

Highlights of the Week

- ❖ Firm tone witnessed in the cotton spot prices on back of good demand and declining supplies.
- ❖ Rain/thundershowers would occur at a few places over east Rajasthan Gujarat region, Punjab, Haryana, Delhi, Jammu & Kashmir, Himanchal Pradesh, Uttarakhand, Madhya Pradesh, Maharashtra, Marathawada, interior Karnataka, Andhra Pradesh and at one or two places over rest parts of the country Source: IMD
- ❖ The cotton output is expected to reduce around 20% followed by insufficient rainwater.
- ❖ Cotton Yarn prices are likely to increase in anticipation of textiles millers demand.
- ❖ The cotton prices are expected to rise in coming week in expectation of lower supplies and increase in textiles millers demand.

Domestic Market Fundamental

The cotton prices were seen upside followed by good spinners and textiles miller demand. No arrivals have been reported in Khandawa, Fajlika, Mukstar and Gondal market which supported prices on back of rising local demand. Cotton Prices are advancing specially in Maharashtra, Madhya Pradesh and Andhra Pradesh as stocks are reported to be lower in these States. The total unsold stock is estimated at 40 lakh bales (of 170 kg each) in the country. Gujarat alone has stocks around 18 lakh bales, while rests of States are holding total 22 lakh bales.

Yarn & Textile Production & Demand

According to CMIE, production of cotton yarn and synthetic yarn would increase by 10% and 3.5% respectively amid good fabric demand. In a recently released report of DGFT (Directorate General of Foreign Trade) cotton yarn export registrations have increased sharply by 18.53% to 74.45 million kgs in May'2012 as compared to 62.81 million kgs of April'12 followed by good demand from Yarn makers and textiles millers.

