

## Cotton Domestic Fundamentals:

- Cotton prices continued to notice firm tone on Saturday.
- Cotton textile exports set to grow at 9 percent to \$9.56 billion in the current fiscal year.
- Domestic spot prices have hit highest of the current season with benchmark Shankar-6 candy at Rs.38, 500. This is due to rising demand from China, falling arrivals, holding of stocks by state agencies and stockiest. Chinese demand which has been growing, has allocated as much as 52.5 lakh bales of import quotas earlier in February 2013.
- As per latest reports, China will issue extra cotton import quotas to textile mills by around April, most of which will be issued to textile mills that export their products.
- According to sources, a total of 7.5 million bales are said to be registered with the Directorate General of Foreign Trade for exports.

## Cotton International Fundamentals

- Cotton ICE futures reached a high of 94.0 cents a pound on higher US exports to China.
- World cotton surplus estimates are projected lower with rising demand of China. World inventories will total 81.74 million bales in the year ending July 31, down from the February estimate of 81.86 million, the USDA said today in a report.
- Brazil ginning mills compete for cotton Quality fiber scarce after rain damaged last season crop. Brazil produces enough for domestic consumption but export enquires are being raised in US to Import as domestic prices are nearly touching international prices. \$81 cents a pound.
- Eyeing arbitrage, many leading multinational trading companies from India have started buying and stocking the commodity for exports which has also pushed up the prices. This is because the Chinese government is forcing local mills to buy cotton at \$120 cents per pound from the state agency, priced significantly higher than international benchmarks. As these mills pay about \$90 cents a pound for Indian cotton.

**Outlook:** We expect domestic cotton prices to notice sideways to weak tone amid lack of buying around current levels.

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

Contract	+/-	Open	High	Low	Close
Mar-13	-4	931.00	931.00	900.50	900.50
Apr-13	-17.5	1003	1006	982.5	984.50

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-13	3	3	1	-1
Apr-13	7986	-1627	9818	-1627

### Spread Feb-13 Apr-13

Basis	Feb-13	Apr-13
Mar-13	-190	-68
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
Mar -13	-5.6	929	929.9	920.1	922.2
Apr-13	-15.4	1004.9	1005	982.4	984.10

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Mar -13	274	-121	790	-144
Apr-13	903	-1043	1390	-82

### Spread Feb-13 Apr-13

Basis	Feb-13	Apr-13
Mar -13	118.5	52
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
29-Mar-13		19170	19190	18930	18960
30-Apr-13		19480	19500	19250	19270
31-May-13		19790	19810	19570	19590
28-Jun-13		20020	20060	19820	19840
31-Jul-13		20250	20250	20040	20060

**Cotton Prices at Key Spot Markets**

Centre	Prices		Change
	16-3-2013	15-3-2013	
Amravati–Vunni Mech-1#	5050	4900	150
Kadi–Bt Cotton#	5250	5100	150
Abohar–J-34*	4310	4300	10
Muktsar–J-34 *(Cotton )	4300	4290	10
*(Kapas BT Cotton)	5100	5100	Unch
Ahmedabad–Shankar-6#	5150	5050	100
Fajlika *(Cotton New)	4280	4245	35
*(Kapas BT Cotton)	5137	5111	26
Khandwa-(M.P)	-	5025	-
Khargaon-(M.P)	-	5025	-
Gondal	5150	5000	150
Rajkot-(B.T)	5075	4995	80
Sri-Ganganagar	4180	4140	40
Patan(B.T. Cotton)	4925	4900	25

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

**Cotton Arrivals in Key Centers**

Centre	Arrivals		Change
	16-3-2013	15-3-2013	
Amravati –Vunni Mech-1#	2000	2500	-500
Kadi –Bt Cotton	10000	25000	-15000
Abohar–J-34*	1000	1000	Unch
Muktsar–J-34 *(Kapas BT Cotton)	400	300	100
Ahmedabad – Shankar-6#	19000	20000	-1000
Fajlika *(Kapas BT Cotton)	1500	1200	300
Khandwa (M.P)	-	1600	-
Khargaon-(M.P)	-	8000	-
Gondal	1088	2640	-1552
Rajkot-(B.T)	3250	3250	Unch
Sri-Ganganagar	4000	3000	1000
Patan(B.T. Cotton)	7525	7400	125

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

**Cotton Association of India Spot Rates: 15/03/2013**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (15/03/2013)	Rs. Per Candy (14/03/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37100	Unch
J-34(202)	26mm	3.5 - 4.9	23	28900	38400	+500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	37800	+400
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	38500	+400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	39400	+300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	48000	47800	+200

**Cotlook Index: As on 15/03/2013**

Cotlook Indices	Cents/Pound	Change
A-Index	97.10	+2.10

**China Cotton Index: As on 15/03/2013**

Index	RMB/Ton	Change
CCIndex(328)	19359	+3
CCIndex(527)	16978	+1
CCIndex(229)	20072	+2

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

**USDA Cotton Spot Rates: As on 15/03/2013**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.25	93.5	1136
North Delta	89	91.5	1363
South Delta	89	91.5	NIL
East TX-OK	84.75	87.5	1349
West Texas	84.75	87.75	2147
Desert SW	86	92.5	NIL
SJ Valley	87	97.65	100

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 15/03/2013**

Contract	Open	High	Low	Close	Change
13-Mar	90.86	93.93	90.5	92.5	1.64
13-May	91.5	94.2	91.03	92.76	1.22
13-Jul	89.43	89.43	89.43	89.43	0.01
13-Oct	88.39	89.2	88.16	88.51	-0.03
13-Dec	87.74	88	87.6	87.84	0.18
14-Mar	87.76	87.84	87.24	87.62	0.17

**Pakistan Cotton Spot rates: As on 15/03/2013 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6800	155	6955
Equivalent	40 Kgs	7288	155	7443

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