

### Highlights of the Week

- ❖ Steady to firm tone witnessed in the cotton spot prices on back of good demand except Fajlika which ended on lower side due to sluggish demand.
- ❖ Cotton sowing area under cotton has been covered around 31.37 lakh hectares of the targeted area i.e. 115 lakh hectares in 2012/13 as given by the ministry of agriculture department.
- ❖ Rains/thundershowers are likely to reach at many places in forth west coast and also over northeastern states. Rainfall activity will increase in parts of Madhya Pradesh, north of Andhra Pradesh and Maharashtra during this week.
- ❖ We expect upward momentum in coming week in anticipation of lower supplies and rising demand.

### Domestic Market Fundamental

Mostly firm trend were seen in the markets due to increasing spinners' demand. Declining stock in most of the markets insisted spinners to be active. Except Ahmedabad, all the markets reported lower arrivals while no arrivals were found in Khandawa, Fajlika and Gondal. Depleting arrivals and limited stocks in hand of traders are weighing on the cotton prices. Further, exporters may buy cotton for the procurement in fear of depleting stocks.

#### Import & Export Scenario

Bangladesh and China are asking very limited quantum of cotton from India due to which May month exports stood near 1 million bales only. On the other hand, cheaper international rate against Indian cotton prices making an opportunity for Indian spinners to import cotton from foreign market at cheaper prices where they can pay amount within six month without paying interest rate. The cotton importing cost for Shanakr-6 is 75 cents per points from foreign markets against 80 cents per pound of India.

#### Yarn & Textile Production & Demand

Indian government has set textile export target to US \$ 40.5 billion against earlier set target of US \$ 38 billion in 2012/13 as textile segments such as garments, carpets and handicrafts are likely to perform well in EU, US market in this year which may weigh on cotton prices in long run.

**Crop Situation**

As per ministry of agriculture data, total cotton sowing has been recorded higher to 31.37 lakh hectare as compare to previous week sowing record i.e. 29.29 lakh hectares in irrigated cotton areas. However, delaying monsoon may affect its germination stage and may delay cotton sowing of rain fed areas.

Below table reflects state-wise cotton sowing progress:-

State	Normal Area *	Area covered on corresponding period of earlier years				Increase/ Decrease over last year	% of last year
		State Target 2012-13	Area covered so far 2012-13	2011-12	2010-11		
Andhra Pradesh	17.42	18.2	6.53	4.76	3.79	1.77	137
Gujarat	26.86	27	3.82	4.55	5.5	-0.73	84
Haryana	5.47	5	5.15	4.91	4.44	0.24	105
Karnataka	5.19	5.7	1.06	1.98	1.26	-0.92	54
Madhya Pradesh	6.56	6.5	0.8	0.75	1.63	0.05	107
Maharashtra	38.54	40	5.46	5.31	2.03	0.15	103
Orissa	0.77	1	0.24	0.32	0.012	-0.08	75
Punjab	5.34	6	5.16	4.9	5.59	0.26	105
Rajasthan	4.16	3.5	2.8	1.55	1.57	1.25	181
Tamil Nadu	1.2	1.5	0.053	0.021	0.065	0.032	252
Uttar Pradesh		0.3	0.3	0.24		0.06	125
Others	0.33	0.25			0.23	0	
Total	111.82	115	31.378	29.296	26.117	2.082	107

Source: Ministry of Agriculture

**Cotton Prices at Key Spot Markets:**

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 29/6/2012	Previous Week 22/6/2012
<b>Cotton</b>	Amravati–Vunni Mech-1#	6.17%	4250-4300	4025-4050
	Kadi–Bt Cotton#	2.35%	3500-4350	3800-4250
	Ahmedabad–Shankar-6#	6.25%	3875-4250	3750-4000
	Gondal	-	-	-
	Rajkot-(Bt Cotton)	0.96%	3750-4200	3600-4160
	Abohar–J-34*	Unch	3500-3530	3530
	Muktsar–J-34*	Unch	3500-3530	3530
	Fajlika#	-5.67%	3325	3525
	Patan-(Bt Cotton)	-	-	3525
	Sri-Ganganagar	1.45%	3500	3450