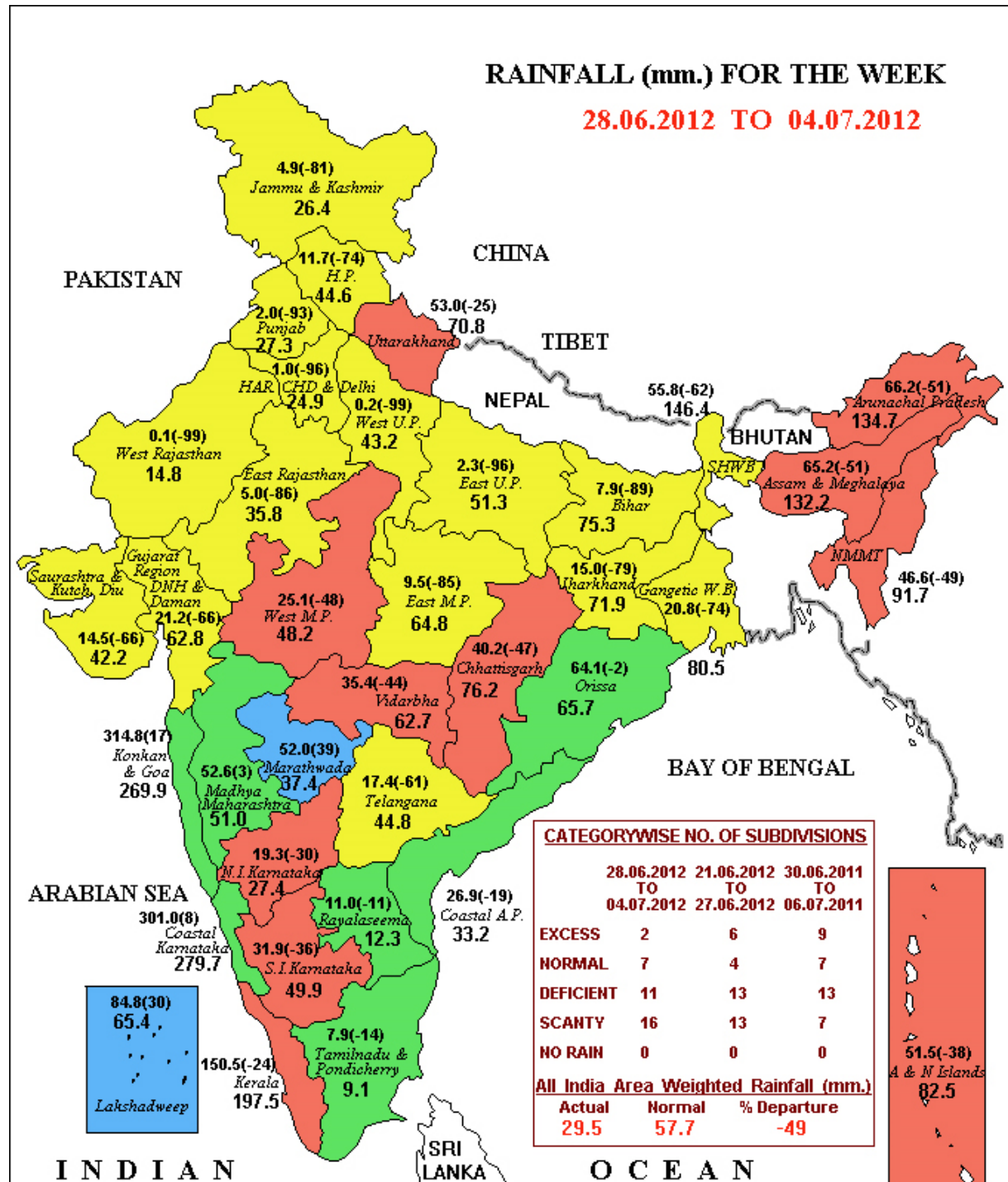
Crop Situation

According to Market source the cotton output in India is expected to come down by 20% due to poor monsoon effect while it was being estimated 10% decline in cotton area during this year due to poor cotton performance.

Directorate of Agriculture revealed that Farmers of Saurashtra in Gujarat are more concerned sowing Groundnut rather than cotton due to higher profit realization in it.

Weather Situation

According to IMD, Rain/thundershowers would occur at a few places over east Rajasthan Gujarat region, Punjab, Haryana, Delhi, Jammu & Kashmir, Himanchal Pradesh, Uttarakhand, Madhya Pradesh, Maharashtra, Marathwada, interior Karnataka, Andhra Pradesh and at one or two places over rest parts of the country.



Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 6/7/2012	Previous Week 29/6/2012
Cotton	Amravati–Vunni Mech-1#	2.33	4400	4250-4300
	Kadi–Bt Cotton#	4.02	4050-4525	3500-4350
	Ahmedabad–Shankar-6#	Unch	3750-4250	3875-4250
	Gondal	-	-	-
	Rajkot-(Bt Cotton)	2.38	3800-4300	3750-4200
	Abohar–J-34*	1.98	3600	3500-3530
	Muktsar–J-34*	1.98	3600	3500-3530
	Fajlika#	7.37	3570	3325
	Patan-(Bt Cotton)	-	4300-4350	-
	Sri-Ganganagar	1.71	3560	3500

*-Rs/maund, #-Rs.qtl

Cotton Cumulative Arrivals in Key Centerssss

Centre	Cumulative Weekly Arrivals		% Change
	Current Week 6/7/2012	Previous Week 29/6/2012	
Amravati –Vunni Mech-1	11500	12500	-8
Kadi –Bt Cotton	405	315	28.57
Ahmedabad – Shankar-6	93000	77000	20.78
Gondal	-	-	-
Rajkot-(Bt Cotton)	6085	8800	-30.85
Abohar J-34*	100	170	-41.18
Muktsar J-34*	-	-	-
Fajlika	-	-	-

