

Highlights of the Week

- ❖ Cotton prices noticed steady to weak tone except slight firmness in Fazilika, Punjab.
- ❖ Post festive season arrivals have increased across country.
- ❖ Arrivals are expected to increase in the medium –term, thereby weighing on prices.
- ❖ Cotton production estimates at 320 lakh bales for this season, Agriwatch research.
- ❖ Cotton Association of India decreased production estimates of cotton to 334 lakh bales.
- ❖ Millers and exporters are active in the market; good buying is expected in coming days. Millers are buying to fulfill their textile orders for short term.
- ❖ Punjab millers of Malwa region are facing issues in procuring cotton due to higher mandi taxes than neighboring Haryana and Punjab.
- ❖ Lack –luster demand around current levels weighed on the market.
- ❖ Arrivals in the northern region are reported on an average 30,000 bales.
- ❖ In the international market, trading is lack –luster ahead of long weekend.
- ❖ Market is likely to notice sideways to bullish tone amid increasing arrivals in various mandis.
- ❖ Exports are projected at 12.7 million bales and imports at 7 million bales for current cotton year 2012-13.
- ❖ International prices are 4-5% lower than domestic prices making imports much attractive for millers.

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 23/11/2012	Previous Week 16/11/2012
Cotton	Amravati–Vunni Mech-1#	-1%	4050	4100
	Kadi–Bt Cotton#	-2%	4350	4450
	Ahmedabad–Shankar-6#	-1%	4400	4450
	Gondal	-	4420	-
	Rajkot-(Bt Cotton)	-	4375	-
	Abohar–J-34*	-2%	3470	3525
	Muktsar–J-34*	-2%	3470	3530
	Fajlika#	21%	4250	3500
	Khandwa M.P.	-	4100	-
	Sri-Ganganagar	-1%	3420	3440

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Weekly Arrival		% Change
	Current Week 23/11/2012	Previous Week 16/11/2012	
Amravati –Vunni Mech-1	800	5500	-85%
Kadi –Bt Cotton	35000	62500	-44%
Ahmedabad – Shankar-6	25000	40000	-38%
Gondal	1194	645	85%
Rajkot-(Bt Cotton)	2600	1500	73%
Abohar J-34*	-	2600	-
Muktsar J-34*	2500	1075	133%
Fajlika	2500	7000	-64%
Khandwa M.P.	3500	2000	75%
Sri-Ganganagar	5000	10000	-50%

(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 (22/11/2012)	Rs. Per Candy (16/11/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	39500	40500	-2%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40000	41000	-2%
J-34(202)	26mm	3.5 - 4.9	23	31800	31800	Unch
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	32900	33000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34500	35100	-2%
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	35600	-2%
DCH-32(107)	34mm	3.0 - 3.8	33	45200	44700	+1%

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness sideways to bearish tone in the coming days amid expected increase in arrivals in the coming days. Downside could be limited amid decreasing 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 entering in contract in market.
- Increasing volume add to the buying tone of the market.
- Immediate support could be seen at 967 crossing such level price would test second resistance level.
- Our short term outlook on the contract is sideways to bearish. We advise to go for short positions around 967-937 levels.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
915	920	987	995

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	967-937	Sideways to Bearish Momentum

International Market

- Net Sales of USA cotton is running in 370,000 bales for 2012-13, Mainly to China and India.
- Australian cotton production rose by 12 percent to 944,000 tonnes as reported by Australian Bureau of Statistics.
- Cotton seed demand in Pakistan is picking up. This is likely to raise prices for same.
- Net Sales of USA cotton is running in 370,000 bales for 2012-13, Mainly to China and India.
- Cotton futures at NYMEX closed lower following profit –booking ahead of the first notice day on Friday.
- Three home textile companies in China joined the COTTON USA licensing program to source U.S. cotton yarn.
- According to the General Administration of Customs, China's October cotton imports rose 7.8% from a year earlier to 272,051 metric tons, the General Administration of Customs said Wednesday.
- Cotton prices remained steady to firm in Pakistan amid normal demand in the market. In the current season acreage under cotton declined by 15 per cent compared to previous year.
- 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 69.5 to 73.26 during the week. Immediate resistance level is at 70.10 breaching this may touch 73.0 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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