

Highlights of the Week

- ❖ Good demand for new crop arrival lends support to the market.
- ❖ According to trade sources, there is some export inquiry around current level.
- ❖ Arrivals are increasing in different states. In North India arrivals were less following rains in certain parts.
- ❖ Ginning activity is slow and is likely to pick up by November.
- ❖ Expected festival demand added to the positive tone of the market.
- ❖ Millers are buying from the market supporting prices to fall down further. Demand is good supported by supply.
- ❖ Also, Cotton Corporation of India has also started procuring from Punjab and Haryana.
- ❖ Good demand for new crop arrival lends support to the market.
- ❖ According to CAB, this year cotton exports are expected to be around seven million bales in 2012-13.
- ❖ Cotton Advisory Board has reduced the exports estimates because China's decision to reduce the imports, while yarn exports are tend to increase as China's domestic cotton price is 20 cents higher than international yarn prices.
- ❖ CAB has estimated cotton yarn exports at 920 million kg for 2012-13. Last year, India exported 827.68 million kg of yarn, according to the Directorate General of Foreign Trade (DGFT).
- ❖ Currently new crop arrivals are coming in the market with higher moisture content.
- ❖ Demand remains normal in the market and limited selling lend some support to the market.
- ❖ New crop arrivals are picking up in various states.
- ❖ In Southern states, harvesting is likely to slow down amid expected rains in certain areas during the week.
- ❖ Normal kapas with minimum moisture content is expected in the market by November.
- ❖ Around 50 spinning mills in the Coimbatore region have formed Cotton Sourcing Company to procure cotton at cheaper price and protect them from price irregularities in the market.
- ❖ The Company is planning to procure 18 lakh bales of cotton during this season.
- ❖ We expect domestic cotton prices to notice steady to firm tone amid good demand for new crop arrival.

Domestic Market Fundamental

- ❖ Cotton prices increased during the week. Millers are waiting for the arrival of good quality cotton crop. Arrival with minimum moisture content is expected by November.
- ❖ New crop arrivals are increasing from Punjab, Rajasthan and Gujarat. Festival demand amid increasing arrivals will lend some support to the market.

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 19/10/2012	Previous Week 12/10/2012
Cotton	Amravati–Vunni Mech-1#	8%	4000	3700
	Kadi–Bt Cotton#	4%	4350	4200
	Ahmedabad–Shankar-6#	2%	4300	4200
	Gondal	4%	4500	4310
	Rajkot-(Bt Cotton)	2%	4450	4350
	Abohar–J-34*	4%	3500	3350
	Muktsar–J-34*	4%	3500	3350
	Fajlika#	4%	4250	4100
	Khandwa M.P.	35%	4200	3100
	Patan-(Bt Cotton)	-	-	-
	Sri-Ganganagar	1%	3470	3440

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Weekly Arrival		% Change
	Current Week 19/10/2012	Previous Week 12/10/2012	
Amravati –Vunni Mech-1	2000	4900	-59%
Kadi –Bt Cotton	15000	9000	67%
Ahmedabad – Shankar-6	53000	45000	18%
Gondal	5137	5217	-2%
Rajkot-(Bt Cotton)	10560	13832	-24%
Abohar J-34*	4800	2900	66%
Muktsar J-34*	1750	1400	25%
Fajlika	1800	1200	50%
Khandwa M.P.	-	-	-
Sri-Ganganagar	500	-	-
Patan-(Bt Cotton)	-	-	-

(Amravatai, Fajlika = 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 (18/10/2012)	Rs. Per Candy (11/10/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	40700	37300	9%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	4100	37600	-89%
J-34(202)	26mm	3.5 - 4.9	23	31800	31300	2%
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	32800	32500	1%
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33300	1%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35100	35200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	46500	-2%

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness sideways to bullish tone in the coming days amid expected increase in arrivals in the coming days. Downside could be limited amid festival demand in the near –term. Arrivals are increasing from Gujarat, Rajasthan, Punjab and Haryana.

Technical Analysis of Cotton Futures April 2013 contract at NCDEX


Rs/per 20 kgs

- April contract in NCDEX, denotes buying interest in the market around current levels.
- Increasing volumes and open interest add to the positive tone of the market.
- Immediate resistance could be seen at 1000 crossing such level price would test second support level.
- Our short term outlook on the contract is sideways to bullish. We advise to go for short positions around 1000-1030 levels.

