

Highlights of the Week

- Cotton prices notice slight rise in prices amid demand for cotton yarn, amid rising arrivals.
- Cotton arrivals decline by 11.74% from 8.80 million bales to 9.97 million bales from corresponding year.
- Higher price of cotton in China is boosting yarn exports to China.
- 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.
- CCI is likely to procure 60 lakh bales of raw cotton in 2012-13 to support farmers as prices are ruling below MSP levels in some parts of India.
- CCI has already procured 13 lakh bales of raw cotton in current marketing season.
- Total India arrivals were reported to be at 1.78 lakh bales on Thursday.
- Total procurement of cotton in Andhra Pradesh is around 30% of total production expected. CCI, Nafed and private traders have procured 2.41 million bales so far, according to commissioner and director of agricultural marketing, G Venkatram Reddy.
- 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 ginneries to depend on supply from other 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/ql.

Weekly Outlook: Buying from millers and exporters is expected to be normal and prices not likely to rise as arrivals are increasing. Also, total raw cotton exports are at 24 lakh bales till date .

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 11/01/2013	Previous Week 04/01/2013
Cotton	Amravati–Vunni Mech-1#	Unch	4050	4050
	Kadi–Bt Cotton#	1%	4250	4225
	Ahmedabad–Shankar-6#	-1%	4325	4350
	Gondal	Unch	4325	4340
	Rajkot-(Bt Cotton)	Unch	4390	4400
	Abohar–J-34*	1%	3600	3565
	Muktsar–J-34*	Unch	3580	3570
	Fajlika#	1%	3550	3500
	Khandwa M.P.	1%	4150	4120
	Sri-Ganganagar	2%	3550	3490

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Weekly Arrival		% Change
	Current Week 11/01/2012	Previous Week 04/01/2013	
Amravati –Vunni Mech-1	16600	13200	26%
Kadi –Bt Cotton	245000	335000	-27%
Ahmedabad – Shankar-6	238000	20900	14%
Gondal	14002	10344	35%
Rajkot-(Bt Cotton)	23710	22550	5%
Abohar J-34*	5700	5000	14%
Muktsar J-34*	-	-	-
Fajlika	8500	7900	8%
Khandwa M.P.	12500	9800	28%
Sri-Ganganagar	34000	34000	Unch

(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 (09/01/2013)	Rs. Per Candy (03/01/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34700	34400	1%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35200	34900	1%
J-34(202)	26mm	3.5 - 4.9	23	32600	32600	Unch
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	32800	33000	-1%
Shankar-6(105)	29mm	3.5 - 4.9	28	33600	33800	-1%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	33900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	34500	30%
DCH-32(107)	34mm	3.0 - 3.8	33	45000	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. 940
- Immediate support could be seen at 920 touching such level price could slide further to 910.
- Our short term outlook on the contract is sideways to bearish.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
905	910	960	965

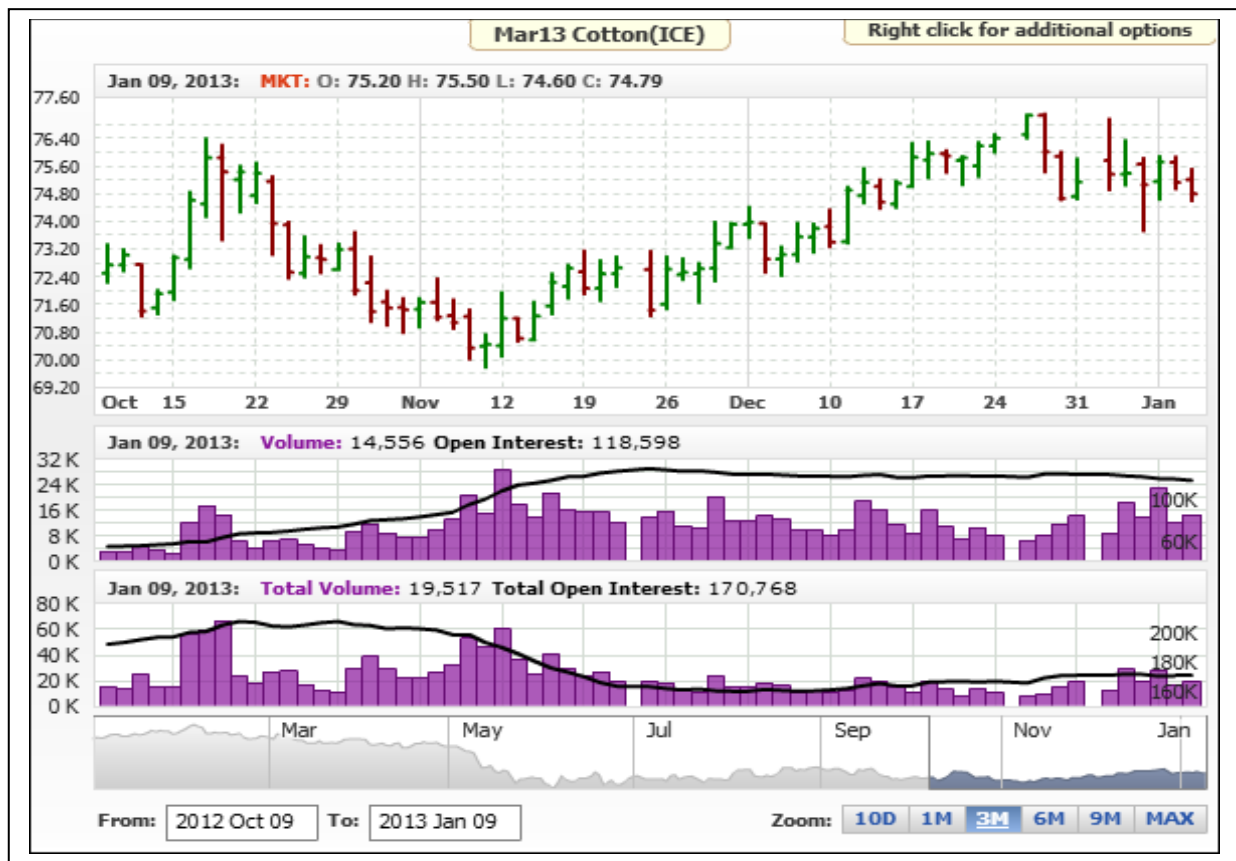
Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	950-910	Sideways to Bearish Momentum

International Market

- China issued import quotas for more than 3.7 million tonnes in 2012 at sliding tariffs of 5-40 percent.
- China, the world's biggest cotton consumer and importer, is studying a proposal to issue extra import quotas for textile mills
- 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.
- Pakistan is likely to miss production target of 14.6 million bales by 1.3 million bales, according to Cotton Commissioner Dr Khalid Abdullah.
- By March of this year, China is expected to accumulate some 8 million tons of cotton, equal to a third of total global output in 2012-13.
- China's State Reserve has bought 5.14 million tons of cotton since September 10, 2012. 65 percent more than the reserve for all of 2011, bringing the total reserve to 7.29 million tons as of December 27, the NDRC said in a statement on December 28.
- China is considering selling off cotton from its major reserve to help spinners.
- Cotton was the biggest decliner on S&P 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.
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- 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.

ICE Cotton Futures (March 2013 Contract) Technical Analysis



March 2012 Contract of ICE futures closed on up side. Prices ranged between 75.50 to 74.60 during the week. Immediate support level is at 74.10 breaching this may touch 73.10 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
70.1	74.10	76.1	76.5

All in cents/pound

Source: MRCI

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