\*-Rs/maund, #-Rs.qtl

**Cotton Cumulative Arrivals in Key Centerssss**

Centre	Cumulative Weekly Arrivals		% Change
	Current Week 29/6/2012	Previous Week 22/6/2012	
Amravati –Vunni Mech-1	12500	13000	-3.85%
Kadi –Bt Cotton	315	570	-44.74
Ahmedabad – Shankar-6	77000	74000	4.05%
Gondal	-	-	-
Rajkot-(Bt Cotton)	8800	9100	-3.30%
Abohar J-34*	170	630	-73.02%
Muktsar J-34*	-	-	-
Fajlika	-	150	-

(Amrvatai,Fajlika & Khandwa- Quintal,) (Kadi- Motors=100 quintals,) (Ahmadabad, Abohar and Muktsar-Bales)

**Cotton Association of India Spot Rates**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (28/6/2012)	Rs. Per Candy (21/6/2012)	% Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	37000	35600	3.93%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38300	36800	4.08%
J-34(202)	26mm	3.5 - 4.9	23	32000	30800	3.90%
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	33300	32000	4.06%
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33000	2.42%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35600	35200	1.14%
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37000	36500	1.37%
DCH-32(107)	34mm	3.0 - 3.8	33	46500	45500	2.20%

**Fundamental Cotton Price Outlook for Coming Week**

We expect bullish momentum in upcoming week due to an improvement of local spinners demand as spinners are in fear that stocks will decrease sharply and they will have to buy costly cotton for their daily requirements'.

**Cotton Spot Prices (Kadi Market) Technical Analysis**

**Prices-Rs/quintal**

- Unfilled Morobou candlestick pattern shows strong buyers pressure in the market in this week.
- Prices are well above 61.8% of fibonacci retracement level which signals a strong bullish trend of the market in upcoming days.
- On the other hand, RSI is moving up in neutral region hints a bullish momentum in upcoming days.
- It is hovering above 9 & 18 days EMAs reinforcing its medium term & long term bullish momentum.
- Any near-term jump might face resistance towards the level of 4603.6 breaching it would test the level of 4651.6.

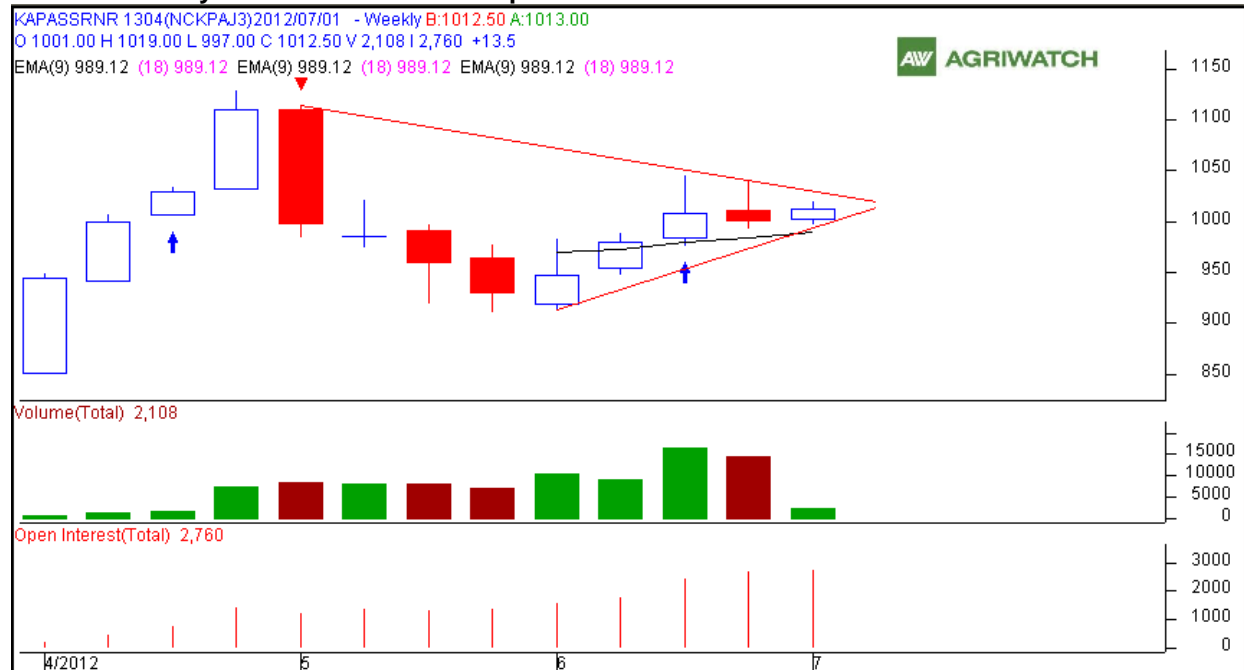
**Trading Strategy:** 4350-4590 is the immediate trading range for the price; drifting in either direction is likely to take it further in the respective direction.