Support and Resistance:

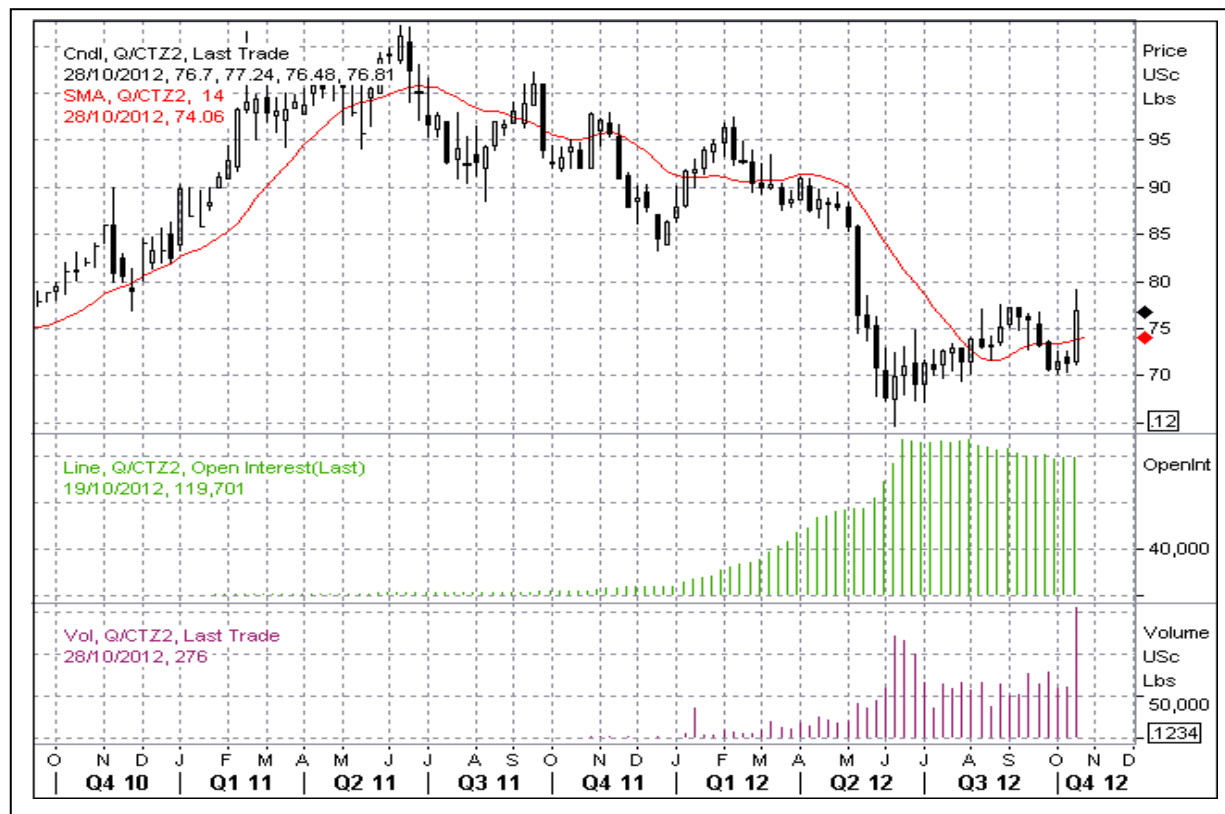
Support 2	Support 1	Resistance 1	Resistance 2
914	926	1031	1056

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	1000-1030	Sideways to Bulliah Momentum

International Market

- Xinjiang, Chinese province has sets world record for cotton production by harvesting 12,575 kg of seed cotton on a single hectare of land. This technique could enhance the production globally.
- According to USDA, global inventory forecast for the season to end-July 2013 increased by 3.4 percent to a record of 79.11 million 480-lb bales due to a combination of sharply higher production and reduced consumption.
- Cotton futures at NYMEX closed higher for another consecutive day amid consolidation.
- Turkmenistan to invest \$1 billion, this could improve the cotton production in that part of the world.
- China to issue import quotas for Cotton for 2013. Indian exporters could seek the opportunity to seal the contract.
- Chinese purchasing from the domestic buyers under minimum support policy may not help international prices.
- Chinese national cotton reserve has grown to estimated 4.6 million tons by end of August; it is likely to grow further by end of October.
- There has been 6 percent cut in the production outside China.
- The USDA also said that it expected global production to outstrip consumption for the third year running in 2012/13, leading to a 14% increase in global ending stocks to 79.1m bales.
- Some support for prices are likely to get from lower planting in southern hemisphere in 2012 also projected lower planting in northern hemisphere in 2013-14.
- USA showed increase in Cotton crops by 11 percent to 17.3 million bales.
- According to USDA, world 2012/13 cotton imports were likely to drop 18% to 36.5m bales, largely thanks to a sharp decline in Chinese imports – forecast down 55% to 11m bales. That slump in demand, it added, would only be partially offset by increased demand from other major importers, including Bangladesh, Indonesia, Pakistan and Turkey.
- USA cotton futures increased in few days due to quality of cotton already harvested has been low. Also, the inventory of good quality cotton is from previous years.
- Egypt greed to export 783 metric tons of cotton in the week through Oct. 11, according to the Alexandria Cotton Exporters Association. The country has shipped 4,871 tons of the fiber, valued at 10.87€ million, since Sept. 1 according to the association.

ICE Futures (Dec 2012 Contract) Technical Analysis


December 2012 Contract of ICE futures closed on higher side following profit -booking. Prices ranged between 71.19 to 79.19 during the week. Immediate resistance level is at 80.0 breaching this may touch 83.2 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
70.0	70.05	80.0	83.2

All in cents/pound

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
 © 2005 Indian Agribusiness Systems Pvt Ltd.