

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to firm tone on Wednesday except slight weakness in little spot market.
- Millers are buying from the market supporting prices to fall down further. Demand is good supported by supply.
- Also, Cotton Corporation of India has also started procuring from Punjab and Haryana.
- Good demand for new crop arrival lends support to the market.
- According to trade sources, there is some export inquiry around current level.

Cotton International Fundamentals

- Turkmenistan to invest \$1 billion, this could improve the cotton production in that part of the world.
- China to issue import quotas for Cotton for 2013. Indian exporters could seek the opportunity to seal the contract.
- Chinese purchasing from the domestic buyers under minimum support policy may not help international prices.
- Chinese national cotton reserve has grown to estimated 4.6 million tons by end of August; it is likely to grow further by end of October.
- There has been 6 percent cut in the production outside China.
- The USDA also said that it expected global production to outstrip consumption for the third year running in 2012/13, leading to a 14% increase in global ending stocks to 79.1m bales.
- Some support for prices are likely to get from lower planting in southern hemisphere in 2012 also projected lower planting in northern hemisphere in 2013-14.
- USA showed increase in Cotton crops by 11 percent to 17.3 million bales.
- According to USDA, world 2012/13 cotton imports were likely to drop 18% to 36.5m bales, largely thanks to a sharp decline in Chinese imports – forecast down 55% to 11m bales. That slump in demand, it added, would only be partially offset by increased demand from other major importers, including Bangladesh, Indonesia, Pakistan and Turkey.

Outlook: We expect domestic cotton prices to notice steady to firm tone amid good demand for new crop arrival.

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

Contract	+/-	Open	High	Low	Close
Feb-13	33	929.5	938.5	926.5	935.00
Apr-13	21.5	960	986.5	960	977.00

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	19	16	48	-1
Apr-13	15023	7946	11930	566

Spread Feb-13 Apr-13

Basis	-160	
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	20.4	934	956.5	934	949
Apr-13	20.4	959	980.7	959	972.5

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	744	501	555	1
Apr-13	1704	897	393	-41

Spread Feb-13 Apr-13

Basis	-174	
Feb-13		23.5
April-13		

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

Contract	% Change	Open	High	Low	Close
31-Oct-12	2.28	16400	16660	16280	16620
30-Nov-12	2.61	16180	16560	16180	16530
31-Dec-12	3	16070	16500	16070	16500
31-Jan-13	2.98	16300	16590	16300	16590
28-Feb-13	2.65	16400	16720	16400	16660

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	18-10-2012	17-10-2012	
Amravati-Vunni Mech-1#	-	-	-
Kadi-Bt Cotton#	4000-4300	3800-4250	+50
Ahmedabad-Shankar-6#	4000-4375	3760-4250	+125
Gondal1	2500-4395	2755-4315	+80
Rajkot-(B.T)	4025-4400	4000-4325	+75
Abohar-J-34*	3485	3420	+65
Muktsar-J-34*	3485	3420	+65
Fajlika #(Cotton New) #(Kapas BT Cotton)	3550	3450	+100
	4100-4350	3900-4100	+250
Khandwa-(M.P)	4200	4000-4100	+100
Khargaon-(M.P)	3800-4350	3600-4200	+150
Sri-Ganganagar	3470	3380	-10
Patan	-	-	-

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	18-10-2012	17-10-2012	
Amravati -Vunni Mech-1#	-	-	-
Kadi -Bt Cotton	2500	2000	+500
Ahmedabad - Shankar-6#	10000	10000	Unch
Gondal	926	788	+138
Rajkot-(B.T)	2100	2000	+100
Abohar	1000	1000	Unch
Muktsar	250	-	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1200	1200	Unch
Khandwa (M.P)	200	400	-200
Khargaon-(M.P)	6000	6000	Unch
Sri-Ganganagar	600	500	+100
Patan	-	-	-

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

Cotton Association of India Spot Rates: 17/10/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (17/10/2012)	Rs. Per Candy (16/10/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	40300	39300	+1000
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40600	39600	+1000
J-34(202)	26mm	3.5 - 4.9	23	31400	31400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	33100	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

Cotlook Index: As on 17/10/2012

Cotlook Indices	Cents/Pound	Change
A-Index	82.80	+1.55

China Cotton Index: As on 18/10/2012

Index	RMB/Ton	Change
CCIndex(328)	18695	+3
CCIndex(527)	16399	+7
CCIndex(229)	19612	+3

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

USDA Cotton Spot Rates: As on 17/10/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.11	78.11	NIL
North Delta	74.11	75.61	NIL
South Delta	74.11	75.61	NIL
East TX-OK	71.25	76	4029
West Texas	70.75	76.5	4130
Desert SW	72.36	78.86	NIL
SJ Valley	73.11	83.76	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 17/10/2012

Contract	Open	High	Low	Close	Change
Dec-12	74.6	77.86	74.3	77.86	3
Mar-13	74.5	76.39	74.14	75.84	1.23
May-13	75.2	76.79	75.11	76.66	1.16
Jul-13	76.32	77.45	75.87	77.41	1
Oct-13	78.52	78.52	78	78.52	1.16
Dec-13	77.75	79.25	77.45	79.25	1.4

Pakistan Cotton Spot rates: As on 17/10/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	155	5705
Equivalent	40 Kgs	5948	155	6103

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.