



Price Drivers

- ❖ Chinese demand is expected to be firm this year.
- ❖ Lower demand from Tamil Nadu due to state elections.
- ❖ Cotton production has increased from 24.23 million bales in 2009-10 to 33.93 million bales in 2010-11.
- ❖ USDA estimates higher global and Indian production.
- ❖ Higher Chinese Imports due to firm demand from the millers in the country.
- ❖ Higher production from Brazil.
- ❖ Higher production from Turkey.

Fundamental Analysis

- ✓ **Cotton prices remained mixed on Thursday with Kadi, Amravati and Ahmedabad ending lower, Abohar and Muktsar ending in the green.**
- ✓ **Global markets moved higher as demand from China is expected to be firm.**
- ✓ **Weak Demand from Tamil Nadu:** Prices moved lower due to lower demand from Tamil Nadu due to elections.
- ✓ **Production Estimates:** Agriculture and Food Processing Industries minister, Mr. Sharad Pawar said on Wednesday Cotton production has increased from 24.23 million bales in 2009-10 to 33.93 million bales in 2010-11.
- ✓ **Production Estimates from USDA:** USDA said on Wednesday that India's 2011-12 cotton production is forecast to increase to a record 27.3 million U.S. bales on expected record cotton planting of 12.5 million hectares.
- ✓ Consumption is forecast to increase to 22.6 million bales on expected strong domestic and export demand for cotton textiles.
- ✓ **Higher Chinese Imports:** USDA added on Wednesday that Chinese imports are forecast to increase in 2011-12. USDA added that 2011/12 cotton imports are forecast at 3.6 million tonnes, up 6% from the estimated 3.4 million tonnes in 2010/11. USDA also added that consumption may increase to 11 million tonnes due to higher domestic and overseas textile demands which are outpacing domestic supplies.
- ✓ **Firm Production from Brazil:** Cotton production in Brazil is expected to increase an estimated 9 million bales and planted area to 1.35 million hectares according to USDA.
- ✓ **Firm Production from Turkey:** USDA estimates that Turkish cotton area and production are expected to increase about 30% and reach 410,000 hectares and 600,000 tonnes (2.7 million bales) in 2011-12.

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/qrtl) and Arrivals (Bales) at Key Markets

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	6250-6500	-125	21770
Amravati (Maharashtra)	Vunni Mech1	6150-6350	-50	300
Ahmedabad (Gujarat)	Shankar	6500-6875	-125	20000
Abohar (Punjab)	J-34	6470	+20	10
Muktsar (Punjab)	J-34	6490	+20	Nil
Sirsa (Haryana)	J-34	-	-	-

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 06th April 2011

Month	Open	High	Low	Close	Change	P.Close
May-11	210.05	215.03	210.05	214.46	+6.40	208.06
Jul-11	194.50	197.00	194.50	196.70	+1.28	195.42
Dec-11	140.52	141.07	140.00	140.90	-1.07	141.97

*ICE futures remains closed on Saturday


Technical Analysis:

- Candlestick pattern shows sellers participation.
 - Prices are above the 9 and 18-day EMA supporting the bullish trend in short term.
 - MACD is flat supports sideways sentiments in the market.
 - RSI is also flat supporting sideways sentiments.
- 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	1215-1217	1200	1195	1228	1179	1189	1208	1230	1242

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