

**Cotton Domestic Fundamentals:**

- Cotton prices witnessed mixed tone on Tuesday.
- Good demand from the millers supported the market.
- Lack of selling activities added to the positive tone of the market.
- Increase in arrivals in various mandis is weighing on prices.
- Recent rains in parts of Andhra Pradesh might damage the crop.
- Export demand is likely to be lower this season following higher stocks in the market.
- The Government has formed a contingency plan to procure 90 lakh bales for the 2012-13 season. The Government expects to open 288 procurement centres in nine cotton growing States.
- Rise in demand for cotton yarn in the global market and declining cotton prices in the domestic market is likely to increase the margins for spinning industry.
- According to CMIE, total yarn production is expected to increase by 6.8 percent in the current season following increase in cotton yarn production.
- According to a press statement, the Government of India has revised MSP prices for medium staple cotton from Rs. 2800/ qtl to Rs. 3600/ qtl and for long staple cotton from Rs. 3300/ qtl to Rs. 3900/ qtl for cotton season 2012-13.
- Farmers are likely to bring less crop to the mandis during the festival season, thereby supporting prices in the medium –term.

**Cotton International Fundamentals**

- Uzbekistan has record cotton production for this year cotton season.
- Cotton futures at NYMEX noticed recovery amid short –covering of the recent losses. Overall scenario is bearish amid higher ending stocks.
- According to the data from Chinese customs, China totally imported 1.08 million tonnes of cotton yarn in the first 9 months of 2012, up a massive 74.17 percent or 462,800 tons over the same period last year.
- In the first five months of 2012, China's cotton yarn imports from India and Pakistan increased by 166 percent and 83 percent respectively.
- According to industry sources, Pakistan is likely to produce 12.66 million bales (1 bale =170kgs) of cotton during this season.

**Outlook:** We expect domestic cotton prices to witness sideways to firm tone on festival demand.

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

Contract	+/-	Open	High	Low	Close
Feb-13	2.5	938	938	927.5	927.5
Apr-13	13	969.5	987	969.5	980

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

Contract	+/-	Open	High	Low	Close
Feb-13	12.3	944	959	942.1	953
Apr-13	12.6	968.6	985.8	968	978.2

**Volumes and OI in Lots**

Contract	Volume	Change	OI	Change
Feb-13	4	-6	48	0
Apr-13	9798	2345	13246	399

**Volumes and OI lots**

Contract	Volume	Change	OI	Change
Feb-13	614	-407	630	12
Apr-13	1303	366	558	-36

**Spread Feb-13 Apr-13**

Basis	-37.5
Feb-13	52.5
April-13	

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

**Spread Feb-13 Apr-13**

Basis	-63
Feb-13	25.2
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
<b>31-Oct-12</b>	<b>0.93</b>	16040	16250	16040	16200
<b>30-Nov-12</b>	<b>1.12</b>	16100	16270	16090	16230
<b>31-Dec-12</b>	<b>1.18</b>	16230	16400	16230	16340
<b>31-Jan-13</b>	<b>0.92</b>	16360	16510	16250	16460
<b>28-Feb-13</b>	<b>0.85</b>	16500	16640	16480	16550

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	06-11-2012	05-11-2012	
Amravati-Vunni Mech-1#	4100	4100	Unch
Kadi-Bt Cotton#	4450	4450	Unch
Ahmedabad-Shankar-6#	4450	4300	+150
Gondal1	4000	4250	-250
Rajkot-(B.T)	4025	4400	-375
Abohar-J-34*	3475	3420	-55
Muktsar-J-34*	3460	3420	+40
Fajlika      #(Cotton New) #(Kapas BT Cotton)	3500	3410	+90
	4250	4100	+150
Khandwa-(M.P)	4250	4250	Unch
Khargaon-(M.P)	4250	4250	Unch
Sri-Ganganagar	3380	3340	+40
Patan	-	-	-

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	06-11-2012	05-11-2012	
Amravati -Vunni Mech-1#	1000	1500	-500
Kadi -Bt Cotton	17500	20000	-2500
Ahmedabad - Shankar-6#	15000	15000	Unch
Gondal	1206	2404	-1198
Rajkot-(B.T)	2400	3000	-600
Abohar	1500	1300	+200
Muktsar	500	500	Unch
Fajlika      #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1500	1800	-300
Khandwa (M.P)	4000	2000	+2000



Khargaon-(M.P)	6000	5000	+1000
Sri-Ganganagar	6000	7000	-1000
Patan	-	-	-

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

### Cotton Association of India Spot Rates: 05/11/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (05/11/2012)	Rs. Per Candy (02/11/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	40200	40700	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	41200	-500
J-34(202)	26mm	3.5 - 4.9	23	30500	31100	-600
H-4/ ME CH-1(105)	28mm	3.5 - 4.9	27	32400	33100	-700
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33600	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

### Cotlook Index: As on 05/11/2012

Cotlook Indices	Cents/Pound	Change
A-Index	80.30	Unch

### China Cotton Index: As on 06/11/2012

Index	RMB/Ton	Change
CCIndex(328)	18734	+8
CCIndex(527)	16456	+4
CCIndex(229)	19642	+2

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

### USDA Cotton Spot Rates: As on 05/11/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.9	70.9	NIL
North Delta	66.65	68.15	NIL
South Delta	66.65	68.15	NIL
East TX-OK	65.25	70	421
West Texas	65.25	71	1951
Desert SW	64.9	71.4	NIL
SJ Valley	65.65	76.3	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 05/11/2012**

Contract	Open	High	Low	Close	Change
Dec-12	70.2	70.53	69.95	70.4	0.05
Mar-13	71.46	71.78	70.94	71.65	0.21
May-13	72.55	72.8	72.2	72.75	0.05
Jul-13	73.81	73.81	73.11	73.7	-0.09
Oct-13	75.31	75.31	75.31	75.31	-0.06
Dec-13	75.7	76	75.19	75.91	-0.06

**Pakistan Cotton Spot rates: As on 05/11/2012 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5850	155	6005
Equivalent	40 Kgs	6269	155	6424

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