



Price Drivers

- ❖ Weak spot demand.
- ❖ Weak millers demand.
- ❖ China aims to boost output by 13.9%.
- ❖ Global cotton production will rise 11% this year.
- ❖ Demand expected to remain firm from China.
- ❖ Indian cotton crop estimates reduced to 31.2 million bales.

Fundamental Analysis

- ✓ Cotton markets remained mixed amid weak spot and export demand.
- ✓ Millers also remained absent from the markets however if the prices decline further millers could come in the markets at lows.
- ✓ Markets fell as China aims to boost output by 13.9% to 6.8 million tons this year.
- ✓ ICAC says that global cotton production will rise 11% to a record 27.6 million metric tonnes as prices boost output.
- ✓ ICAC also added that U.S. output may reach 4.24 million tonnes.
- ✓ Sentiments remained mixed as reports continue to flow in about on lower supplies this year amid increased demand from China.
- ✓ Cotton also moved higher after sources revealed that world supplies cannot accommodate the needs of China.
- ✓ Cotton markets ends higher as Cotton Advisory Board has reduced its cotton output estimates by 5%.
- ✓ Area under cotton cultivation was however estimated higher at 111.61 lakh hectares against 110.55 lakh hectares earlier estimate. Yield is expected to be 475.23 kg per hectare.
- ✓ The production estimates has also been scaled down from 32.9 million bales (1 bale = 170 kg), to 31.2 million bales.
- ✓ Cotton Advisory Board also added that total carryover stocks for the next season are likely to decline to 2.75 million bales, down by 1.25 million bales.

Cotton markets may fall slightly on higher production estimates from China. In the long term markets cotton market sentiments will depend on global demand and supply concerns this year.

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

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	6000-6400	-200	7619
Amravati (Maharashtra)	Vunni Mech1	5800-6200	+50	400
Ahmedabad (Gujarat)	Shankar	6500-6625	-	20000
Sirsa (Haryana)	J-34	No Trade	-	No Trade
Abohar (Punjab)	J-34	No Trade	-	No Trade
Muktsar (Punjab)	J-34	No Trade	-	No Trade

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 08th March 2011

Month	Open	High	Low	Close	Change
May-11	213.76	215.75	207.14	207.14	-7.00
Jul-11	202.95	204.00	196.97	196.97	-7.00
Dec-11	125.05	125.05	120.23	120.75	-5.78

*ICE futures remain closed on Saturday

- Cotton futures decline as global production is expected to be higher this year.
- Cotton for May delivery dropped by the exchange limit of 7 cents or 3.3%, to settle at \$2.0714 a pound on ICE Futures U.S. in New York.



Technical Analysis:

- Candlestick formation in the chart hints at positive trend.
- Prices are below the 9-day EMAs supporting the bearish trend in short term.
- MACD is flat supports sideways market.
- RSI is moving up in neutral region supports bullish sentiments in the market.
- **Kapas futures are likely to trade range bound with weak bias in next trading session.**



Trade Recommendation

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-Apr	SELL	1155-1157	1140	1137	1167	1065	1106	1147.4	1169	1190

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>