



Price Drivers

- ❖ Cotton yarn exports restriction lifted by the Indian Government.
- ❖ Higher cotton production throughout the globe.
- ❖ 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 Monday with Kadi and Amravati ending higher, Ahmedabad remaining steady, Abohar Muktsar ending lower.**
- ✓ **Global markets moved lower as Global Production is poised to go up.**
- ✓ **Global production:** ICAC has estimated higher production at 27.4 million tonnes in 2011-12 mainly due to higher plantings in most producing countries.
- ✓ **Export of cotton Yarn:** The government removed restrictions 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.
- ✓ **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	6600-7250	+375	13062
Amravati (Maharashtra)	Vunni Mech1	6300-6600	+100	100
Ahmedabad (Gujarat)	Shankar	6750-7000	-	20000
Abohar (Punjab)	J-34	6600	-70	5
Muktsar (Punjab)	J-34	6640	-60	Nil
Sirsa (Haryana)	J-34	-	-	-

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 01st April 2011

Month	Open	High	Low	Close	Change
May-11	201.00	201.00	195.06	195.55	-4.68
Jul-11	193.38	193.58	187.51	188.10	-4.80
Dec-11	132.50	134.00	129.70	132.18	-0.32

*ICE futures remains closed on Saturday


Technical Analysis:

- Candlestick pattern shows sellers active participation.
- Prices are below the 9-day EMA supporting the bearish trend in short term.
- MACD is flat supports sideways sentiments in the market.
- RSI is moving down supports bearish 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	1210-1212	1195	1190	1223	1152	1172	1204.1	1244	1260

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