**Buy on dips and book profit towards resistance level.**

**Support and Resistance:**

Support 2	Support 1	Resistance 1	Resistance 2
4101	4212.1	4603.6	4651.6

Prices-Rs/quintal Kadi prices- Bt quality

**Technical Analysis of Cotton Futures April 2013 contract at NCDEX**


Rs/per 20 kgs

- April contract in NCDEX closed up due to buying supports and if prices breaks the level of 1027.4 an uptrend momentum will confirm further.
- Rising open interest & prices depicts market under long build up phase.
- Immediate resistance could be seen at 1031.4 crossing such level price would test second resistance level at 1044.
- Our short term outlook on the contract is bullish. We advise to go for long positions and book profit near resistance level.

**Support and Resistance:**

Support 2	Support 1	Resistance 1	Resistance 2
978	987.5	1031.5	1044

**Expected Price range of Cotton Prices for next week**

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	987.7-1031.4	Steady to Bullish Momentum

## International Market

### The United States

**Crop Progress:** Crops are making good progress in Kansas and Oklahoma. However normal rain is essential to promote normal plant development. On the other hand, Boll setting was good in Yuma and Arizona.

### Spot market rate for Color 41, Leaf 4, and Staple 34

Date	Southeast	North Delta	South Delta	East TX/OK	West Texas	Desert SW	SJ Valley	Average
22-Jun	72.3	70.8	70.8	62.25	62.5	66.55	67.3	67.5
25-Jun	73.51	72.01	72.01	63.5	63.75	67.76	68.51	68.72
26-Jun	69.35	67.85	67.85	61.5	61.75	65.6	66.35	65.75
27-Jun	68.81	67.31	67.31	61	61.25	65.06	65.81	65.22
28-Jun	69.51	68.01	68.01	61.75	62	65.76	66.51	65.94

Source: USDA

### WASDE Report:

According to WASDE report, World ending stocks has been revised and increased by 1% to 74.5 million bales as compared to previous month as China is projected to hold 45% of the total. However, world cotton production has been forecasted down by 1.4 million bales as major growing countries like Brazil, Argentina and Australia are likely to reduce cotton area in 2012/13. Due to fall in cotton prices in 2011/12. World consumption is also declined by 1.0 million bales after a projection to decrease import by China, Thailand. The export figure of US for 2011/12 has been increased by 200,000 bales following recent strong sales and shipments however; the export for 2012/13 is forecasted lower by 200,000 bales in expectation of poor foreign demand.

**ICE Futures (July 2012 Contract) Technical Analysis**


Oct Contract of ICE futures closed on higher side supported by buyer's activities. However, below 9 and 14 Days EMAs signify further down momentum. On the other hand, rising open Interest & prices depict market under long build up phase. Prices ranged between 66.7 to 72.2 during the week. RSI is also moving up however in oversold region hints a recovery in the market. Immediate resistance level is at 78.39 breaching this may touch 81.58 during upcoming week.

Recommendation: - Buy on dips towards 67.7 price level and book profit towards resistance level.

Support 2	Support 1	Resistance 1	Resistance 2
62.56	64.06	78.39	81.58

All in USc

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