

Cotton Domestic Fundamentals:

- Cotton markets continued steady to strong tone on Thursday.
- 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	-11	938.50	946.50	938.50	940.00
Apr-13	1	962	966	959	963.00

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

Contract	+/-	Open	High	Low	Close
Feb-13	0.8	956.1	959	954.4	957
Apr-13	1.3	971	971.2	965.7	969

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	126	124	39	-1
Apr-13	2566	-845	13707	-25

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	93	-132	749	-13
Apr-13	156	-66	599	-19

Spread Feb-13 Apr-13

Basis	-115	
Feb-13		33
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	-142	
Feb-13		12
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	-0.61	16300	16330	16200	16200
31-Dec-12	-0.06	16310	16340	16230	16270
31-Jan-13	-0.06	16400	16420	16330	16380
28-Feb-13	-0.06	16500	16500	16450	16480
29-Mar-13	0	16640	16650	16610	16640

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	29-11-2012	27-11-2012	
Amravati-Vunni Mech-1#	4075	4011	+64
Kadi-Bt Cotton#	4200	4250	-50
Ahmedabad-Shankar-6#	4350	4350	Unch
Gondal	4385	4375	+10
Rajkot-(B.T)	4375	4300	+75
Abohar-J-34*	3490	3780	-290
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3490	3490	Unch
	4135	4150	-15
Fajlika #(Cotton New) #(Kapas BT Cotton)	3470	3450	+20
	4280	4250	+30
Khandwa-(M.P)	Closed	4085	-
Khargaon-(M.P)	4175	4175	Unch
Sri-Ganganagar	3425	3440	-15

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	29-11-2012	27-11-2012	
Amravati -Vunni Mech-1#	1500	1500	Unch
Kadi -Bt Cotton	30000	30000	Unch
Ahmedabad - Shankar-6#	30000	28000	+2000
Gondal	1585	972	+613
Rajkot-(B.T)	3200	3000	+200
Abohar-J-34*	1000	800	+200
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	400	500	-100
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	3000	3000	Unch
Khandwa (M.P)	Closed	3500	-
Khargaon-(M.P)	10000	10000	Unch
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: 28/11/2012

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (28/11/2012)	Rs. Per Candy (27/11/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	38000	38300	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38800	-300
J-34(202)	26mm	3.5 - 4.9	23	31700	31900	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32500	+200
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33300	+200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34100	+200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34600	+200
DCH-32(107)	34mm	3.0 - 3.8	33	44800	44800	Unch

Cotlook Index: As on 28/11/2012

Cotlook Indices	Cents/Pound	Change
A-Index	81.65	Unch

China Cotton Index: As on 29/11/2012

Index	RMB/Ton	Change
CCIndex(328)	18902	+11
CCIndex(527)	16619	+10
CCIndex(229)	19781	+3

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

USDA Cotton Spot Rates: As on 28/11/2012

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.63	74.13	3490
North Delta	69.63	71.13	NIL
South Delta	69.63	71.13	NIL
East TX-OK	66.75	71.25	2043
West Texas	66.75	72.25	25392
Desert SW	67.13	73.63	NIL
SJ Valley	67.88	78.53	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 28/11/2012

Contract	Open	High	Low	Close	Change
Dec-12	70.71	71.3	70.71	71.23	0.19
Mar-12	72.48	72.79	71.65	72.63	0.11
May-12	73.19	73.53	72.49	73.45	0.17
Jul-12	73.64	74.36	73.43	74.32	0.14
Oct-12	76.03	76.03	76.03	76.03	0.13
Dec-12	76	76.67	75.73	76.67	0.1

Pakistan Cotton Spot rates: As on 28/11/2012 (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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