

Cotton Domestic Fundamentals:

- Cotton prices noticed mixed tone on Wednesday.
- Farmers are bringing less crop to the market ahead of festival next week.
- There is normal demand in the spot market.
- Arrivals are increasing in certain mandis.
- Maharashtra Government is likely to open procurement centers from November 11.
- Arrivals are expected to pick up after Diwali and farmers have to make preparations for rabi crops.
- Dry weather in the cotton growing regions will support harvesting activities.
- 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.
- Yarn exports could rise around 11 percent in the current fiscal year, according to the state-run Cotton Advisory Board of Maharashtra..
- 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.

Cotton International Fundamentals

- Uzbekistan has record cotton production for this year cotton season.
- Cotton futures at NYMEX noticed weakness amid profit -booking. Lack –luster demand from China will weigh on prices.
- 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.
- Cotton prices are steady to firm in Pakistan amid lack of selling around current levels.
- 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 notice sideways to firm tone in the near –term.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-6.5	924.5	929	924.5	925
Apr-13	-11	979.5	982	966	970.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	-9.8	953.6	954.5	940.2	943.6
Apr-13	-10.5	980	980.1	965	969

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	26	22	40	-8
Apr-13	6351	-3447	13162	-84

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	409	-205	586	-44
Apr-13	721	-582	542	-16

Spread Feb-13 Apr-13

Basis	-35
Feb-13	45.5
April-13	

Spread Feb-13 Apr-13

Basis	-53.6
Feb-13	25.4
April-13	

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

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

Contract	% Change	Open	High	Low	Close
31-Oct-12	-0.8	16190	16210	16060	16060
30-Nov-12	-0.86	16230	16230	16070	16070
31-Dec-12	-1.1	16290	16290	16160	16160
31-Jan-13	-1.15	16370	16370	16270	16280
28-Feb-13	-1.03	16480	16480	16390	16410

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	07-11-2012	06-11-2012	
Amravati-Vunni Mech-1#	4150	4100	+50
Kadi-Bt Cotton#	4450	4450	Unch
Ahmedabad-Shankar-6#	4450	4450	Unch
Gondal1	3975	4000	-25
Rajkot-(B.T)	4470	4025	+445
Abohar-J-34*	3470	3475	-5
Muktsar-J-34*	3470	3460	+10
Fajlika #(Cotton New) #(Kapas BT Cotton)	3465	3500	-35
	4250	4250	Unch
Khandwa-(M.P)	4250	4250	Unch
Khargaon-(M.P)	4250	4250	Unch
Sri-Ganganagar	3380	3380	Unch
Patan	-	-	-

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	07-11-2012	06-11-2012	
Amravati -Vunni Mech-1#	1200	1000	+200
Kadi -Bt Cotton	25000	17500	+7500
Ahmedabad - Shankar-6#	15000	15000	Unch
Gondal	1500	1206	-294
Rajkot-(B.T)	2600	2400	+200
Abohar	1000	1500	-500
Muktsar	450	500	-50
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	1200	1500	-300
Khandwa (M.P)	1500	4000	-2500

Khargaon-(M.P)	6000	6000	Unch
Sri-Ganganagar	6000	6000	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: 06/11/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (06/11/2012)	Rs. Per Candy (05/11/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	40200	40200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	40700	Unch
J-34(202)	26mm	3.5 - 4.9	23	31000	30500	+500
H-4/ ME CH-1(105)	28mm	3.5 - 4.9	27	32400	32400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33400	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34000	+200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34900	34700	+200
DCH-32(107)	34mm	3.0 - 3.8	33	45700	45500	+200

Cotlook Index: As on 06/11/2012

Cotlook Indices	Cents/Pound	Change
A-Index	80.45	+0.15

China Cotton Index: As on 07/11/2012

Index	RMB/Ton	Change
CCIndex(328)	18742	+8
CCIndex(527)	16467	+11
CCIndex(229)	19652	+10

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

USDA Cotton Spot Rates: As on 06/11/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.15	71.15	855
North Delta	66.9	68.4	639
South Delta	66.9	68.4	NIL
East TX-OK	65.25	69.75	138
West Texas	65.25	71	6855
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 06/11/2012

Contract	Open	High	Low	Close	Change
Dec-12	70.4	71.1	70.01	70.1	-0.3
Mar-13	71.65	72.34	71.16	71.24	-0.41
May-13	72.75	73.35	72.3	72.38	-0.37
Jul-13	73.72	74.3	73.2	73.25	-0.45
Oct-13	74.92	74.92	74.92	74.92	-0.39
Dec-13	76	76.31	75.48	75.64	-0.27

Pakistan Cotton Spot rates: As on 06/11/2012 (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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