

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to strong tone on Monday in key spot markets.
- Delayed monsoon may delay ginning by a month in Gujarat.
- 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 218 lakh bales against 213 lakh bales last year.
- 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	15.5	884	889	882	889
Apr-13	20	921	934.5	916	933.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	7	-30	78	-1
Apr-13	8768	2021	10291	570

Spread Feb-13 Apr-13

Basis	-126.5	
Feb-13		44.5
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	15.4	890	904.9	890	902
Apr-13	20	916	930	913	930

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	305	47	595	47
Apr-13	653	-109	411	-19

Spread Feb-13 Apr-13

Basis	-139.5	
Feb-13		28
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	1.7	15960	16220	15950	16160
30-Nov-12	1.98	15790	16040	15770	15990
31-Dec-12	1.91	15850	16090	15820	16030
31-Jan-13	1.82	16230	16230	16100	16190
28-Feb-13	2.26	16300	16320	16100	16320

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	08-10-2012	06-10-2012	
Amravati-Vunni Mech-1#	3500	3400	+100
Kadi-Bt Cotton#	4060-4075	-	-
Ahmedabad-Shankar-6#	3500-4125	3500-4250	-125
Gondal1	2500-4000	2455-4095	-95
Rajkot-(B.T)	3925-4300	3675-4230	+70
Abohar-J-34*	3460	3400	+60
Muktsar-J-34*	3460	3400	+60
Fajlika #(Cotton New) #(Kapas BT Cotton)	3350-3600	3200-3500	+100
	3400-4200	3200-3850	+350
Khandwa-(M.P)	-	3000-3400	-
Khargaon-(M.P)	3000-3400	3100-3600	-200
Sri-Ganganagar	3400	3420-3440	-40
Patan	-	-	-

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	08-10-2012	06-10-2012	
Amravati -Vunni Mech-1#	1000	700	+300
Kadi -Bt Cotton	50	-	-
Ahmedabad - Shankar-6#	7000	7000	Unch
Gondal	738	778	-40
Rajkot-(B.T)	2600	2350	+250
Abohar	500	300	+200
Muktsar	-	250	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1200	700	+500
Khandwa (M.P)	-	-	-
Khargaon-(M.P)	4000	6000	-2000
Sri-Ganganagar	-	-	-

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

Cotton Association of India Spot Rates: 08/10/2012

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 08/10/2012

Index	RMB/Ton	Change
CCIndex(328)	18675	+2
CCIndex(527)	16373	+1
CCIndex(229)	19598	Unch

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

USDA Cotton Spot Rates: As on 08/10/2012

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 08/10/2012 (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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