



### Price Drivers

- ❖ Weak Demand from millers and other market participants.
- ❖ Increase in area in North India.
- ❖ Flooding expected in Mississippi, U.S.
- ❖ Higher global production estimates.
- ❖ Higher production estimates in India.

### Fundamental Analysis

- ✓ **Cotton prices remained steady to firm on Wednesday with Kadi, Abohar, Muktsar and Amravati surging higher and Ahmedabad ending steady.**
- ✓ **U.S futures end higher on concern that flooding in important sowing areas will hurt crops in U.S.**
- ✓ **Flooding expected in Mississippi:** State officials in U.S said that at least 130,000 acres were flooded in Missouri, and even more land may be under water in Tennessee and Mississippi.
- ✓ This may push markets higher on crop losses anticipations.
- ✓ **Plantings in U.S:** USDA said initially that planting in Texas was estimated at 6.12 million acres this year, followed by Georgia at 1.45 million. USDA added that Mississippi was fifth at 530,000 acres, followed by Tennessee at 470,000 and Missouri was ninth at 360,000.
- ✓ **Weak demand:** Sentiments remained weak as there is no buying from millers and other market participants as the prices have fallen heavily.
- ✓ **Higher production estimates:** ICAC has forecasted higher production estimates for 2011-12 at 27.6 million tonnes a jump by 11.3%.
- ✓ **Increase in acreage in India:** Sources added that acreage under cotton crop next season is expected to increase supported by forecasts for normal rain drive for farmers to increase planting.
- ✓ **Increase in production estimates:** Cotton Advisory Board's forecast for India is slated to be at 31.2 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 higher acreage estimates in North India and U.S. In the long term price trend may depend on global planting in U.S and India and demand from China.***

### Prices (Rs/qtl) and Arrivals (Bales) at Key Markets

Centre	Variety	Prices	Change	Arrivals
Kadi (Gujarat)	BT Cotton	2750-4375	+625	50
Amravati (Maharashtra)	Vunni Mech1	2700-3700	+200	100
Ahmedabad (Gujarat)	Shankar	3000-4750	-	10000
Abohar (Punjab)	J-34	4800	+75	Nil
Muktsar (Punjab)	J-34	4800	+75	Nil

Scale: 1bale = 170kg

### International Market Analysis

ICE Cotton Futures Prices as on 10<sup>th</sup> May 2011

Month	Open	High	Low	Close	Change	%Chng
Jul -11	152.00	153.75	150.40	153.34	+1.94	+1.33%
Oct -11	133.50	134.94	132.90	138.32	+5.04	+3.78%
Dec -11	126.09	126.26	125.05	125.65	-0.27	-0.22%

\*ICE futures remains closed on Saturday



### Technical Analysis of Spot Prices of Kadi Market

- Price is below the 9 and 18-day EMA supporting the bearish trend in the short term.
- Price is above the 27-day EMA supporting the bullish trend in the medium term.
- MACD is moving up in the negative region and reveals a decline in bearish momentum.
- RSI is moving up in the neutral region and supports the bullish sentiments in the markets.

**Technical analysis of Kapas cash markets shows that markets may trade range bound to firm in the next trading session.**

**Participants may buy at supports.**



### Support & Resistance of Spot Prices of Kadi Market

S2	S1	PCP	R1	R2
3600	3900	4375	4500	4750

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