



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 steady to firm on Tuesday with Kadi, Ahmedabad, Muktsar and Abohar ending in the green and Amravati ending steady.**
- ✓ **U.S futures markets fell on Tuesday plantings report from USDA.**
- ✓ **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 firm on firm spot demand at lows amid higher planting reports in Punjab and Haryana.

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

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	5500-6275	+25	10-12
Amravati (Maharashtra)	Vunni Mech1	4400-4900	-	300
Ahmedabad (Gujarat)	Shankar	4750-6250	+250	15000
Abohar (Punjab)	J-34	6000	+75	Nil
Muktsar (Punjab)	J-34	6000	+50	Nil

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 25th April 2011

Month	Open	High	Low	Close	Change	%Chng
May-11	187.00	187.00	185.67	185.93	-2.15	-1.15%
Jul-11	165.15	165.58	163.60	163.65	-2.74	-1.63%
Dec-11	134.01	134.01	130.21	130.40	-3.56	-2.70%

*ICE futures remains closed on Saturday


Technical Analysis:

- Candlestick pattern shows buyers active participation in the markets.
- Price is above 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	1035-1037	1052	1057	1024	992	1019	1045	1073	1100

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