

Highlights of the Week

- ❖ The cotton spot markets surged during the week end after declining supplies and rising demand.
- ❖ Total arrivals in India have declined to 288.93 lakh bales of 170 kgs each so far in comparison to last year arrivals to 302.18 lakh bales during the corresponding period as per the Cotton Corporation of India.
- ❖ After the review meeting (30th April'12) over export ban with senior ministers, the Government has removed the earlier month's restriction from raw cotton exports on new registrations.
- ❖ India has asked CCI to build buffer cotton reserve to 10 lakh bales.
- ❖ We expect bullish movement of the market during the upcoming week.

Domestic Market Fundamental

The cotton spot markets advanced amid improved millers demand and likely to surge in upcoming days. However, fresh crops arrived lower in the markets. The prices of most traded Shankar-6 variety rose 200 rupees to 34,600 rupees per candy of 356 kg each after the announcement to remove the raw cotton exports ban by Indian government. Yarn demand and Textile millers demand are likely to revive in the market which will take cotton prices up in medium term.

India mandates CCI to build buffer stock of 10 lakh bales of Cotton to meet any emergency during offseason of arrivals or in June, July and August 2012. Meanwhile, CCI has procured total 110,000 bales of cotton from Gujarat so far since March 31, 2012 of which 57000 bales of cotton has been purchased from Rajkot and around 53000 bales of cotton from Saurashtra.

The production of major growing staple size of cotton (long – 27.5 to 30.0 mm) is estimated higher at 266 lakh bales in the 2011/12 against last three years record by the Cotton Corporation of India.

According to USDA report, India is likely to decline cotton crop in 2012/13 to 32.3 million bales (1 bale=170kgs) in comparison to the current year crop 34.3 million bales covering lower planting area.

Cotton Arrivals

Daily arrivals pace were reported around 1, 30,000 bales down against previous week arrivals at 1, 50,000 bales. According to the Cotton Corporation of India, cotton arrivals in India have registered down to 288.93 L bales so far as compared to 302.18 L bales of last year arrivals during corresponding period of time.

Below table shows the comparison of Arrivals from the corresponding period last year:-

	Production as per CAB 22-04-2012	Arrivals* As on 22-04-2012	Production as per CAB 24-01- 2012	Arrivals As on 22-04-2011
States	2011-12		2010-11	
India	347.05	288.93	339.1	302.18
Gujarat	120	88.28	106.2	99
Maharashtra	73.75	61.85	87.75	79.67
Andhra Pradesh	54.5	50.75	59.5	45.13
Haryana	20	19.57	17	15.76
Punjab	19.5	17.59	18.5	17.86
Madhya Pradesh	17.7	16.37	17.7	16.07
Rajasthan	17.1	15.81	10.1	10.1
Karnataka	13.25	10.85	11.1	8.16
Tamil Nadu	7.2	4.38	7.2	6.77
Orissa	2.05	1.69	2.05	2.01

Source: The Cotton Advisory Board, Units: Lakh Bales

Crop condition

Cotton sowing 2012 has been started in Punjab with irrigated facilities. However, sowing will start after the first monsoon rain in Central and South Zone of India which obtain their moisture primarily through rain.

Export and Import Scenario - Cotton

India has exported a record 11.5 million bales of cotton in 2011/12 followed by robust demand from China as well as other overseas markets. After a review meeting with ministers held on 30th April 2012 regarding export ban, government has decided to remove raw cotton exports ban after a strong protest by senior ministers favoring farmers. However, the panel of ministers will meet in three weeks to review the situation again. The government has restricted complete raw cotton exports on 5th March'12 however allowed existing registrations signed on or before 4th March'12 within a week after political pressure.

Fundamental Cotton Price Outlook for Coming Week

Cotton prices are expected to go up from the current level after strong fundamental news i.e. the government decision to remove fresh cotton exports ban. As a result, we can see an improvement in millers and exporters buying activities which will lead cotton prices towards upside in long run as well.