(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 (5/7/2012)	Rs. Per Candy (28/6/2012)	% Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	40300	37000	8.92
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41600	38300	8.62
J-34(202)	26mm	3.5 - 4.9	23	32900	32000	2.81
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	34500	33300	3.60
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	33800	3.55
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37500	35600	5.34
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38700	37000	4.59
DCH-32(107)	34mm	3.0 - 3.8	33	50000	46500	7.53

Fundamental Cotton Price Outlook for Coming Week

We expect bullish momentum in upcoming week due to continue buying activities of local spinners amid lower supplies by Ginners and Farmers. On the other hand rising Yarn and Textiles millers demand will also support cotton prices to go up in upcoming week.

Cotton Spot Prices (Kadi Market) Technical Analysis

Prices-Rs/quintal

- filled Morobou candlestick pattern shows strong sellers pressure in the market in this week.
- Rangebound trading between 4061.3 to 4665 could be seen in upcoming in week.
- On the other hand, RSI is moving down in neutral region hints a bearish momentum in upcoming days.
- It is hovering below 9 & 18 days EMAs reinforcing its medium term & long term bearish momentum.
- Any near-term jump might face resistance towards the level of 4665 breaching it would test the level of 4877.8.

Trading Strategy: 4061.3 to 4665 is the immediate trading range for the price; drifting in either direction is likely to take it further in the respective direction.

Sell on rise and book profit towards resistance level.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
3937.6	4061.3	4665	4877.8

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 1055.6 crossing such level price would test second resistance level at 1066.4.
- 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
963.2	982.5	1055.6	1066.4

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	982.5-1055.6	Steady to Bullish Momentum

International Market
The United States

Crop Progress: As per USDA, in Southeastern Markets, squaring advanced rapidly and blooming was underway in the earliest planted fields. Producers considered irrigation schedule management as more of the crop reached first bloom and water requirements increased. Boll-setting had begun in all areas. According to the National Agricultural Statistics Service, boll setting was estimated at 35percent in Louisiana and 28 percent in Mississippi. Producers treated fields for aphids, spider mites, and plant bugs. Temperatures were in the high 90s for most of central and south Texas. Thunderstorms brought one quarter of an inch to two inches of rainfall in portions of the Winter Garden and Coastal Bend early in the reporting period. This moisture was beneficial in recovering sub-soil moisture levels, but was too late to aid plant development.

Cotton Crops				
States	2010	2011	2012	Planted Acreage/2
	Pct.	Pct.	Pct.	1,000 acres
Southeastern States	19	31	13	2,670
South Central States	4	64	30	2,145
Southwestern States	19	14	4	7,185
Western States	-	3	4	400
United States	16	26	10	12,400

Source:USDA

Spot market rate for Color 41, Leaf 4, and Staple 34 (Units in Cents Per Pound)

Date	Southeast	North Delta	South Delta	East TX/OK	West Texas	Desert SW	SJ Valley	7-Market Average
29-Jun	69.82	69.82	62.75	63	67.82	68.57	67.55	67.55
2-Jul	71.8	70.55	70.55	62.75	63	68.55	69.3	68.07
3-Jul	72.4	71.15	71.15	62.75	63	69.15	69.9	68.5
4-Jul	Holiday	0	0	Holiday	0	0	0	Holiday
5-Jul	69.52	68.27	68.27	60.75	61	66.02	66.77	65.8

Source: USDA

ICE Futures (Oct 2012 Contract) Technical Analysis


Oct Contract of ICE futures closed on lower side due to selling pressures. Below 9 and 14 Days EMAs signify further down momentum. On the other hand, falling open Interest & prices depict market under long liquidation phase. Prices ranged between 70.05 to 73.05 during the week. Immediate resistance level is at 74.7 breaching this may touch 75.9 during upcoming week.

Recommendation: - Sell towards resistance level and book profit towards support level.

Support 2	Support 1	Resistance 1	Resistance 2
65.97	67.27	74.79	75.93

All in USc

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