



Price Drivers

- ❖ Weak Demand from millers in China.
- ❖ 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 Friday with Kadi, Muktsar, Abohar, Ahmedabad and Amravati ending in the red.**
- ✓ **U.S futures markets fell on Friday on production pressures.**
- ✓ **Weak Sentiments:** Prices moved down supported by weak demand and higher plantations expected from U.S and India.
- ✓ **Weak Millers demand in China:** Markets fell as there's a sense that demand from local mills may be declining, partly due to the substitution of polyester in favor of cotton.
- ✓ **Decision on Cotton Exports:** Markets also fell after union minister of commerce Anand Sharma said that the government will consider increasing the cap on cotton exports from the current level of 55 lakh bales only in the next harvest season starting in October.
- ✓ **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 %.
- ✓ **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	3250-4250	-1000	15-20
Amravati (Maharashtra)	Vunni Mech1	3800-4200	-600	400
Ahmedabad (Gujarat)	Shankar	4250-5250	-625	10000
Abohar (Punjab)	J-34	5500	-300	Nil
Muktsar (Punjab)	J-34	5500	-300	Nil

Scale: 1bale = 170kg

International Market Analysis

ICE Cotton Futures Prices as on 28th April 2011

Month	Open	High	Low	Close	Change	%Chng
May-11	173.31	176.53	161.81	172.82	-2.07	-1.19%
Jul-11	152.65	152.65	151.06	152.02	+0.37	+0.24%
Dec-11	126.57	127.00	126.01	126.58	+0.31	+0.24%

*ICE futures remains closed on Saturday



Technical Analysis of Spot Prices of Kadi Market

- Price is below the 9, 18 and 27-day EMA supporting the bearish trend in short and medium 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.
- **Technical analysis of Kapas cash markets shows that markets may trade range bound to weak. Participants may stay away till prices stabilize at lows.**



Support & Resistance of Spot Prices of Kadi Market

S2	S1	PCP	R1	R2
3362	3864	4250	4809	5369

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