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 28/04/12	Previous Week 21/04/12
Cotton	Kadi-Bt Cotton#	6.17	3750-4300	3825-4050
	Amravati-Vunni Mech-1#	1.33	3800	3750
	Ahmedabad-Shankar-6#	0.00	3750-4250	3750-4250
	Abohar-J-34*	5.08	3720	3540
	Muktsar-J-34*	5.08	3720	3540
	Fajlika#	6.78	4250	3400-3980
	Khandwa#	0.00	3200-4000	3200-4000

*-Rs/maund, #-Rs.qtl

Cotton Cumulative Arrivals in Key Centers

Centre	Cumulative Weekly Arrivals		% Change
	Current Week 28/04/12	Previous Week 21/04/12	
Kadi -Bt Cotton	720	825	-12.73
Amravati -Vunni Mech-1	22000	26000	-15.38
Ahmedabad - Shankar-6	210000	175000	20.00
Abohar	1700	3000	-43.33
Muktsar	800	1400	-42.86
Fajlika	9700	11800	-17.80
Khandwa	6400	9400	-31.91

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmadabad, Abohar and Muktsar-Bales

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strengt h/ GPT	Rs. Per Candy (28/04/2012)	Rs. Per Candy (21/04/2012)	%Change
Bengal Deshi (RG)/ Assam Comilla	Below 22mm	5.0 - 7.0	15	33600	33000	1.82
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	34700	34200	1.46
J-34	25mm	3.5 - 4.9	23	30500	29700	2.69
H-4/ MECH-1	28mm	3.5 - 4.9	25	33300	32600	2.15
Shankar-6	29mm	3.5 - 4.9	26	34400	33800	1.78
Bunny/ Brahma	31mm	3.5 - 4.9	27	35300	34700	1.73
DCH-32	35mm	2.8 - 3.6	31	N.Q	45000	-

Cotton Spot Prices (Kadi Market) Technical Analysis


- Bullish momentum seen in the cotton spot markets during this week.
- RSI is moving up at level of 46.81 in neutral region indicating uptrend in the market.
- However, rising 9 days EMA however below 18 days EMA hints sideways to bullish momentum in the market.
- Any near-term fall might face support towards the level of 4030.3. breaching it would test the level of 3748.2

Trading Strategy: 4047-4495 is the immediate trading range for the price; drifting in either direction is likely to take it further in the respective direction.

Buy at current level of immediate support level.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
3748.2	4030.3	4496.5	4621.4

Prices-Rs/quintal Kadi prices- Bt quality

Technical Analysis of Cotton Futures April 2013 contract at NCDEX


Rs/per 20 kgs (* Above Chart is continuous chart of April'12 future contract)

- The candlestick pattern sows bullish momentum in the market during the week end.
- On the other hand, RSI is moving up in the neutral region which signals bullish momentum in near term.
- Besides, both 9 and 18 days EMAs are up hinting an expected upward momentum in the market during upcoming days.
- Immediate resistance could be seen at 1089.13 crossing such level price would test second resistance level at 1098.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
957	999	1089	1098

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	999-1076	Bullish Momentum

International Market

ICE future declined during the month amid higher supplies and average millers demand. Prices are likely to fall in the future after the decision of India to allow fresh cotton exports which will create more competition for U.S farmers. Total spot transaction as on 30th April'12 registered at 837,967 so far of U.S upland cotton. According to USDA, Bangladesh and Japan were the main buyers of U.S Cotton during this week ended.

The Upland planting in U.S. is forecasted at 12.88 million acres in 2012, below previous year by 10.68% when it was 14.42 million acres and total Pima plating is projected at 2.70 million acres, lower by 11.76% compared to last year's acreage of 3.06 million acres. Total U.S planting area is likely to cover 13.15 million acres against last year area i.e. 14.73 million acreage.

