

Cotton Domestic Fundamentals:

- Cotton prices continued steady to firm tone on Wednesday.
- New crop arrivals have started in certain areas of Gujarat and Punjab.
- According to trade sources, the average moisture content in new crop is around 12% in Gujarat.
- Normal kapas with minimum moisture content is expected in the market by November.
- Cotton arrivals are likely to be delayed in the Saurashtra region of Gujarat amid lack of sufficient rainfall.
- Ginning activity is likely to be slow in the current season amid lack of demand and delay in arrival of good quality cotton in the market.
- Mills are buying around current levels amid anticipation of festival demand in the medium –term.
- Around 50 spinning mills in the Coimbatore region have formed Cotton Sourcing Company to procure cotton at cheaper price and protect them from price irregularities in the market.
- Textile body is asserting on the usage of technology to improve the productivity of cotton.
- 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

- According to USDA, around 21 percent of the crop has been harvested as on 7th October 2012 compared to four –year's average of 22 percent.
- Cotton futures at NYMEX continued the positive tone ahead of monthly USDA supply and demand report.
- China will issue low tariff import quotas for 894,000 metric tonnes of cotton in 2013.
- Prices firmed up in Pakistan amid good demand in the local market.

Outlook: We expect domestic cotton prices to continue positive tone in the near –term.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-19.5	901.50	909.00	894.00	900.50
Apr-13	-19	958.00	960.00	936.50	943.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	26	7	73	-5
Apr-13	10096	-1113	10496	-328

Spread	Feb-13	Apr-13
Basis	-120.5	
Feb-13		42
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	-16.6	929.1	932	910.5	916
Apr-13	-17.5	954.8	955.1	934	940

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	388	-209	559	-33
Apr-13	1030	-153	396	16

Spread	Feb-13	Apr-13
Basis	-136	
Feb-13		24
April-13		

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

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

Contract	% Change	Open	High	Low	Close
31-Oct-12	-1.4	16320	16390	16120	16170
30-Nov-12	-1.85	16150	16180	15860	15890
31-Dec-12	-2.03	16210	16210	15870	15910
31-Jan-13	-1.96	16290	16350	15950	16020
28-Feb-13	-1.52	16190	16190	16190	16190

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	10-10-2012	09-10-2012	
Amravati-Vunni Mech-1#	3550-3600	3500	+100
Kadi-Bt Cotton#	3600-4200	4000	+200
Ahmedabad-Shankar-6#	3500-4200	3500-4125	+75
Gondal1	3000-4475	2750-4405	+70
Rajkot-(B.T)	3925-4325	3925-4300	+25
Abohar-J-34*	3500	3460	+40
Muktsar-J-34*	3500	3460	+40
Fajlika # (Cotton New) # (Kapas BT Cotton)	3550	3451-3551	-1
	3700-4200	3500-4200	Unch
Khandwa-(M.P)	3000	-	-
Khargaon-(M.P)	3700-4100	-	-
Sri-Ganganagar	3440	3400	+40
Patan		-	-

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	10-10-2012	09-10-2012	
Amravati -Vunni Mech-1#	1000	600	+400
Kadi -Bt Cotton	30 (motors)	20 (motors)	-
Ahmedabad - Shankar-6#	8000	7000	1000
Gondal	961	846	115
Rajkot-(B.T)	2222	2250	-28
Abohar	500	400	100
Muktsar	150	100	50
Fajlika # (Cotton New) # (Kapas BT Cotton)	-	-	-
	1000	300	+700
Khandwa (M.P)	-	-	-
Khargaon-(M.P)	6000	-	-



Sri-Ganganagar	-	-	-
Patan	-	-	-

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

Cotton Association of India Spot Rates: 09/10/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (09/10/2012)	Rs. Per Candy (08/10/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	37000	36500	+500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37300	36800	+500
J-34(202)	26mm	3.5 - 4.9	23	31600	31200	+400
H-4/ ME CH-1(105)	28mm	3.5 - 4.9	27	32500	32500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33300	33200	+100
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	47500	48000	-500

Cotlook Index: As on 09/10/2012

Cotlook Indices	Cents/Pound	Change
A-Index	80.95	-0.15

China Cotton Index: As on 09/10/2012

Index	RMB/Ton	Change
CCIndex(328)	18679	+2
CCIndex(527)	16379	Unch
CCIndex(229)	19599	Unch

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

USDA Cotton Spot Rates: As on 09/10/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.59	71.59	NIL
North Delta	67.59	69.09	NIL
South Delta	67.59	69.09	NIL
East TX-OK	65.25	70	1125
West Texas	64.75	70.5	196
Desert SW	66.34	72.84	NIL
SJ Valley	67.09	77.74	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 09/10/2012

Contract	Open	High	Low	Close	Change
Oct-12	71.14	71.14	70.49	70.49	0.06
Dec-12	71.6	72.53	71.41	71.84	0.06
Mar-13	72.5	73.33	72.24	72.74	0.12
May-13	73.77	74.18	73.14	73.72	0.15
Jul-13	74.65	75.02	74	74.56	0.14
Oct-13	75.6	75.6	75.6	75.6	0.14

Pakistan Cotton Spot rates: As on 09/10/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	155	5655
Equivalent	40 Kgs	5894	155	6049

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