

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Friday in key spot markets.
- Cotton demand continued to remain weak, due to lower off take by ginners; prices are likely to stay range bound to low in the following week.
- 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.

Cotton International Fundamentals

- Heavy Rain in USA in cotton growing parts is likely to hurt cotton quality and output. Standing cotton crops which are ready to harvest have suffered due to rains. This is likely to affect market to rise in spot and futures market.
- Pakistan is likely to miss the target of 15 million bales for 2012-13 and is likely to harvest 13.5 million bales.

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

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

Contract	+/-	Open	High	Low	Close
Feb-13	18.5	869.5	877.5	869.5	877.50
Apr-13	0.5	905	918	905	911.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	4	-33	79	0
Apr-13	2602	-4145	9792	71

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/20kg)

Contract	+/-	Open	High	Low	Close
Feb-13	2	886	891	881	886.60
Apr-13	0.9	909	915.8	905.6	910

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	94	-481	578	30
Apr-13	265	-174	445	15

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

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

Contract	% Change	Open	High	Low	Close
31-Oct-12	0.57	15780	15970	15750	15900
30-Nov-12	0.26	15600	15770	15580	15660
31-Dec-12	0.58	15660	15800	15590	15740
31-Jan-13	1.08	15820	15940	15820	15880
28-Feb-13	1.01	15960	15960	15960	15960

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	06-10-2012	05-10-2012	
Amravati-Vunni Mech-1#	3400	3600	-200
Kadi-Bt Cotton#	-	-	-
Ahmedabad-Shankar-6#	3500-4250	3500-4000	+250
Gondal1	2455-4095	2500-4465	-370
Rajkot-(B.T)	3675-4230	3630-4165	+65
Abohar-J-34*	3400	3400	Unch
Muktsar-J-34*	3400	3400	Unch
Fajlika #(Cotton New) #(Kapas BT Cotton)	3200-3500	-	-
	3200-3800	-	-
Khandwa-(M.P)	3000-3400	3000	+400
Khargaon-(M.P)	3100-3600	3200-3600	-
Sri-Ganganagar	3420-3440	3400	+40
Patan	-	-	-

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	06-10-2012	05-10-2012	
Amravati -Vunni Mech-1#	700	500	+200
Kadi -Bt Cotton	-	-	-
Ahmedabad - Shankar-6#	7000	6000	+1000
Gondal	778	914	-136
Rajkot-(B.T)	2350	2902	-552
Abohar	300	100	+200
Muktsar	250	-	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	700	-	-
Khandwa M.P.	-	-	-
Khargaon-(M.P.)	6000	8000	-2000
Sri-Ganganagar	-	-	-
Patan	-	-	-

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmedabad, Abohar and Muktsar-Bales

Cotton Association of India Spot Rates: 06/10/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (06/10/2012)	Rs. Per Candy (05/10/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36100	+500
J-34(202)	26mm	3.5 - 4.9	23	31000	30800	+200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32600	32500	+100
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	33200	Unch
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 05/10/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.30	-0.05

China Cotton Index: As on 29/09/2012

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 05/10/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.24	71.24	NIL
North Delta	67.24	68.74	NIL
South Delta	67.24	68.74	NIL
East TX-OK	64.75	69.50	1476
West Texas	64.25	70.00	104
Desert SW	65.99	72.49	NIL
SJ Valley	66.74	77.39	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 05/10/2012

Contract	Open	High	Low	Close	Change
Oct-12	69.80	69.80	69.80	69.80	-0.60
Dec-12	71.97	72.00	71.10	71.49	-0.60
Mar-13	72.91	72.91	71.95	72.30	-0.79
May-13	73.69	73.69	72.77	73.23	-0.68
Jul-13	74.44	74.44	73.60	74.13	-0.55
Oct-13	74.66	75.67	74.66	75.17	-0.48

Pakistan Cotton Spot rates: As on 05/10/2012 (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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