



Price Drivers

- ❖ Firm Chinese demand to continue.
- ❖ Higher cotton production in India.
- ❖ Higher acreage expected from Haryana and Punjab.
- ❖ Higher crop estimates from Australia amid bad weather conditions.
- ❖ Higher global plantings are expected.

Fundamental Analysis

- ✓ **Cotton prices remained mixed on Tuesday with Amravati, Abohar and Muktsar remained firm. Kadi remained weak and Ahmedabad remained steady as demand continues to be firm from Millers and traders and as arrivals start to decline in the markets.**
- ✓ **Global Markets remained weak on concerns that mills may cut back purchases because of persistently high prices and tight supplies.**
- ✓ **Firm demand:** Sources say that markets may continue to move higher in the longer run due to strong demand from domestic mills.
- ✓ **Press Report:** A press report on Monday said that cotton production is expected to be 6.8 million tonnes (40 million bales of 170 kg each) in 2011-12 as farmers may plant more due to higher returns.
- ✓ **Cotlook estimates:** As per Cotlook cotton production in India for the 2011-12 season is estimated to be 5.9 million tonnes (MT).
- ✓ **Firm Chinese Demand:** Sources also added cotton markets may continue to move higher spurred by unabated demand from China as the country accounts for a little less than half the world's consumption of cotton.
- ✓ **Acreage increase:** However sources added that area under cotton rose by 8.25 per cent to 11 million hectares in 2010-11 as farmers may plant more due to higher returns.
- ✓ **Global plantings:** ICAC added that global plantings were estimated to rise 7% to 36 million hectares, the biggest area in 17 years, taking output to a record 27.6 million metric tons.
- ✓ **Punjab Department of Agriculture estimates:** the Department is estimating that cotton acreage will surge by 10-15 percent in the next cotton season in Punjab.
- ✓ **Australian crop:** Cotton growers in Queensland's southern inland said that predicted harvest of 600,000 bales in the area may help the cotton farmers to recover some amount of amount due to the higher prices.

In the short term, cotton prices may remain range bound to weak on higher acreage details coupled with higher production estimates from India and the world.

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

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	6750-7125	-125	27212
Amravati (Maharashtra)	Vunni Mech1	6250-6500	+50	400
Ahmedabad (Gujarat)	Shankar	6750-7000	-	22000
Abohar (Punjab)	J-34	6700	+110	70
Muktsar (Punjab)	J-34	6740	+90	Nil
Sirsa (Haryana)	J-34	-	-	-

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 28th March 2011

Month	Open	High	Low	Close	Change
May-11	202.89	204.00	197.49	197.49	-7.00
Jul-11	196.87	196.87	190.11	190.11	-7.00
Dec-11	127.26	127.96	122.50	124.45	-3.47

*ICE futures remains closed on Saturday


Technical Analysis:

- Candlestick pattern shows buyers participation in the markets.
- Prices are above the 9 and 18-day EMAs supporting the bullish trend in short term.
- MACD and RSI are moving up supports bullish sentiments in the market.

Kapas futures may trade range bound to weak in the next trading session.

Participants may sell from highs.


Trade Recommendation

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-Apr	SELL	1230-1232	1215	1210	1243	1191	1202	1222	1244	1254

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