

## Cotton Domestic Fundamentals:

- Cotton prices showed week tone on Tuesday except Mutasar and Fazilika.
- Farmers are not willing to release cotton at low prices when arrivals are falling and demand is growing.
- Cotton arrival in India declined from 2,15,000 bales to 1,75,000 bales in India.
- Cotton prices have firmed up since last two three weeks as foreign companies have increased their buying from here. Moreover decline in arrivals and domestic mills' increased demand has been supporting the price rise.
- Prices are expected to go down by Rs.50 from current levels and take correction from there.

## 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.

**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	-25	850.00	850.00	836.00	836.00
Apr-13	12.5	975	996	968	992.50

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

Contract	+/-	Open	High	Low	Close
Feb-13	10.4	931	948.9	923.1	945
Apr-13	11	972.1	996.7	969.7	992.5

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-13	2	2	6	-1
Apr-13	14733	348	11945	348

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Feb-13	517	-379	1399	38
Apr-13	1442	-1152	1482	-41

### Spread Feb-13 Apr-13

Basis	-77	
Feb-13		32
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	20	
Feb-13		47.5
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	0.06	17710	17880	17600	17810
29-Mar-13	0.06	18040	18190	17880	18110
30-Apr-13	0.05	18320	18500	18190	18420
31-May-13	0	18580	18750	18480	18690
28-Jun-13	-0.05	19410	19410	18730	18920

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	26-2-2013	25-2-2013	
Amravati-Vunni Mech-1#	4550	4650	-100
Kadi-Bt Cotton#	4700	5000	-300
Ahmedabad-Shankar-6#	4825	4900	-75
Gondal	4970	4970	Unch
Rajkot-(B.T)	4905	4905	Unch
Abohar-J-34*	4010	4040	-30
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	4010	4035	-25
	4900	4850	50
Fajlika #(Cotton New) #(Kapas BT Cotton)	4000	4000	Unch
	4997	4975	22
Khandwa-(M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Sri-Ganganagar	3940	3940	Unch

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

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	26-2-2013	25-2-2013	
Amravati -Vunni Mech-1#	4000	3000	1000
Kadi -Bt Cotton	25000	10000	15000
Ahmedabad - Shankar-6#	22000	25000	-3000
Gondal	1504	1504	Unch
Rajkot-(B.T)	2250	2250	Unch
Abohar-J-34*	500	-	-
Muktsar-J-34 *(Cotton ) #(Kapas BT Cotton)	-	-	-
	200	150	50
Fajlika #(Cotton New) #(Kapas BT Cotton)	-	-	-
	100	100	Unch
Khandwa (M.P)	-	-	-

Khargaon-(M.P)	-	-	-
Sri-Ganganagar	1000	1000	Unch

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

**Cotton Association of India Spot Rates: 25/02/2013**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (25/02/2013)	Rs. Per Candy (23/02/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34600	34600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
J-34(202)	26mm	3.5 - 4.9	23	36800	36800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	35800	35300	+500
Shankar-6(105)	29mm	3.5 - 4.9	28	36700	36500	+200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37100	36600	+500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38500	38000	+500
DCH-32(107)	34mm	3.0 - 3.8	33	47300	47300	Unch

**Cotlook Index: As on 25/02/2013**

Cotlook Indices	Cents/Pound	Change
A-Index	89.95	+0.05

**China Cotton Index: As on 26/02/2013**

Index	RMB/Ton	Change
CCIndex(328)	19309	+3
CCIndex(527)	16933	+4
CCIndex(229)	20053	+2

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

**USDA Cotton Spot Rates: As on 25/02/2013**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	78.22	81.47	1587
North Delta	76.72	79.22	34
South Delta	76.72	79.22	NIL
East TX-OK	74.25	77.25	527
West Texas	74.25	77.5	441
Desert SW	74.72	81.22	NIL
SJ Valley	75.47	86.12	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 25/02/2013**

Contract	Open	High	Low	Close	Change
13-Mar	81.24	81.69	80.22	80.22	-1.17
13-May	83.16	83.35	81.68	81.72	-1.42
13-Jul	84	84.13	82.52	82.55	-1.46
13-Oct	83.44	83.44	83.44	83.44	-1.12
13-Dec	83.65	83.79	82.5	82.51	-1.13
14-Mar	82.88	82.9	82.59	82.59	-0.93

**Pakistan Cotton Spot rates: As on 23/02/2013 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6400	155	6555
Equivalent	40 Kgs	6859	155	7014

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