

Cotton Domestic Fundamentals:

- Cotton markets continued steady to strong tone on Tuesday.
- Increasing arrivals and Cotton exports stood at 4.5 lakh bales as of November 5, 2012 and Exports for 2011-12 cotton seasons at 129 million bales.
- CAG has pegged domestic consumption at 260 lakh bales for 2012-13 seasons.
- Low demand around current levels weighed on the market.
- Indian prices are likely to stay stable at current levels for 2012-13.
- Domestic cotton prices are higher than international prices by 4-5%, which is making imports much attractive options for millers, imports are likely to touch 1.5 million bales for current year.
- Andhra Pradesh is likely to produce 7.2 million bales, compared to 5.6 million bales in last year.
- Arrivals are increasing in various mandis, adding to the weak tone of the market.
- Millers are buying in lower quantity amid expectation of better levels in the medium –term.

Cotton International Fundamentals

- International price movement of Rs.33-Rs.35 over past two months, liquidity has reduced from the market. With the Northern Hemisphere harvest almost finished, it is typical for open interest to fall at this time of year.
- China continues to buy cotton for its reserve which is giving support to cotton china index to rise.
- Azerbaijan raised exports for raw cotton.
- Three home textile companies in China joined the COTTON USA licensing program to source U.S. cotton yarn.

Outlook: We expect domestic cotton prices to notice steady to weak tone on sluggish demand in the ready market.

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

Contract	+/-	Open	High	Low	Close
Feb-13	5	963.00	963.00	939.50	939.50
Apr-13	5	960	964.5	958.5	963.50

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

Contract	+/-	Open	High	Low	Close
Feb-13	3.8	956	958.2	954.5	957
Apr-13	3.1	966	970.9	965	968.6

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	2	-6	40	-1
Apr-13	3411	-2739	13732	193

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	225	-116	762	-69
Apr-13	222	-294	618	-9

Spread Feb-13 Apr-13

Basis	-60	
Feb-13		33.5
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	-87	
Feb-13		11.6
April-13		

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

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

Contract	% Change	Open	High	Low	Close
30-Nov-12	0.8	16240	16340	16220	16330
31-Dec-12	0.56	16250	16320	16230	16300
31-Jan-13	0.68	16320	16430	16320	16390
28-Feb-13	0.49	16440	16520	16420	16490
29-Mar-13	0.54	16620	16660	16600	16660

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	27-11-2012	26-11-2012	
Amravati-Vunni Mech-1#	4011	Closed	-
Kadi-Bt Cotton#	4250	4250	Unch
Ahmedabad-Shankar-6#	4350	4350	Unch
Gondal	4375	4355	+20
Rajkot-(B.T)	4300	4375	-75
Abohar-J-34*	3780	3700	+80
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3490	3480	+10
	4150	4150	Unch
Fajlika #(Cotton New) #(Kapas BT Cotton)	3450	3420	+30
	4250	4225	+25
Khandwa-(M.P)	4085	4175	-90
Khargaon-(M.P)	4175	4175	Unch
Sri-Ganganagar	3440	3390	+50

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	27-11-2012	26-11-2012	
Amravati -Vunni Mech-1#	1500	Closed	-
Kadi -Bt Cotton	30000	35000	-5000
Ahmedabad - Shankar-6#	28000	30000	-2000
Gondal	972	1120	-148
Rajkot-(B.T)	3000	2600	+400
Abohar-J-34*	800	1100	-300
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	500	450	+50
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	3000	2700	+300
Khandwa (M.P)	3500	3000	+500
Khargaon-(M.P)	10000	9000	+1000
Sri-Ganganagar	6000	6000	Unch

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

Cotton Association of India Spot Rates: 26/11/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (26/11/2012)	Rs. Per Candy (24/11/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	38600	39300	-700
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39100	39800	-700
J-34(202)	26mm	3.5 - 4.9	23	31500	31500	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32300	32500	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	33200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33800	34000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	44800	44800	Unch

Cotlook Index: As on 26/11/2012

Cotlook Indices	Cents/Pound	Change
A-Index	80.70	-1.20

China Cotton Index: As on 26/11/2012

Index	RMB/Ton	Change
CCIndex(328)	18862	+14
CCIndex(527)	16578	+16
CCIndex(229)	19754	+11

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

USDA Cotton Spot Rates: As on 26/11/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.62	73.87	528
North Delta	69.62	71.12	NIL
South Delta	69.62	71.12	NIL
East TX-OK	66.75	71.25	182
West Texas	66.75	72.25	2111
Desert SW	67.12	73.62	NIL
SJ Valley	67.87	78.52	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 26/11/2012

Contract	Open	High	Low	Close	Change
Dec-12	70.45	71.76	70.13	71.26	1.43
Mar-13	71.6	72.98	71.47	72.62	1.19
May-13	72.31	73.79	72.3	73.45	1.24
Jul-13	73.75	74.74	73.33	74.4	1.18
Oct-13	76.08	76.08	76.08	76.08	1.18
Dec-13	76.09	76.84	75.51	76.63	1.18

Pakistan Cotton Spot rates: As on 26/11/2012 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5800	155	5955
Equivalent	40 Kgs	6216	155	6371

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