

**Cotton Domestic Fundamentals:**

- Cotton prices noticed steady to weak tone on Friday.
- Increasing arrivals amid lower demand is weighing on prices.
- There is no export demand in the market around current levels.
- Arrivals were reported to be lower in Southern India following rains.
- Prices are trending lower than MSP levels in major regions of Haryana, due to low quality cotton.
- In India, cotton production is estimated to be around 340 lakh bales compared to 345 lakh bales during the previous year.
- Farmers in the Vidharba region of Maharashtra are worried of selling their produce at lower rates.
- According to trade sources in Gujarat, supply is likely to increase after Diwali and will weigh on prices.
- Farmers are likely to bring less crop to the mandis during the festival season, thereby supporting prices in the medium –term.
- Tamil Nadu miller's consortium is planning to buy cotton of Rs. 30 billion for this cotton season.

**Cotton International Fundamentals**

- Uzbekistan has record cotton production for this year cotton season.
- Cotton futures at NYMEX closed higher amid short –covering. Prices had entered the oversold territory.
- According to Cotton Outlook, global production of cotton this year is expected to be lower at 25.93 million tonnes against 26.73 million tonnes last year.
- The carryover stock for the next season is seen at 3.83 million tonnes compared to 5.33 million tonnes during previous year
- Cotton stockpiles in China, the world's biggest consumer, are set to climb to about 9 million metric tons this season, enough to cover the country's deficit for the next six years, according to Allenberg Cotton Co.
- Cotton prices are steady to firm in Pakistan amid lack of selling around current levels.

**Outlook:** We expect domestic cotton prices to continue steady to weak tone in the near –term amid lack of demand from the millers.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-7.00	930.00	930.00	930.00	930.00
Apr-13	6.00	976.50	984.50	970.00	982.50

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-13	1	-3	44	-1
Apr-13	6763	-2355	13737	283

Spread	Feb-13	Apr-13
Basis	-30	
Feb-13		52.5
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	--	--	--	--	--
Apr-13	+5.20	973.60	982.00	968.50	980.10

**Volumes and OI lots**

Contract	Volume	Change	OI	Change
Feb-13	--	--	--	---
Apr-13	623	0	481	0

Spread	Feb-13	Apr-13
Basis	-53.5	
Feb-13		22.5
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	-0.43	16110	16150	16020	16030
30-Nov-12	-0.56	16090	16170	16010	16040
31-Dec-12	-0.37	16230	16240	16120	16150
31-Jan-13	+0.68	16340	16380	16230	16380
28-Feb-13	+0.24	16470	16530	16320	16510

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	02-11-2012	01-11-2012	
Amravati-Vunni Mech-1#	4050	4050	Unch
Kadi-Bt Cotton#	4400	4450	-50
Ahmedabad-Shankar-6#	4500	4500	Unch
Gondal1	4800	4545	+255
Rajkot-(B.T)	4486	4565	-85
Abohar-J-34*	3450	3460	-10
Muktsar-J-34*	3450	3460	-10
Fajlika     #(Cotton New) #(Kapas BT Cotton)	-	3450	-
	-	4130	-
Khandwa-(M.P)	4350	-	-
Khargaon-(M.P)	4350	-	-
Sri-Ganganagar	3380	3380	Unch
Patan	-	-	-

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	02-11-2012	01-11-2012	
Amravati -Vunni Mech-1#	800	1500	-700
Kadi -Bt Cotton	17500	17500	Unch
Ahmedabad - Shankar-6#	15000	15000	Unch
Gondal	4000	1609	+2309
Rajkot-(B.T)	3200	4400	-1200
Abohar	1200	1300	-100
Muktsar	550	400	+150
Fajlika     #(Cotton New) #(Kapas BT Cotton)	-	-	-
	-	1400	-
Khandwa (M.P)	1200	-	-
Khargaon-(M.P)	5000	-	-
Sri-Ganganagar	5000	5000	Unch
Patan	-	-	-

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

**Cotton Association of India Spot Rates: 01/11/2012**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (01/11/2012)	Rs. Per Candy (31/10/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	40700	40900	<b>-200</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41200	41400	<b>-200</b>
J-34(202)	26mm	3.5 - 4.9	23	31300	31300	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33100	33100	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34200	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34700	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	<b>Unch</b>

**Cotlook Index: As on 31/10/2012**

Cotlook Indices	Cents/Pound	Change
A-Index	80.90	<b>-1.05</b>

**China Cotton Index: As on 01/11/2012**

Index	RMB/Ton	Change
CCIndex(328)	18718	<b>+9</b>
CCIndex(527)	16442	<b>+8</b>
CCIndex(229)	19633	<b>+8</b>

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

**USDA Cotton Spot Rates: As on 01/11/2012**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.71	70.71	NIL
North Delta	66.46	67.96	NIL
South Delta	66.46	67.96	NIL
East TX-OK	65	69.75	<b>241</b>
West Texas	65	70.75	<b>1156</b>
Desert SW	64.71	71.21	NIL
SJ Valley	65.46	76.11	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 01/11/2012**

Contract	Open	High	Low	Close	Change
Dec-12	70.34	70.75	69.8	70.21	0.14
Mar-13	71.67	71.98	71	71.5	0.11
May-13	72.97	72.97	72.2	72.74	0.17
Jul-13	73.97	74.25	73.33	73.88	0.16
Oct-13	75.46	75.46	75.46	75.46	0.16
Dec-13	76.12	76.19	75.69	76.12	0.19

**Pakistan Cotton Spot rates: As on 01/11/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5700	155	5855
Equivalent	40 Kgs	6109	155	6264

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