

Cotton Domestic Fundamentals:

- Cotton prices continued firm tone on Saturday.
- Lower arrivals and good buying by millers supported the market.
- Arrivals in North India were reported to be around 5000 bales amid rains in certain areas.
- According to trade sources in Gujarat, there was good buying by exporters in the region.
- 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.
- 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.
- 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

- 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.
- According to USDA, the U.S. cotton crop is projected to fall sharply to about 14.0 million bales in 2013/14, accounting for most of the expected decline in world production, as producers shift area to corn and soybeans following the historic mid-western drought of summer 2012. Accordingly, U.S. cotton stocks, which are estimated to rise in 2012/13, are expected to tighten again in 2013/14.
- Global 2012/13 cotton production is estimated to decline 4 percent from the previous year to 119 million bales. The estimated crop decline is the result of reductions in the major southern hemisphere producing countries and India, partially offset by increases for the United States, the African Franc Zone countries, and China.
- Cotton futures at MYMEX closed higher amid forecast of lower acreage in U.S. in the coming season.
- According to media sources, the unsold stocks of cotton in Pakistan with ginnerers stood little higher at 1.288 million bales over the corresponding period last year stocks of 1.182 million bales.

Outlook: We expect domestic cotton prices to continue steady to firm tone on good buying by millers.

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

Contract	+/-	Open	High	Low	Close
Feb-13	30	841.00	888.00	841.00	888
Apr-13	23	975	1008.5	965	997

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

Contract	+/-	Open	High	Low	Close
Feb-13	27.4	929	962.3	926.5	956.7
Apr-13	28.1	972	1006.9	965	1001.4

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	11	8	8	-1
Apr-13	17298	314	11498	314

Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	577	65	1311	95
Apr-13	1644	231	1484	-73

Spread	Feb-13	Apr-13
Basis	-12	
Feb-13		97
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	-56.7	
Feb-13		44.7
April-13		

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

Contract	% Change	Open	High	Low	Close
28-Feb-13	0.62	17990	18120	17760	17920
29-Mar-13	0.39	18140	18430	18080	18210
30-Apr-13	0.43	18400	18760	18390	18540
31-May-13	0.48	18700	19070	18700	18840
28-Jun-13	0.47	18810	19320	18810	19100

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	23-2-2013	22-2-2013	
Amravati-Vunni Mech-1#	4450	4350	100
Kadi-Bt Cotton#	4700	4550	150
Ahmedabad-Shankar-6#	4900	4600	300
Gondal	-	4735	-
Rajkot-(B.T)	4925	4700	225
Abohar-J-34*	4030	3970	60
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	4040	3970	70
	5000	4900	100
Fajlika #(Cotton New) #(Kapas BT Cotton)	4000	3900	100
	4950	4900	50
Khandwa-(M.P)	Closed	4370	-
Khargaon-(M.P)	Closed	4370	-
Sri-Ganganagar	3925	3890	35

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	23-2-2013	22-2-2013	
Amravati -Vunni Mech-1#	2000	5000	-3000
Kadi -Bt Cotton	20000	25000	-5000
Ahmedabad - Shankar-6#	25000	25000	Unch
Gondal	-	529	-
Rajkot-(B.T)	2100	2600	-500
Abohar-J-34*	-	200	-
Muktsar-J-34 *(Cotton) #(Kapas BT Cotton)	-	150	-
	-	-	-
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	200	500	-300
Khandwa (M.P)	-	2500	-
Khargaon-(M.P)	-	11000	-
Sri-Ganganagar	1000	2000	-1000

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

Cotton Association of India Spot Rates: 22/02/2013

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (22/02/2013)	Rs. Per Candy (21/02/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34100	34100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	35100	Unch
J-34(202)	26mm	3.5 - 4.9	23	36300	36300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34800	34600	+200
Shankar-6(105)	29mm	3.5 - 4.9	28	36000	35900	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36100	35900	+100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37400	37200	+200
DCH-32(107)	34mm	3.0 - 3.8	33	46800	46800	Unch

Cotlook Index: As on 22/02/2013

Cotlook Indices	Cents/Pound	Change
A-Index	89.90	-1.00

China Cotton Index: As on 22/02/2013

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

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

USDA Cotton Spot Rates: As on 22/02/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	79.64	82.89	2532
North Delta	78.14	80.64	NIL
South Delta	78.14	80.64	NIL
East TX-OK	75.75	78.75	153
West Texas	75.75	79	1379
Desert SW	76.14	82.64	NIL
SJ Valley	76.89	87.54	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 22/02/2013



Contract	Open	High	Low	Close	Change
13-Mar	81.3	82.24	81.12	81.39	0.08
13-May	83.18	84.16	82.76	83.14	-0.09
13-Jul	84.11	85.04	83.68	84.01	-0.17
13-Oct	84.56	84.56	84.56	84.56	0.36
13-Dec	83.5	84.07	83.25	83.64	0.02
14-Mar	83.52	83.52	83.52	83.52	0.1

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

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

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