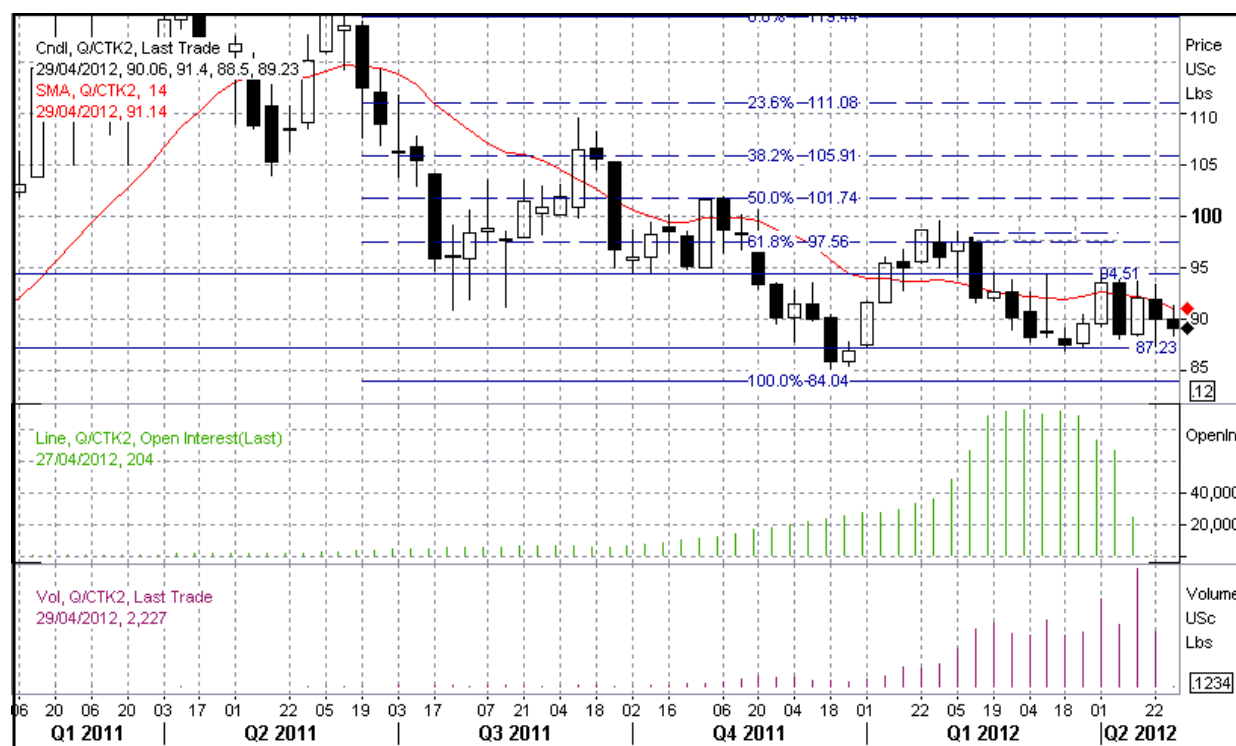
Overall U.S crop progress increased covering 17% planting of cotton in U.S against previous year planting to 12% during the corresponding period of time following good planting progress in major growing states.

Below table shows region wise U.S cotton crop Progress in 2012:-

U.S Crop Progress 2012 (% Planted)				
	4/22/2012	4/15/2012	4/22/2011	5-Yr Avg
Alabama	10	6	4	6
Arizona	47	38	46	43
Arkansas	9	7	4	7
California	30	10	56	68
Georgia	12	9	6	4
Kansas	1	0	0	0
Louisiana	19	18	32	22
Mississippi	13	5	6	8
Missouri	6	4	0	4
North Carolina	4	3	5	4
Oklahoma	0	0	0	0
South Carolina	7	6	6	3
Tennessee	0	0	0	2
Texas	23	18	13	16
Virginia	5	3	9	4
US	17	13	12	13

Southeast	9	7	6	4
Mid-South	9	6	6	8
Southwest	22	17	12	15
West	36	19	53	60

Source: USDA, 99% of last year's cotton acreage

ICE Futures (May 2012 Contract) Technical Analysis


May Contract of ICE futures moved down after selling pressures. Falling Open Interest, Volume and Prices depicts market under consolidation phase. Prices ranged between 87.42 to 93.52 very similar to previous week price-range and further expected to move in the range of 87.23 to 94.51 in upcoming week. Prices may find buying strong support above 87.23 or one can sell at immediate resistance level at 94.51.

Support 2	Support 1	Resistance 1	Resistance 2
84.28	84.04	94.51	97.56

All in USc/lb

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