

Cotton Domestic Fundamentals:

- Cotton prices noticed steady to weak tone on Saturday.
- Lower demand from the millers weighed on prices.
- Around 25000 bales of the new crop arrived in northern India.
- Cotton arrivals decline by 11.74% from 8.80 million bales to 9.97 million bales from corresponding year.
- Higher price of cotton in China is boosting yarn exports to China.
- Yarn exports are likely to see export boom in 2013. Industry is expecting 12-15% Y-o-Y growth. Demand from China is supporting the prices.

Cotton International Fundamentals

- China issued import quotas for more than 3.7 million tonnes in 2012 at sliding tariffs of 5-40 percent.
- China, the world's biggest cotton consumer and importer, is studying a proposal to issue extra import quotas for textile mills
- Over 10 million bales of cotton have reached market in Pakistan.
- According to a fortnightly report on cotton production issued by the Pakistan Cotton Ginners Association (PCGA), ginning factories received raw cotton equivalent to 11.587 million bales up to December 31, 2012, which was 445,440 bales less than the previous year.

Outlook: We expect domestic cotton prices to continue steady to weak tone on lower demand from the millers.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-14	945.00	945.00	904.50	909.00
Apr-13	-10.5	950	950	936	941.5

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

Contract	+/-	Open	High	Low	Close
Feb-13	-10.5	940	943.5	929.1	933.4
Apr-13	-9.6	953	958	945.5	949.2

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	85	83	30	1
Apr-13	8153	-434	13188	-434

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	321	38	741	36
Apr-13	942	-656	1148	0

Spread Feb-13 Apr-13

Basis	65	
Feb-13		76.5
April-13		

Spread Feb-13 Apr-13

Basis	-68.4	
Feb-13		15.8
April-13		

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

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Contract	% Change	Open	High	Low	Close
31-Jan-13	-0.42	16520	16560	16450	16460
28-Feb-13	-0.36	16740	16760	16670	16690
29-Mar-13	-0.29	17010	17010	16920	16950
30-Apr-13	-0.35	17200	17320	17190	17190

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	05-01-2013	04-01-2013	
Amravati-Vunni Mech-1#	4000	4050	-50
Kadi-Bt Cotton#	4250	4225	25
Ahmedabad-Shankar-6#	4325	4350	-25
Gondal	4305	4340	-35
Rajkot-(B.T)	4360	4400	-40
Abohar-J-34*	3555	3565	-10
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	3555	3570	-15
	4155	4180	-25
Fajlika #(Cotton New) #(Kapas BT Cotton)	3540	3500	40
	4260	4260	Unch
Khandwa-(M.P)	Closed	4120	-
Khargaon-(M.P)	Closed	4120	-
Sri-Ganganagar	3470	3490	-20

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	05-01-2013	04-01-2013	
Amravati -Vunni Mech-1#	2000	3000	-1000
Kadi -Bt Cotton	60000	75000	-15000
Ahmedabad - Shankar-6#	41000	43000	-2000
Gondal	2392	2147	245
Rajkot-(B.T)	4650	4800	-150
Abohar-J-34*	1000	1400	-400
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	-	-
	500	450	50
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	2300	1200	1100
Khandwa (M.P)	Closed	3000	-
Khargaon-(M.P)	Closed	8000	-
Sri-Ganganagar	5000	6000	-1000

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

Cotton Association of India Spot Rates: 04/01/2013

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (04/01/2013)	Rs. Per Candy (03/01/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34600	34400	+200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	34900	+200
J-34(202)	26mm	3.5 - 4.9	23	32600	32600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45200	Unch

Cotlook Index: As on 04/01/2013

Cotlook Indices	Cents/Pound	Change
A-Index	83.45	Unch

China Cotton Index: As on 05/01/2013

Index	RMB/Ton	Change
CCIndex(328)	19213	+6
CCIndex(527)	16854	+6
CCIndex(229)	19989	Unch

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

USDA Cotton Spot Rates: As on 04/01/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.55	75.8	651
North Delta	71.8	73.8	NIL
South Delta	71.8	73.8	NIL
East TX-OK	69.5	74	1811
West Texas	69.5	73.75	12472
Desert SW	69.8	76.3	NIL
SJ Valley	70.55	81.2	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 04/01/2013

Contract	Open	High	Low	Close	Change
Mar-12	75.65	75.82	73.72	75.05	-0.34
May-12	76.35	76.57	74.58	75.89	-0.33
Jul-12	77.44	77.55	75.58	76.85	-0.39
Oct-12	78.17	78.17	78.17	78.17	-0.54
Dec-12	79.5	79.63	77.8	79.1	-0.37
Mar-12	80.1	80.1	80.1	80.1	-0.37

Pakistan Cotton Spot rates: As on 04/01/2013 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	155	6155
Equivalent	40 Kgs	6430	155	6585

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