

FUNDAMENTALS AND NEWS

- Cotton prices remained weak this fortnight on reports of higher planting in Punjab, Haryana and Vidarbha area in India.
- 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.
- 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.
- 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.
- 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.
- USDA said that Planting was most advanced in California at 35 %, Arizona at 25% and Louisiana at 28 %.
- 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).
- 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.
- Prices moved down supported by weak demand and higher plantations expected from U.S and India.
- 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.
- Prices end lower as speculation of further monetary tightening by China added to concerns over a slowdown in demand.
- ICAC has forecasted higher production estimates for 2011-12 at 27.6m tonnes a jump by 11.3%.

OUTLOOK: Short Term (One fortnight)

In the short term, cotton prices may remain range bound to firm on lower production estimates. In the long term price trend may depend on global planting in U.S and demand from China.

Prices at Key Markets (Rs/Candy)				
State	Centre	Variety	Prices	
			21-04-11	07-05-11
Punjab	Muktsar	J-34	5700	4725
	Abohar	J-34	5800	4750
Gujarat	Kadi	BT	4750-6750	2500-3750
	Ahmedabad	Shankar	4500-6000	3000-4625
Maharashtra	Amravati	Vunni Mech1	4400-4900	3000-3800

Cumulative Arrival (in bales) in markets from 23-04-11 to 07-05-11		
State	Center	Arrivals
Punjab	Muktsar	Nil
	Abohar	Nil
Gujarat	Ahmedabad	138,000
	Kadi	1,377
Maharashtra	Amravati	3,400

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