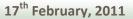


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Price Drivers

- Shortage of stocks expected in 2011-12.
- Firm demand from miller's throughout the globe.
- Lower production estimates.
- India's acreage may decline due to seed shortage.
- Selling in the futures counter.
- Planters are hoarding stocks.

Fundamental Analysis

- ✓ Most markets remain steady as demand remains firm.
- ✓ Planters brought less stock due to fall in prices.
- Markets sentiments remain weak as selling in the futures counter partially influenced the weak sentiments in the cash markets.
- ✓ Sources added that markets will continue the uptrend as they expect on 2.4 million bales left after the 5.5 million bales export of cotton.
- ✓ Sentiments remained firm as USDA forecasted that world cotton output will be 115.25 million bales in the year ending July 31st 2011, down from 115.46 million forecast in January 2011, with demand estimated at 116.55 million bales.
- ✓ Markets also moved higher after China Cotton Association says only 10% more area will be sown for 2011-12 in China.
- ✓ Sentiments also remained firm after India's acreage may fall due to seed shortage.
- ✓ Sources added that firm Chinese demand in the longer run is expected to keep the markets higher.
- ✓ Sentiments were also firm mainly due to cotton export, low arrival and hoarding by farmers and ginners.
- ✓ Cotton markets moved higher as sources say that mill consumption will be higher as millers fear shortage of stocks.
- ✓ Sources added that higher rates of cotton are also due to lower yield this year due to untimely rain in all sowing areas.
- ✓ However, India is likely to achieve record production of cotton this at 33.9 million bales of 170 kg each against 24.2 million bales last year.
- ✓ Apart from this bad weather conditions in Australia and Pakistan will definitely create further shortage and this will continue to push markets higher.

Cotton markets may fall on weak demand in the short-term. However in the long term markets will continue its uptrend on lower stock expectations due to lower global production expected.

Thees (hs) diff and Arrivals (bales) at key markets						
Centre	Variety	Prices	Change	Arrivals		
Kadi (Gujarat)	BT Cotton	6700- 7000	-	10885		
Amravati (Maharashtra)	Vunni Mech1	6400- 6600	-90	300		
Ahmedabad (Gujarat)	Shankar	6625- 7000	-	30000		
Sirsa (Haryana)	J-34	6000- 6050	-	100		
Abohar (Punjab)	J-34	6100- 6125	-	100		
Muktsar (Punjab)	J-34	6100- 6150	-	200		

Prices (Rs/qtl) and Arrivals (Bales) at Key Markets

International Market Analysis

ICE Cotton Futures Prices as on 15 th February 2011						
Open	High	Low	Close	Change		
186.00	191.75	185.92	190.02	+3.97		
182.99	189.34	182.99	187.93	+4.87		
123.50	127.25	123.40	124.76	+2.08		
	Open 186.00 182.99	Open High 186.00 191.75 182.99 189.34	Open High Low 186.00 191.75 185.92 182.99 189.34 182.99	Open High Low Close		

*ICE futures remain closed on Saturday

- Cotton prices surge higher after India announced that it would maintain its current cotton export limit.
- The March contract ended higher by 3.97 cents to end at 1.9002 a pound.

Scale: 1bale = 170kg;



Cotton Daily

17th February, 2011

Technical Analysis:

- Candlestick formation in the chart reveals bearish sentiments.
- Prices are above the 9 and 18-day EMAs supporting the firm trend in short term.
- MACD is moving up suggests bullish market.
- RSI is moving down in the overbought region and is still warranting caution to the bulls.
- Kapas futures are likely to trade range bound with a weak bias in next trading session.



Trade Recommendation

Contract	Call	Entry	T1	T2	SL	S2	S1	РСР	R1	R2
NCDEX- Apr	SELL	1200- 1202	1185	1180	1213	1154	1169	1185.1	1230	1245

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