

Domestic Market

- Cotton prices noticed a firm tone, through this week ended on 2nd March 2013. Prices remained high as arrivals continue to decline amid firm demand.
- 230 lakh bales have arrived in the market. Cotton daily arrivals in domestic market declined from 2,15,000 bales to 1,75,000 bales in India.
- By comparison of Indian spot prices with other countries, reveals that Indian prices are competitive amongst major trading nations of cotton. Also, competing with countries which are minor stake holder for cotton trade in the world.
- Domestic price movement with respect to exports and imports, show exports higher when domestic prices are low and imports tend to improve as international prices fall. Cotton exports registration stood up at 65 lakh bales of which 52 lakh bales have been exported.
- Procurement activity by CCI has been increased on order from Textile Ministry.

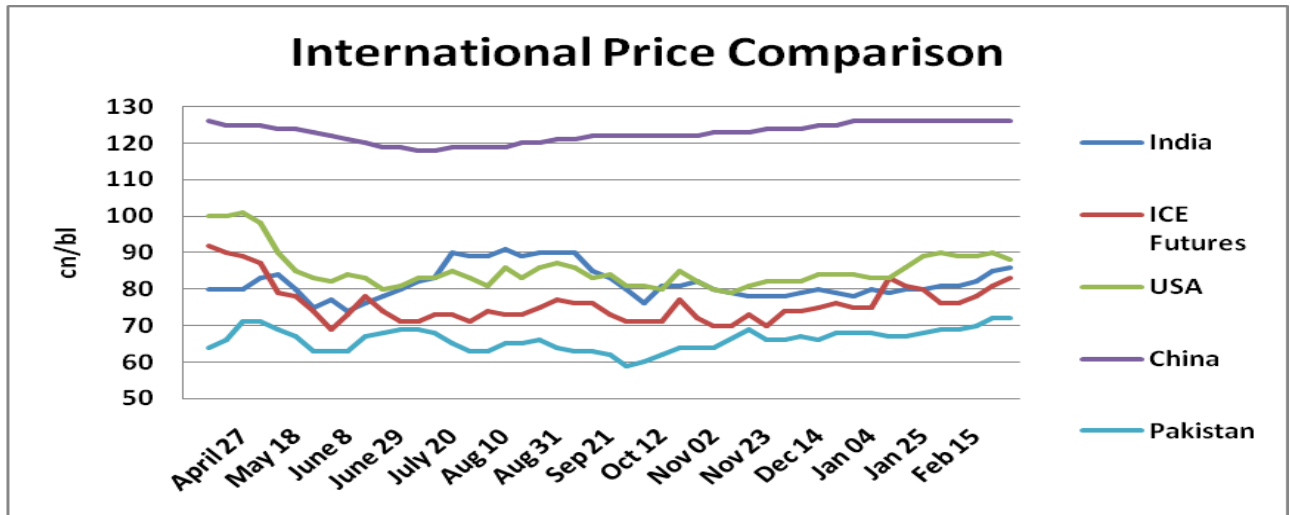
Weekly Outlook: Buying from millers are expected high and prices likely to rise as demand from export and millers are expected to rise.

International Market

- The Indian raw cotton currently is competitive with respect to USA and China. Pakistan domestic prices are lower than Indian domestic prices but they are unlikely to export much as their production is projected at 13.5 million bales in 2012-13 and domestic demand is at 15 million bales. China is not exporting at this moment as their domestic prices are far too high than what is prevalent at international market. By comparison of International CIF, Indian variety MECH-1, high grade variety, face stiff competition by various small countries holding raw cotton crop.
- On 18th February, 2013 reserve cotton release restarted. During the Spring Festival, international cotton price edged higher, narrowing its gap between domestic cotton. Reserve cotton release actual transaction of the week was 126,290 ton, 31.51% of the release target, 25% up than that before holiday. By 22nd, February, reserve cotton of 2012/13 season released for 1,519,000 ton, and concluded by 517,975 ton, by 34.1%.
- China cotton, with still sluggish demand, cotton spot price was stable.

Indian Cotton Prices Compared to International Prices (2012-13)

- Cotton variety Shankar-6 competes with other international varieties as shown in the graph.
- Indian cotton exports are growing FOB stands at 85 cents/pound as compared to USA 97-99 cents/pound



Source: *Indian ex-gin prices are from the Cotton Association of India., MRCI, China Cotton Index, USDA and Karachi Market Association

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 01/3/2013	Previous Week 22/2/2013
Cotton	Amravati-Vunni Mech-1#	8%	4700	4350
	Kadi-Bt Cotton#	8%	4900	4550
	Abohar-J-34*	4%	4130	3970
	Muktsar-J-34 *(Cotton)	4%	4140	3970
	*(Kapas BT Cotton)	1%	4950	4900
	Ahmedabad-Shankar-6#	9%	5000	4600
	Fajlika *(Cotton New)	5%	4110	3900
	*(Kapas BT Cotton)	6%	5175	4900
	Khandwa-(M.P)	-	-	4370
	Khargaon-(M.P)	-	-	4370
	Gondal	8%	5125	4735
	Rajkot-(B.T)	7%	5020	4700
	Sri-Ganganagar	7%	4160	3890
	Patan(B.T. Cotton)	3%	4950	4800

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Weekly Arrival		% Change
	Current Week 01/03/2013	Previous Week 22/02/2013	
Amravati –Vunni Mech-1#	16000	20500	-22%
Kadi –Bt Cotton	105000	160000	-34%
Abohar–J-34*	1300	1300	Unch
Muktsar–J-34#(Kapas BT Cotton)	1200	800	50%
Ahmedabad – Shankar-6#	137000	155000	-12%
Fajlika#(Kapas BT Cotton)	2300	3750	-39%
Khandwa (M.P)	-	17000	-
Khargaon-(M.P)	-	41000	-
Gondal	5450	2969	84%
Rajkot-(B.T)	20300	14550	40%
Sri-Ganganagar	8000	14000	-43%
Patan(B.T. Cotton)	49792	-	-

(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 (28/02/2013)	Rs. Per Candy (21/02/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35100	34100	3%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	35100	3%
J-34(202)	26mm	3.5 - 4.9	23	37700	36300	4%
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	36300	34600	5%
Shankar-6(105)	29mm	3.5 - 4.9	28	37200	35900	4%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37500	35900	4%
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	37200	-
DCH-32(107)	34mm	3.0 - 3.8	33	47300	46800	1%

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

- Prices are showing upward movement and breached strong resistance of Rs. 1015
- Immediate resistance could be seen at 1020 touching such level price could slide down to 980.
- Our short term outlook on the contract is sideways to bearish.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
900	910	1015	1020

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	1020-980	Sideways to Bearish Momentum

Future Trend in International Markets

Future Trend in International Markets; 2 March 2013 to 9 March 2013

ICE Cotton Futures (March 2013 Contract) Technical Analysis



March 2013 Contract of ICE futures closed on up side. Prices ranged between 84.36 to 80.06 during the week. Immediate support level is at 84.06 breaching this may touch 87 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
77.30	78.40	84.41	85.51

All in cents/pound

Source: MRCI

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