

**Highlights of the Week**

- Cotton prices continued to notice week tone in various mandis amid rising arrivals.
- Buying from millers and exporters are normal and prices not likely to rise as arrivals are increasing.
- Lower cotton crop production than earlier estimate are making Gujarat ginners to depend on supply from others states. Currently, 50 percent of the total arrivals are coming from Maharashtra, Andhra Pradesh and other cotton producing states. So far around 1.8-1.9 million bales of cotton had arrived in Gujarat, of which 700,000-800,000 bales of cotton came from other states.
- Andhra Pradesh cotton production is raised to 70 lakh bales from 65 lakh bales last year. Due to good rains received in last part of monsoon.
- At this time demand in cotton is normal. Mills and exporters are buying hand-to-mouth and no one wants to build inventories. Cotton growers are dissatisfied with prices at MSP levels on which they are demanding government to raise it to Rs.5000/qtl.
- Yarn exports are likely to see export boom in 2013. Industry is expecting 12-15% Y-o-Y growth. Demand from China is supporting the prices.
- Cotton prices remain stable amid rising arrivals and demand from millers and exporters. No major fluctuation seen in coming days. Around 23 lakh bales export registration reported in current season.
- Cotton arrivals decline by 11.74% from 8.80 million bales to 9.97 million bales from corresponding year.
- Yarn exports are likely to see export boom in 2013. Industry is expecting 12-15% Y-o-Y growth. Demand from China is supporting the prices.
- Cotton prices remain stable amid rising arrivals and demand from millers and exporters. No major fluctuation seen in coming days. Around 23 lakh bales export registration reported in current season.

**Weekly Outlook:** Buying from millers and exporters is expected to be normal and prices not likely to rise as arrivals are increasing.

**Cotton Prices at Key Spot Markets:**

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 04/01/2013	Previous Week 28/12/2012
<b>Cotton</b>	Amravati–Vunni Mech-1#	1%	4050	4025
	Kadi–Bt Cotton#	-3%	4225	4350
	Ahmedabad–Shankar-6#	Unch	4350	4350
	Gondal	-1%	4340	4375
	Rajkot-(Bt Cotton)	1%	4400	4350
	Abohar–J-34*	Unch	3565	3565
	Muktsar–J-34*	Unch	3570	3570
	Fajlika#	-2%	3500	3555
	Khandwa M.P.	Unch	4120	4140
	Sri-Ganganagar	Unch	3490	3490

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

**Cotton Arrivals in Key Centers**

Centre	Weekly Arrival		% Change
	Current Week 04/01/2012	Previous Week 28/12/2012	
Amravati –Vunni Mech-1	13200	7000	89%
Kadi –Bt Cotton	335000	260000	29%
Ahmedabad – Shankar-6	20900	198000	-89%
Gondal	10344	8777	18%
Rajkot-(Bt Cotton)	22550	19200	17%
Abohar J-34*	5000	5100	-2%
Muktsar J-34*	-	-	-
Fajlika	7900	9300	-15%
Khandwa M.P.	9800	15000	-35%
Sri-Ganganagar	34000	33000	3%

(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 (03/01/2013)	Rs. Per Candy (27/12/2012)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34400	34200	1%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34900	34700	1%
J-34(202)	26mm	3.5 - 4.9	23	32600	32500	Unch
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	33000	33000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45200	Unch

**Fundamental Cotton Price Outlook for Coming Week**

We expect cotton prices to witness sideways to bearish tone in the coming days amid expected rise in arrivals. Downside could be limited amid increasing demand in the near –term.

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

**Rs/20 kgs**

- April contract in NCDEX, denotes selling interest in the market.
- Decreasing volumes will add to the weak tone of the market.
- Prices are moving range bound and breached strong support of Rs. 1010.
- Immediate support could be seen at 986 touching such level price could slide further to 950.
- Our short term outlook on the contract is sideways to bearish.

**Support and Resistance:**

Support 2	Support 1	Resistance 1	Resistance 2
940	949	1044	1034

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

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	950-1010	Sideways to Bearish Momentum

### International Market

- Cotton was the biggest decliner on SnP commodities in 2012.
- New York Futures market prices remained fundamental for translating international lint prices, which was evident from the trend in local market as it would likely keep the physical prices strong.
- ICE cotton futures rose due to some mill and speculative buying helped support prices. Also, anticipation of China releasing some of its stockpile.
- Over 10 million bales of cotton have reached market in Pakistan.
- According to a fortnightly report on cotton production issued by the Pakistan Cotton Ginners Association (PCGA), ginning factories received raw cotton equivalent to 11.587 million bales up to December 31, 2012, which was 445,440 bales less than the previous year.
- Cotton futures at NYMEX closed slightly higher amid expectation of increase in import quota of cotton from China.
- ICE cotton futures rose due to some mill and speculative buying helped support prices. Also, anticipation of China releasing some of its stockpile.
- Cotton futures at NYMEX closed slightly higher amid buying around current levels by millers.
- Pakistan is the only country in the world that has seen stagnating cotton output over the last 20 years.
- Prices in Pakistan remained sluggish following holiday season.
- Estimates of US cotton plantings were raised 97.7 million hectares to 99.03 million hectares in research report of private analytical firm, which could put pressure on prices on ICE.
- Cotton was the biggest decliner on SnP commodities in 2012.
- New York Futures market prices remained fundamental for translating international lint prices, which was evident from the trend in local market as it would likely keep the physical prices strong.
- Pakistan cotton crop is likely to decline by 7.34 percent to 12.66 million bales from earlier projected at 13.59 million bales.
- International Cotton Advisory Committee reports decline of cotton wool production by 11% to 23.2 billion tonnes for 2013-14. Farmers in USA, Turkey, China, Central Asia, Pakistan and French Africa are expected to make sharp cuts in cotton crop due to focus on soybean and other crops.
- Local textile mills of Bangladesh are worried about reduced production of Indian Cotton.
- In Pakistan, domestic lint prices would remain firm with rising demand of fine grade in the next coming sessions, as demand of fine lint would grow on back of local as well as foreign orders of yarn and cloth.
- USDA report projected 3 percent rise in global cotton consumption after 8 year slump.
- 10.7 million bales of cotton has been procured by 15 Dec 2012 across Pakistan. That is 2.42 percent higher than same time last year.
- Cotton futures rose to highest point first time in eight weeks on rising demand perspective from China. Chinese manufacturing is picking up pace. Also USDA raised global demand in their latest report.
- 10.7 million bales of cotton has been procured by 15 Dec 2012 across Pakistan. That is 2.42 percent higher than same time last year.

## ICE Cotton Futures (March 2013 Contract) Technical Analysis



March 2012 Contract of ICE futures closed on up side. Prices ranged between 75.42 to 77.10 during the week. Immediate support level is at 75.10 breaching this may touch 73.10 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
70.1	73.2	76.1	76.5

All in cents/pound

Source: MRCI

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