

Cotton Domestic Fundamentals:

- Cotton prices noticed mixed tone on Saturday.
- Buying from the mills lent some support to the market.
- Exporters are not much active around current levels.
- The Cotton Advisory Board revised export estimate to 8 million bales from 7 million bales earlier. Against the earlier import estimate of 1.2 million bales, it is now expected to be around 2 million bales.
- Arrivals in the country were reported to be around 2 lakh bags.
- Traders are expecting demand from Southeast Asia that could compensate for Chinese demand.
- According to India Rating agency the cotton prices are going to be stable at current levels or fall by 5-10 percent. Consumption to production ratio is low with current global inventories ration estimated at 71 percent.

Cotton International Fundamentals

- Bangladesh is inking a deal with India to procure 15 lakh bales every year.
- Drought conditions in US during the growing season has also affected the organic growers.
- According to ICAC, production of cotton at 25.9 million ton remains much higher than consumption at 23.3 million tons. As a result, global stocks at the end of July 2013 are forecast at a record 16.7 million tons, up 19% from the previous year.
- Cotton futures at NYMEX closed higher amid speculative buying around current levels.

Outlook: We expect domestic cotton prices to notice steady to weak tone on rising arrivals and lack of good demand from exporters.

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

Contract	+/-	Open	High	Low	Close
Feb-13	-7	846.50	847.50	846.50	846.50
Apr-13	-8.5	905	908	896.5	898.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	5	-7	30	2
Apr-13	4533	380	13708	380

Spread Feb-13 Apr-13

Basis	-18.5	
Feb-13		33.5
April-13		

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

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

Contract	+/-	Open	High	Low	Close
Feb-13	-5.4	885.6	887	877.5	880.2
Apr-13	-6.2	913	915	905.1	907.60

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	169	-299	1218	-35
Apr-13	505	-243	1874	128

Spread Feb-13 Apr-13

Basis	-15.2	
Feb-13		27.4
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
28-Feb-13	0.36	16710	16830	16700	16770
29-Mar-13	0.41	16990	17110	16990	17070
30-Apr-13	0	17310	17390	17290	17300
31-May-13	-0.06	17620	17630	17570	17570

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	02-02-2013	01-02-2013	
Amravati-Vunni Mech-1#	4050	4050	Unch
Kadi-Bt Cotton#	4200	4200	Unch
Ahmedabad-Shankar-6#	4325	4350	-25
Gondal	4260	4300	-40
Rajkot-(B.T)	4275	4325	-50
Abohar-J-34*	3675	3660	15
Muktsar-J-34 *(Cotton)	3670	3660	10
*(Kapas BT Cotton)	4170	4200	-30
Fajlika *(Cotton New)	3630	3630	Unch
*(Kapas BT Cotton)	4320	4320	Unch
Khandwa-(M.P)	Closed	4120	-
Khargaon-(M.P)	Closed	4120	-
Sri-Ganganagar	3525	3525	Unch

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	02-02-2013	01-02-2013	
Amravati -Vunni Mech-1#	3500	3000	500
Kadi -Bt Cotton	50000	45000	5000
Ahmedabad - Shankar-6#	50000	50000	Unch
Gondal	1320	1516	-196
Rajkot-(B.T)	4080	3550	530
Abohar-J-34*	500	800	-300
Muktsar-J-34 *(Cotton)	-	-	-
*(Kapas BT Cotton)	300	400	-100
Fajlika *(Cotton New)	-	-	-
*(Kapas BT Cotton)	2000	2000	Unch
Khandwa (M.P)	Closed	3500	-
Khargaon-(M.P)	Closed	10000	-
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: 01/02/2013

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (01/02/2013)	Rs. Per Candy (31/01/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33700	33700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34200	34200	Unch
J-34(202)	26mm	3.5 - 4.9	23	33600	33600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33400	33500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	34100	34100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34700	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35600	35600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	Unch

Cotlook Index: As on 01/02/2013

Cotlook Indices	Cents/Pound	Change
A-Index	90.35	Unch

China Cotton Index: As on 01/02/2013

Index	RMB/Ton	Change
CCIndex(328)	19280	+9
CCIndex(527)	16922	+11
CCIndex(229)	20044	+3

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

USDA Cotton Spot Rates: As on 01/02/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	79.48	82.73	3460
North Delta	78.73	81.23	2487
South Delta	78.73	81.23	NIL
East TX-OK	74.75	77.5	1297
West Texas	74.75	78	2233
Desert SW	77.48	83.98	NIL
SJ Valley	78.23	88.88	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 01/02/2013

Contract	Open	High	Low	Close	Change
13-Mar	83.1	83.45	82.3	82.98	0.03
13-May	83.1	83.8	82.5	83.55	0.4
13-Jul	83.25	84	82.8	83.88	0.44
13-Oct	82.29	82.29	82.29	82.29	0.6
13-Dec	81.14	81.5	80.51	81.46	0.31
14-Mar	82	82.43	81.76	82.4	0.25

Pakistan Cotton Spot rates: As on 01/02/2013 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6100	155	6255
Equivalent	40 Kgs	6537	155	6692

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