



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 and Turkey.

Fundamental Analysis

- ✓ **Cotton prices remained steady on Friday with Kadi, Amravati, Abohar and Muktsar ending in the green and Ahmedabad ending steady.**
- ✓ **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 Friday 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 Friday 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	6125-6550	+50	32655
Amravati (Maharashtra)	Vunni Mech1	6200-6400	+50	400
Ahmedabad (Gujarat)	Shankar	6500-6875	-	20000
Abohar (Punjab)	J-34	6510	+40	Nil
Muktsar (Punjab)	J-34	6550	+60	Nil
Sirsa (Haryana)	J-34	-	-	-

Scale: 1bale = 170kg


Technical Analysis:

- Candlestick pattern shows sellers 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 supporting 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	1174	1185	1200.2	1232	1240

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