

Highlights of the Week

- ❖ Cotton prices noticed steady to weak tone except slight firmness in few markets.
- ❖ With festive season arrivals were dried up across country.
- ❖ Farmers are bringing less produce to the market ahead of 'Diwali'.
- ❖ Arrivals are expected to increase in the medium –term, thereby weighing on prices.
- ❖ Crop loss in Andhra Pradesh has been reported following rains during the last few days..
- ❖ According to official estimates, cotton crop has been damaged in 75,000 acres of land in Guntur district of Andhra Pradesh. This will affect the ginning industry.
- ❖ Increase in global supplies will weigh on prices in the medium –term.
- ❖ According to trade sources, around 40% of the crop is damaged in Sirsa district of Haryana and average yield is expected to be around 5 -6 quintals /acre.
- ❖ Rise in demand for cotton yarn in the global market and declining cotton prices in the domestic market is likely to increase the margins for spinning industry.
- ❖ According to CMIE, total yarn production is expected to increase by 6.8 percent in the current season following increase in cotton yarn production.
- ❖ Tamil Nadu miller's consortium is planning to buy cotton of Rs. 30 billion for this cotton season.
- ❖ Cotton Association of India decreased production estimates of cotton by 5% this year to 354 lakh bales.
- ❖ Cotton arrivals began across country in bulk after festive holidays.
- ❖ Agriwatch estimates Cotton production at 320 lakh bales for this season In India, cotton
- ❖ Market is likely to notice sideways to bullish tone amid increasing arrivals in various mandis.

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 16/11/2012	Previous Week 09/11/2012
Cotton	Amravati–Vunni Mech-1#	-1%	4100	4150
	Kadi–Bt Cotton#	Unch	4450	4450
	Ahmedabad–Shankar-6#	Unch	4450	4450
	Gondal	-	-	4505
	Rajkot-(Bt Cotton)	-	-	4500
	Abohar–J-34*	1%	3525	3500
	Muktsar–J-34*	1%	3530	3500
	Fajlika#	-19%	3500	4325
	Khandwa M.P.	-	-	4275
	Sri-Ganganagar	1%	3440	3410

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Weekly Arrival		% Change
	Current Week 16/11/2012	Previous Week 09/11/2012	
Amravati –Vunni Mech-1	5500	4500	22%
Kadi –Bt Cotton	62500	122500	-49%
Ahmedabad – Shankar-6	40000	102000	-61%
Gondal	645	7752	-92%
Rajkot-(Bt Cotton)	1500	14800	-90%
Abohar J-34*	2600	7000	-63%
Muktsar J-34*	1075	2850	-62%
Fajlika	7000	9600	-27%
Khandwa M.P.	2000	10700	-81%
Sri-Ganganagar	10000	33000	-70%

(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 (16/11/2012)	Rs. Per Candy (12/11/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	40500	40000	+500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41000	40500	+500
J-34(202)	26mm	3.5 - 4.9	23	31800	31500	+300
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	33000	32800	+200
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33700	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35100	35100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35600	35800	-200
DCH-32(107)	34mm	3.0 - 3.8	33	44700	44700	Unch

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 demand in the near –term.

Technical Analysis of Cotton Futures April 2013 contract at NCDEX


Rs/per 20 kgs

- April contract in NCDEX, denotes traders are staying away from market due to low volume.
- Decreasing volumes and open interest add to the negative tone of the market.
- Immediate resistance could be seen at 993 crossing such level price would test second resistance level.
- Our short term outlook on the contract is sideways to bullish. We advise to go for short positions around 990-1005 levels.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
860	890	993	1005

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	990-1005	Sideways to Bullish Momentum

International Market

- According to the data from Chinese customs, China totally imported 1.08 million tonnes of cotton yarn in the first 9 months of 2012, up a massive 74.17 percent or 462,800 tons over the same period last year.
- Cotton futures at NYMEX closed lower following bearish monthly supply and demand USDA report.
- According to USDA, cotton ending stocks estimates for 2012 -13 season touched an all time high of 80.27 million bales.
- Cotton farmers and ginneries in Zimbabwe are making a pricing model that will determine the price of the producers in 2012 -13.
- According to the data from Chinese customs, China totally imported 1.08 million tonnes of cotton yarn in the first 9 months of 2012, up a massive 74.17 percent or 462,800 tons over the same period last year.
- Yarns imports from China are increasing following higher price of cotton in the domestic market.
- Cotton futures at NYMEX continued weak tone amid lack of demand and higher supply in the current season.
- Textile millers in Pakistan are looking for cheaper cotton imports amid higher prices in the domestic market.
- According to association officials, cotton output in Ivory coast is expected to increase by 47% to 500,000 metric tonnes in 2015.

ICE Futures (Dec 2012 Contract) Technical Analysis



December 2012 Contract of ICE futures closed on higher side following profit -booking. Prices ranged between 69.9 to 74.63 during the week. Immediate support level is at 69.50 breaching this may touch 67.00 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
69.12	68.50	75.33	77.78

All in cents/pound

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