



Price Drivers

- ❖ Higher global plantings for 2011-12.
- ❖ Slightly better demand at lows.
- ❖ Lower plantings in China.
- ❖ Stockists have started offloading cotton.
- ❖ Lower export limit may pull markets lower.
- ❖ Weak activity from millers.

Fundamental Analysis

- ✓ **Cotton prices remained mixed on Thursday with Kadi and Abohar ending higher, Amravati and Ahmedabad ending steady and Muktsar ending in the red.**
- ✓ **U.S futures markets ended higher supported by reports decline in acreage of cotton crop in China.**
- ✓ **Firm Sentiments:** Prices moved up supported by firm demand at lower market prices.
- ✓ **Offloading of stocks:** Sources however added 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.
- ✓ **Cotton Acreage:** Cotton plantings in some of China have fallen amid higher prices for farmers and sources say that this may reignite a rally that drove prices to a record last month.
- ✓ **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	4750-6750	+625	10-12
Amravati (Maharashtra)	Vunni Mech1	4400-4900	-	300
Ahmedabad (Gujarat)	Shankar	4500-6000	-	15000
Abohar (Punjab)	J-34	5800	+25	Nil
Muktsar (Punjab)	J-34	5700	-100	Nil

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 20th April 2011

Month	Open	High	Low	Close	Change	%
May-11	183.30	185.70	183.30	184.19	+1.83	0.96
Jul-11	166.25	169.40	166.25	168.50	+1.44	0.84
Dec-11	128.20	131.10	128.20	131.00	+2.20	1.71

*ICE futures remains closed on Saturday


Technical Analysis:

- Candlestick pattern shows indecision in the markets.
- 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 flat in the oversold region and is warranting caution to the bears.

Kapas futures may trade range bound to firm in the next trading session.

Participants may buy from lows.


Trade Recommendation

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-Apr	BUY	958-960	975	980	947	924	938	972.9	1009	1020

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