



## Price Drivers

- ❖ Cotton yarn exports restriction lifted by the Indian Government.
- ❖ Higher cotton production in India.
- ❖ Higher acreage expected from Haryana and Punjab.
- ❖ Higher plantings in thought-out the globe due to higher prices.
- ❖ Good yield expected in Australia amid losses.

## Fundamental Analysis

- ✓ **Cotton prices remained mixed on Friday with Kadi and Abohar ending higher, Ahmedabad and Amravati ending steady and Muktsar ending slightly lower on Friday.**
- ✓ **Global Markets saw a rebound from lows amid reports of farmers worldwide are expected to plant more of the fiber next season.**
- ✓ **Export of cotton Yarn:** The government removed restrictions on Friday on exports of cotton yarn.
- ✓ However Sources added that this will only benefit cotton yarn spinning mill owners who have license for cotton yarn and not cotton planters.
- ✓ **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).
- ✓ **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.

***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	6625-7125	+75	16327
Amravati (Maharashtra)	Vunni Mech1	6250-6500	-	300
Ahmedabad (Gujarat)	Shankar	6750-7000	-	20000
Abohar (Punjab)	J-34	6700-6725	+25	100
Muktsar (Punjab)	J-34	6700-6735	-5	Nil
Sirsa (Haryana)	J-34	-	-	-

Scale: 1bale = 170kg

## International Market Analysis

ICE Cotton Futures Prices as on 31<sup>st</sup> March 2011

Month	Open	High	Low	Close	Change
May-11	195.25	200.67	192.57	200.23	+6.56
Jul-11	188.00	193.66	185.25	192.90	+6.05
Dec-11	125.00	132.50	123.91	132.50	+7.00

\*ICE futures remains closed on Saturday


**Technical Analysis:**

- Candlestick pattern reveals indecision in the markets.
- Prices are above the 9-day EMA supporting the bullish trend in short term.
- MACD is flat supports sideways sentiments in the market.
- RSI is 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	1218-1220	1203	1198	1231	1163	1180	1210	1244	1259

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