

## Cotton Domestic Fundamentals:

- Cotton prices noticed strong tone on Friday except Ahmadabad and Fazilika.
- Inter ministerial committee have decided to keep cotton export policy unchanged under current circumstances where arrivals are falling with increasing prices and good export demand.
- Arrivals of 225 lakh bales have already reached markets.
- Cotton prices are shooting up as farmers are holding crop, millers and ginnerers are buying in last leg of the season. Earlier millers were waiting for the prices to come down that resulted in less buying of stocks.
- Strong demand is expected to arrive in the as Chinese import quota are announced officially.
- 58.2 % of the production has arrived in the markets. Total arrivals reported are around 190 lakh bales thus far from the estimated 327 lakh bales production for the season.

## Cotton International Fundamentals

- Chinese, cotton import source, US, India, Australia, Brazil and Uzbekistan were the top five in 2012.
- China will be releasing cotton import quota of 682,000 tonnes under the tariff rate quota and Indian cotton could get a sizeable chunk of it.
- USA cotton acreage are going to be 27 percent less than last sowing year, as sowing season has begun. Farmers have shifted to more cash dividend crop like soybean and corn. This might fuel prices in last quarter of this year.

**Outlook:** We expect domestic cotton prices to continue steady to weak tone on rising arrivals and normal demand.

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

Contract	+/-	Open	High	Low	Close
Feb-13	25	842.00	868.00	842.00	868.00
Apr-13	22.5	954	977	945	974.00

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	3	3	9	0
Apr-13	15085	440	11184	440

### Spread

Feb-13

Apr-13

Basis

20

Feb-13

64

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	18.2	908.1	931.5	908	929.9
Apr-13	19.8	956	976	947	972.1

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	512	46	1216	-9
Apr-13	1413	273	1557	-70

### Spread

Feb-13

Apr-13

Basis

-19.9

Feb-13

42.2

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	1.31	17650	17830	17500	17810
29-Mar-13	1.34	17900	18150	17820	18140
30-Apr-13	1.37	18210	18480	18140	18470
31-May-13	1.57	18500	18770	18450	18770
28-Jun-13	1.33	18750	19030	18710	19030

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	22-2-2013	21-2-2013	
Amravati-Vunni Mech-1#	4350	4300	50
Kadi-Bt Cotton#	4550	4450	100
Ahmedabad-Shankar-6#	4600	4675	-75
Gondal	4735	4655	80
Rajkot-(B.T)	4700	4690	10
Abohar-J-34*	3970	3990	-20
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	3970	3885	85
	4900	4800	100
Fajlika #(Cotton New) #(Kapas BT Cotton)	3900	3900	Unch
	4900	4903	-3
Khandwa-(M.P)	4370	4350	20
Khargaon-(M.P)	4370	4350	20
Sri-Ganganagar	3890	3800	90

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	22-2-2013	21-2-2013	
Amravati -Vunni Mech-1#	5000	3000	2000
Kadi -Bt Cotton	25000	35000	-10000
Ahmedabad - Shankar-6#	25000	30000	-5000
Gondal	529	619	-90
Rajkot-(B.T)	2600	2000	600
Abohar-J-34*	200	200	Unch
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	150	250	-100
	-	-	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	500	350	150
Khandwa (M.P)	2500	3500	-1000

Khargaon-(M.P)	11000	6000	<b>5000</b>
Sri-Ganganagar	2000	2000	<b>Unch</b>

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

**Cotton Association of India Spot Rates: 21/02/2013**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (21/02/2013)	Rs. Per Candy (20/02/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34100	34100	<b>Unch</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	35100	<b>Unch</b>
J-34(202)	26mm	3.5 - 4.9	23	36300	35700	<b>+600</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34600	34600	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	35900	35600	<b>+300</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35900	35900	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37200	37200	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	46800	46800	<b>Unch</b>

**Cotlook Index: As on 21/02/2013**

Cotlook Indices	Cents/Pound	Change
A-Index	90.90	<b>+0.20</b>

**China Cotton Index: As on 22/02/2013**

Index	RMB/Ton	Change
CCIndex(328)	19297	<b>+4</b>
CCIndex(527)	16929	<b>+3</b>
CCIndex(229)	20047	<b>+5</b>

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

**USDA Cotton Spot Rates: As on 21/02/2013**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	79.23	82.48	<b>1359</b>
North Delta	78.23	80.73	<b>NIL</b>
South Delta	78.23	80.73	<b>NIL</b>
East TX-OK	74.75	77.75	<b>1139</b>
West Texas	74.75	78	<b>857</b>
Desert SW	76.23	82.73	<b>NIL</b>
SJ Valley	76.98	87.63	<b>NIL</b>

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 21/02/2013**

Contract	Open	High	Low	Close	Change
13-Mar	82.1	82.6	81.2	81.31	-0.97
13-May	84.3	84.77	83	83.23	-1.23
13-Jul	85.15	85.68	84	84.18	-1.24
13-Oct	84.2	84.2	84.2	84.2	-0.72
13-Dec	84	84.26	83	83.62	-0.65
14-Mar	83.2	83.51	83.2	83.42	-0.75

**Pakistan Cotton Spot rates: As on 21/02/2013 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6350	155	6505
<b>Equivalent</b>	40 Kgs	6805	155	6960

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