



Price Drivers

- ❖ Weak Demand.
- ❖ Increase in area in India.
- ❖ Higher plantings in U.S.
- ❖ Lower planting in China.
- ❖ Lower production estimates in India.
- ❖ India to decide cotton exports limit in October.

Fundamental Analysis

- ✓ **Cotton prices fell heavily on Thursday with Kadi Muktsar, Abohar and Amravati ending in the red and Ahmedabad remaining steady.**
- ✓ **U.S futures markets fell on Thursday on signs that global supplies are climbing as consumption eases.**
- ✓ **Weak Sentiments:** Prices moved down supported by weak demand at higher market prices.
- ✓ **Increase in Area in India:** Sources added that acreage under cotton crop next season, starting August 2011, is expected to increase 7-10 per cent, following high prices and expectations of higher minimum support price (MSP) from the government.
- ✓ Official sources said acreage may go up from 11.1 million hectares at present (this season) to a high of 12 million hectares.
- ✓ **Lower production estimates:** According to the Cotton Advisory Board production estimates are likely to stay close to 31.2 million bales compared to earlier estimate of 32.9 million bales/
- ✓ **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 weak on weak spot demand and higher planting reports in India and US.

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

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	4250-5250	-875	20-25
Amravati (Maharashtra)	Vunni Mech1	4200-4800	-600	50
Ahmedabad (Gujarat)	Shankar	4500-5875	-	12000
Abohar (Punjab)	J-34	5800	-245	Nil
Muktsar (Punjab)	J-34	5800	-245	Nil

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 27th April 2011

Month	Open	High	Low	Close	Change	%Chng
May-11	173.31	173.31	173.31	173.31	-1.58	-0.87%
Jul-11	152.95	154.98	152.00	153.10	-0.29	-0.18%
Dec-11	125.77	127.20	124.77	126.10	+1.50	1.16%

*ICE futures remains closed on Saturday



Technical Analysis:

- Candlestick pattern shows sellers participation in the markets.
- Price is 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 warranting caution to the bears.
- **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	-	-	-	-	934	947	960	984	1008

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>