJ Valley	67.34	77.99	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 04/10/2012

Contract	Open	High	Low	Close	Change
Oct-12	70.4	70.4	70.4	70.4	-0.14
Dec-12	72	72.65	71.75	72.09	-0.07
Mar-13	72.62	73.58	72.62	73.09	0.12
May-13	73.61	74.45	73.61	73.91	0.2
Jul-13	74.36	75.19	74.36	74.68	0.23
Oct-13	75.26	76.52	75.26	75.65	0.24

Pakistan Cotton Spot rates: As on 04/10/2012 (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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