



Price Drivers

- ❖ Short Supply may be anticipated in the long term.
- ❖ Demand from ginners remains high.
- ❖ Higher production estimates for U.S and China.
- ❖ Harvest completed in most countries.
- ❖ Global cotton production will rise 11%.
- ❖ USDA to increase the estimate for world cotton consumption in 2011-12.

Fundamental Analysis

- ✓ Cotton markets remain steady to firm as sources say that there could be a short supply of raw cotton.
- ✓ Cotton markets also remained positive as demand from ginners remain high as they fear a shortage of stocks in the long term.
- ✓ However USDA reported the monthly supply/demand report cut world 2010/11 cotton ending stocks to 42.33 million (480-lb) bales from 42.81 million bales and raised world 2010/11 cotton consumption to 116.61 million bales against 116.55 million bales.
- ✓ USDA's weekly export sales data showed U.S. cotton sales at 486,500 running bales (500-lbs each), much higher than trade expectations for 200,000 to 250,000 running bales.
- ✓ USDA also reported that China's ending stocks have continued to tighten, indicating strong import demand going forward.
- ✓ USDA released its monthly supply/demand report and states that 2010/11 U.S. cotton crop; cotton exports cotton ending stocks remained unchanged at 18.32 million (480-lb) bales and 15.75 million bales and 1.90 million bales.
- ✓ USDA added that 2010/11 world cotton production will be lower at 114.95 million bales from 115.25 million bales and 2010/11 world cotton consumption will be higher at 116.61 million bales from 116.55 million bales.
- ✓ USDA added that 2010/11 China production will be lower at 29.50 million bales against 30 million bales however 2010/11 China cotton imports will be higher at 15.50 million bales from 15 million bales.
- ✓ USDA added that 2010/11 Indian cotton production will be slightly lower 25 million bales, from 26 million bales.

In the short term cotton prices will depend on demand from millers. In the medium to long term price trend will depend on cotton production estimates this year and demand from the overseas and domestic buyers.

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

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	6000-6500	-	5442
Amravati (Maharashtra)	Vunni Mech1	5800-6200	-	350
Ahmedabad (Gujarat)	Shankar	6525-6875	+125	25000
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 10th March 2011

Month	Open	High	Low	Close	Change
May-11	204.41	207.71	200.38	200.98	-3.43
Jul-11	193.66	196.24	190.00	190.59	-3.47
Dec-11	125.00	128.95	122.80	128.80	+2.20

*ICE futures remain closed on Saturday

- Cotton futures ends lower amid lower USDA data for cotton this year.
- Cotton for May delivery fell by 3.43 cents to settle at \$2.0098 per pound on ICE Futures U.S. in New York.


Technical Analysis:

- Candlestick formation in the chart reveals indecision.
- Prices are below the 9 and 18-day EMAs supporting the bearish trend in short term.
- MACD and RSI are flat supports sideways market.
- **Kapas futures are likely to trade range bound with firm bias in next trading session.**


Trade Recommendation

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-Apr	BUY	1100-1102	1117	1122	1089	1073	1081	1121	1132	1149

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>