



Price Drivers

- ❖ Higher global plantings for 2011-12.
- ❖ Lackluster demand and arrival of low quality cotton.
- ❖ Weak demand in the spot market.
- ❖ Stockists have started offloading cotton.
- ❖ Lower export limit may pull markets lower.
- ❖ Weak activity from millers.

Fundamental Analysis

- ✓ **Cotton prices remained weak on Tuesday with Kadi, Amravati, Abohar and Muktsar ending in the red. However, Ahmedabad ended steady on Tuesday.**
- ✓ **Global markets lower on reports of higher plantings expected from U.S and other countries.**
- ✓ **Weak Sentiments:** Prices moved lower due to lackluster demand and arrival of low quality cotton at the end of the season. Weak demand in the spot market has also pulled down the prices.
- ✓ **Offloading of stocks:** Sources say that stockists have started offloading cotton in the market expecting further fall.
- ✓ **Export limit:** Sources added that government had capped the export limit of cotton at 5.5 million bales and if further exports are not allowed then markets may fall another Rs 3,000 to 4,000 a candy.
- ✓ **Absence of Millers:** Sources also that miller's demand was weak and they will only come in the market after the prices have fallen and stabilized at lows.
- ✓ **Indian Estimates:** USDA said that India's 2011-12 cotton production is forecast to increase to a record 27.3 million U.S. bale 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.

In the short term, cotton prices may remain range bound to weak on weak demand and end of season quality stocks availability in the spot markets.

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

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	4500-5625	-125	10-12
Amravati (Maharashtra)	Vunni Mech1	4200-4800	-300	350
Ahmedabad (Gujarat)	Shankar	5000-5750	-	15000
Abohar (Punjab)	J-34	5680	-70	Nil
Muktsar (Punjab)	J-34	5750	-50	Nil

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 18th April 2011

Month	Open	High	Low	Close	Change	P.Close
May-11	196.45	196.86	194.45	194.45	-2.00	196.45
Jul-11	178.35	179.10	176.16	176.16	-2.00	178.16
Dec-11	130.00	131.40	130.00	130.00	-0.63	130.63

*ICE futures remains closed on Saturday


Technical Analysis:

- Candlestick pattern shows buyers participation.
- Prices are far below the 9 and 18-day EMA supporting the bearish trend in short term.
- MACD is moving down supports bearish sentiments in the market.
- RSI is moving down in the oversold region and is warranting caution to the bears.

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	985-987	970	965	998	935	957	978.9	1002	1026

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