



### Price Drivers

- ❖ Firm Demand.
- ❖ Increase in area in Vidarbha, Punjab and Haryana.
- ❖ Higher plantings in U.S.
- ❖ Lower planting in China.
- ❖ Weak activity from millers.

### Fundamental Analysis

- ✓ **Cotton prices remained mixed on Monday with Kadi ending lower, Amravati and Ahmedabad ending steady and Muktsar and Abohar 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.
- ✓ **Increase in Area in Vidarbha:** Sources added that farmers are likely to increase the area under cotton cultivation by about 20% from the 110 lakh hectares of last season in the cotton belt of Vidarbha.
- ✓ **Increase in Area in Punjab and Haryana:** Sources added favourable weather and better prices are likely to result in the increase in the area under cotton in Punjab and Haryana. According to officials, cotton area in these two north Indian states is likely to increase by 15-20 per cent.
- ✓ **Target for Punjab and Haryana:** According to the officials in Haryana, this year the target for cotton area in Haryana is 550,000 hectares as against 492,000 hectares last year. Punjab is targeting 520,000 hectares area this year higher compared to of 483,000 hectares last year.
- ✓ **Planting in U.S:** USDA said that Planting was most advanced in California at 35 %, Arizona at 25% and Louisiana at 28 %.
- ✓ **China Output:** Chinese farmers may plant 5.5 million hectares (13.59 million acres) and output may reach about 6.5 million metric tons (29.86 million bales). Cotton output last year was down 6.3 percent to 5.97 million tons (27.42 million bales).

***In the short term, cotton prices may remain range bound to weak on weak demand and higher planting reports in Punjab and Haryana.***

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

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	5250-6250	-500	20-25
Amravati (Maharashtra)	Vunni Mech1	4400-4900	-	300
Ahmedabad (Gujarat)	Shankar	4500-6000	-	15000
Abohar (Punjab)	J-34	5925	+125	Nil
Muktsar (Punjab)	J-34	5950	+250	Nil

Scale: 1bale = 170kg

### International Market Analysis

#### ICE Cotton Futures Prices as on 21<sup>st</sup> April 2011

Month	Open	High	Low	Close	Change	%
May-11	183.30	188.82	180.55	186.67	+3.50	1.87%
Jul-11	166.25	169.73	164.00	167.51	+0.45	0.27%
Dec-11	128.20	132.18	128.20	132.14	+3.34	2.54%

\*ICE futures remains closed on Saturday


**Technical Analysis:**

- Candlestick pattern shows buyers active participation in the markets.
- Prices are at par the 9-day EMA supporting the bullish trend in short term.
- MACD is moving down supports bearish sentiments in the market.
- RSI is moving up supports bullish sentiments in the market.
- **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	1020-1022	1037	1042	1009	973	1003	1032.7	1048	1062

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