

Highlights of the Week

- Cotton prices notice slight decline in prices amid demand for cotton yarn and falling arrivals.
- Most of the markets remained closed following local festival.
- Good demand from the mills and firm tone at ICE futures lend support to the market.
- Around 33000 bales of cotton arrived in north India.
- Good export demand of cotton yarn added to the positive tone of the market.
- 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.
- Registration for exporting cotton yarn stood at 100 million kg, 32 per cent higher in November 2012 than in the year-ago period and five per cent more than in the previous month according to Director General of Foreign Trade.
- Cotton Association of India has come out with higher outlook in carryover stocks at 147.46 lakh bales.
- Exports in 2012-13 are estimated to be at 57 lakh bales by USDA report.
- Cotton consumption by non-SSI mill stood at 1.928 million bales during November, 2012 and SSI mill consumption was at 184,000 bales up 8.2 percent compared to same period last year, as per textile commissioner.
- Cotton prices increased in Gujarat, over fresh buying from millers and exporters. Prices after coming down in this week are expected to increase in coming next week, if demand from exporters continues in the market.
- Cotton arrival in market is around 2 lac bales, all India, which is 16 percent lower than previous year.
- 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.

Weekly Outlook: Buying from millers and exporters is expected to be normal and prices likely to rise as demand from export is expected to continue.

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 18/1/2013	Previous Week 11/1/2013
Cotton	Amravati–Vunni Mech-1#	-1%	4025	4050
	Kadi–Bt Cotton#	0%	4250	4250
	Ahmedabad–Shankar-6#	1%	4350	4325
	Gondal	0%	4300	4300
	Rajkot-(Bt Cotton)	-1%	4290	4350
	Abohar–J-34*	-1%	3575	3600
	Muktsar–J-34*	-	-	3580
	Fajlika#	0%	3560	3550
	Khandwa M.P.	-	-	-
	Sri-Ganganagar	0%	3500	3500

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Weekly Arrival		% Change
	Current Week 18/01/2013	Previous Week 11/01/2013	
Amravati –Vunni Mech-1	16700	16600	1%
Kadi –Bt Cotton	115000	245000	-53%
Ahmedabad – Shankar-6	115000	238000	-52%
Gondal	13961	14002	0%
Rajkot-(Bt Cotton)	23510	23710	-1%
Abohar J-34*	4800	5700	-16%
Muktsar J-34*	-	2350	-
Fajlika	7300	8500	-14%
Khandwa M.P.	3000	12500	-76%
Sri-Ganganagar	34000	34000	0%

(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 17/01/2013)	Rs. Per Candy (11/01/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	34600	35100	-1%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	35600	-1%
J-34(202)	26mm	3.5 - 4.9	23	32700	32600	0%
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	33000	32800	1%
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33600	1%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	33400	3%
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35000	1%
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	0%

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. 910
- Immediate resistance could be seen at 930 touching such level price could slide further to 950.
- Our short term outlook on the contract is sideways to bullish.

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	910-940	Sideways to Bullish Momentum

International Market

- Pakistan total cotton arrivals to ginners and millers had touches 12.02 million bales, which is 6.29 percent less than previous year. Mills are struggling from energy crisis, which has affected the export.
- China cotton output increased by 3.2% to 6.84 million tons as per National Bureau of Statistics, China.
- USDA forecast, China to reduce the imports by 53% which may be affecting international prices to reduce.
- USA Cotton acreage is expected to decrease by 21% to 9.73 million hectares due to crop shift to corn and soybean crops as they are giving higher returns than fiber crop.
- Cotton futures jumped on signs that demand is improving in China. As cotton sold from huge reserve is not of good quality and is being rejected by traders and spinners.
- In Brazil, cotton prices may sustain in 2013, due to the smaller domestic production, good pace of exports and the industry's need to purchase more than the half of its needs regarding 2011/12.
- In December, China imported 532,000 tonnes of cotton. Indian cotton was highest with 134,000 tonnes, which supported prices in domestic market.
- Brazil cotton production would decline by 23% to 1.44 million tons in 2012-13. This is not likely to have significant impact on global prices as there is record surplus of global cotton. Mainly losing area to soybean due to higher prices.
- China has finalized the selling of cotton reserves from Monday to meet demand from domestic textile companies.
- The price at which the selling is to be done is slightly lower than domestic prices but 25-30% higher than international prices.
- Approx. 3 million tons of cotton reserve is expected to be sold, by China. The prices might show improvement as imports are also likely to go up as domestic prices in China are higher than domestic cotton so traders can leverage their position.
- Cotton futures at NYMEX closed higher amid improved demand for U.S. cotton.
- According to USDA, projected U.S. production of cotton was lowered to 17 million bales, a 1.4% decrease that was more than the 0.1% average decline analysts had expected.
- 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.

ICE Cotton Futures (March 2013 Contract) Technical Analysis



March 2012 Contract of ICE futures closed on up side. Prices ranged between 77.78 to 76.10 during the week. Immediate resistance level is at 77.30 breaching this may touch 78.40 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
78.40	77.30	76.1	76.5

All in cents/pound

Source: MRCI

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>