



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.
- ❖ India to decide cotton exports limit in October.

Fundamental Analysis

- ✓ **Cotton prices remained mixed on Wednesday with Kadi and Ahmedabad ending in the red, Muktsar, Abohar and Amravati ending in the green.**
- ✓ **U.S futures markets fell on Wednesday as demand weakened at highs.**
- ✓ **Firm Sentiments:** Prices moved down supported by weak demand at higher 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 %.
- ✓ **Decision on Cotton Exports:** India will decide on allowing more cotton exports after the new harvest in October. The government has revised downwards cotton output estimates of the country for 2010-11 by more than 5%, due to untimely rain, dimming chances of exports topping the currently permitted 5.5 million bales.
- ✓ **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	4875-6125	-150	15-20
Amravati (Maharashtra)	Vunni Mech1	4700-5400	+500	50
Ahmedabad (Gujarat)	Shankar	4500-5875	-375	12000
Abohar (Punjab)	J-34	6045	+45	Nil
Muktsar (Punjab)	J-34	6045	+45	Nil

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 26th April 2011

Month	Open	High	Low	Close	Change	%Chng
May-11	187.00	187.00	180.90	181.84	-6.24	-3.32%
Jul-11	160.00	160.39	157.51	157.70	-2.69	-1.62%
Dec-11	129.70	129.93	127.90	127.90	-1.54	-1.15%

*ICE futures remains closed on Saturday


Technical Analysis:

- Candlestick pattern shows sellers active participation in the markets.
- Price is below the 9 and 18-day EMA supporting the bearish trend in short term.
- MACD and RSI are moving down supports bearish sentiments in the market.
- ***Kapas futures may trade range bound to weak in the next trading session. Participants may book profits.***


Trade Recommendation

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-Apr	BOOK PROFITS	-	-	-	-	966	981	995.3	1024	1053

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>