

**Domestic Market**

- Cotton prices noticed a firm tone, through this week ended on 08<sup>th</sup> March 2013. Prices remained high as arrivals continue to decline amid firm demand.
- China decision to import additional 40 lakh bales from major importing countries has spurred up the prices in local markets.
- 260 lakh bales have arrived in the market till date, according to market sources.
- Indian exports were mainly to China, Pakistan, Bangladesh, and Turkey. Total Cotton exports from beginning of season (Oct-Sep), February 2013 stood around 66 lakh bales with 20.6 lakh bales in February 2013. Also, Cotton total Imports till February 2013 stood around 7 lakh bales with 0.56 lakh bales in February 2013. Exports registrations have crossed 75 lakh bales till date.
- CCI has by far procured around 22 lakh bales in current marketing cotton season.
- Textile Industry has welcomed union budget decision of removing the excise duty on garments. Giving investment allowance of 15% in on investments more than Rs 100 cores in plant & machinery will boost the growth of the industry.

**Weekly Outlook:** Lower buying from millers and prices likely to fall in the coming week.

**International Market**

- Australian cotton projection for 2013-14 is lower by 9 lakh bales, as area under cotton planting is likely to be down.
- US cotton futures rises 10 month high as speculations of higher exports of cotton, it is expected to be raised in USDA report. As China, world largest textile maker is importing good quantity of yarn.
- Global cotton production for 2013-14 is projected at 115.5 million bales of 218kg each, down by three percent as compared to the last fiscal year as relatively lower cotton market prices are expected to cause a shift in cultivated area from cotton to more profitable alternatives, according to the USDA's Agricultural Outlook 2013.
- Egypt has exported 1,271 metric tons of cotton through weeks ending on Feb 28. India is main buyer of Egyptian cotton because of its high quality fiber.
- China began to sell around 4.5 million tons of cotton from state reserves. Govt. has been offering about 80,000 tons a day for auction. China has already sold 591,829 tons of cotton about 31% of total offered. Auctions may slow down in March for cotton prices will be under pressure thus could offset planting in large area.

**Cotton Prices at Key Spot Markets:**

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 08/3/2013	Previous Week 01/3/2013
<b>Cotton</b>	Amravati–Vunni Mech-1#	1%	4750	4700
	Kadi–Bt Cotton#	2%	5000	4900
	Abohar–J-34*	2%	4220	4130
	Muktsar–J-34 *(Cotton )	2%	4225	4140
	*(Kapas BT Cotton)	2%	5050	4950
	Ahmedabad–Shankar-6#	Unch	5000	5000
	Fajlika *(Cotton New)	2%	4210	4110
	*(Kapas BT Cotton)	-1%	5100	5175
	Khandwa-(M.P)	-	4850	-
	Khargaon-(M.P)	-	4850	-
	Gondal	-2%	5000	5125
	Rajkot-(B.T)	-2%	4910	5020
	Sri-Ganganagar	-1%	4130	4160
	Patan(B.T. Cotton)	-3%	4820	4950

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

**Cotton Arrivals in Key Centers**

Centre	Weekly Arrival		% Change
	Current Week 08/03/2013	Previous Week 01/03/2013	
Amravati –Vunni Mech-1#	18000	16000	13%
Kadi –Bt Cotton	87500	105000	-17%
Abohar–J-34*	1900	1300	46%
Muktsar–J-34#(Kapas BT Cotton)	2000	1200	67%
Ahmedabad – Shankar-6#	148000	137000	8%
Fajlika#(Kapas BT Cotton)	5800	2300	152%
Khandwa (M.P)	7900	-	-
Khargaon-(M.P)	40000	-	-
Gondal	5704	5450	5%
Rajkot-(B.T)	25550	20300	26%
Sri-Ganganagar	12000	8000	50%
Patan(B.T. Cotton)	49288	49792	-1%

(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 (07/03/2013)	Rs. Per Candy (28/02/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36100	35100	3%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	36100	3%
J-34(202)	26mm	3.5 - 4.9	23	38000	37700	1%
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	37000	36300	2%
Shankar-6(105)	29mm	3.5 - 4.9	28	37700	37200	1%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38000	37500	1%
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	46800	47300	-1%

**Fundamental Cotton Price Outlook for Coming Week**

We expect cotton prices to witness sideways to bearish tone in the coming days. 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 downward movement and breached strong support of Rs. 952
- Immediate support could be seen at 980 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	960-940	Sideways to Bearish Momentum

## Future Trend in International Markets; 9 March 2013 to 16 March 2013

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



March 2013 Contract of ICE futures closed on up side. Prices ranged between 87.45 to 81.90 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	88.02	89.02

All in cents/pound

MRCI

Source:

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