

**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.
- Cotton textile exports set to grow at 9 percent to \$9.56 billion in the current fiscal year.
- Domestic spot prices have hit highest of the current season with benchmark Shankar-6 candy at Rs.38, 500. This is due to rising demand from China, falling arrivals, holding of stocks by state agencies and stockiest. Chinese demand which has been growing, has allocated as much as 52.5 lakh bales of import quotas earlier in February 2013.
- As per latest reports, China will issue extra cotton import quotas to textile mills by around April, most of which will be issued to textile mills that export their products.
- According to sources, a total of 7.5 million bales are said to be registered with the Directorate General of Foreign Trade for exports.

**Weekly Outlook:** Firm buying from exporters and prices likely to remain steady to firm in the coming week.

**International Market**

- Brazil ginning mills compete for cotton Quality fiber scarce after rain damaged last season crop. Brazil produces enough for domestic consumption but export enquires are being raised in US to Import as domestic prices are nearly touching international prices. \$81 cents a pound.
- Cotton future reached 91 cents a pound in US which has not deferred mills from buying.
- Eyeing arbitrage, many leading multinational trading companies from India have started buying and stocking the commodity for exports which has also pushed up the prices. This is because the Chinese government is forcing local mills to buy cotton at \$120 cents per pound from the state agency, priced significantly higher than international benchmarks. As these mills pay about \$90 cents a pound for Indian cotton.
- Cotton International Futures reached 10 month high on increasing US exports and Chinese demand. U.S. exports of upland cotton since the start of August reached 6.77 million bales as of March 7, up from 5.59 million bales a year earlier, the U.S. Department of Agriculture reported today. Weekly net sales of upland cotton were 187,600 bales, up from 150,083 bales in the week through Feb. 28, USDA data show.

**Cotton Prices at Key Spot Markets:**

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 15/3/2013	Previous Week 08/3/2013
<b>Cotton</b>	Amravati–Vunni Mech-1#	3%	4900	4750
	Kadi–Bt Cotton#	2%	5100	5000
	Abohar–J-34*	2%	4300	4220
	Muktsar–J-34 *(Cotton )	2%	4290	4225
	*(Kapas BT Cotton)	1%	5100	5050
	Ahmedabad–Shankar-6#	1%	5050	5000
	Fajlika *(Cotton New)	1%	4245	4210
	*(Kapas BT Cotton)	Unch	5111	5100
	Khandwa-(M.P)	4%	5025	4850
	Khargaon-(M.P)	4%	5025	4850
	Gondal	Unch	5000	5000
	Rajkot-(B.T)	2%	4995	4910
	Sri-Ganganagar	-1%	4080	4130
	Patan(B.T. Cotton)	2%	4900	4820

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

**Cotton Arrivals in Key Centers**

Centre	Weekly Arrival		% Change
	Current Week 15/03/2013	Previous Week 08/03/2013	
Amravati –Vunni Mech-1#	12500	18000	-31%
Kadi –Bt Cotton	145000	87500	66%
Abohar–J-34*	3100	1900	63%
Muktsar–J-34#(Kapas BT Cotton)	1750	2000	-13%
Ahmedabad – Shankar-6#	126000	148000	-15%
Fajlika#(Kapas BT Cotton)	5925	5800	2%
Khandwa (M.P)	1600	7900	-80%
Khargaon-(M.P)	8000	40000	-80%
Gondal	7154	5704	25%
Rajkot-(B.T)	20150	25550	-21%
Sri-Ganganagar	19000	12000	58%
Patan(B.T. Cotton)	43153	49288	-12%

(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 (14/03/2013)	Rs. Per Candy (07/03/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37100	Unch
J-34(202)	26mm	3.5 - 4.9	23	38400	38000	1%
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	37800	37000	2%
Shankar-6(105)	29mm	3.5 - 4.9	28	38500	37700	2%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39400	38000	4%
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	47800	46800	2%

**Fundamental Cotton Price Outlook for Coming Week**

We expect cotton prices to witness sideways to bullish 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 resistance of Rs. 1000
- Immediate resistance could be seen at 1005 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	1000-970	Sideways to Bearish Momentum

## Future Trend in International Markets; 16 March 2013 to 23 March 2013

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



March 2013 Contract of ICE futures closed on up side. Prices ranged from \$93.34 cents a pound to \$85.84 cents a pound during the week. Immediate resistance level is at \$95.01 cents a pound breaching this may touch \$97 cents a pound levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
77.30	78.40	95	97

All in cents/pound

Source: MRCI

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