

Indian market review

Kapas futures are witnessed a good fall during last week on rumors of government putting ban on cotton exports. The Kapas futures on MCX made a low of 629.10 levels and recovered later and ended the week on at 648.5 levels with a negative change of 1.33 per cent

Futures price

Exchange	Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
MCX	Apr-30	631.40	649.80	629.10	648.50	-1.33	1804.00	893.00	893.00	-7.076

Outlook: Kapas prices are expected to trade on a slightly positive note during the week on account of fresh demand from millers and exporters

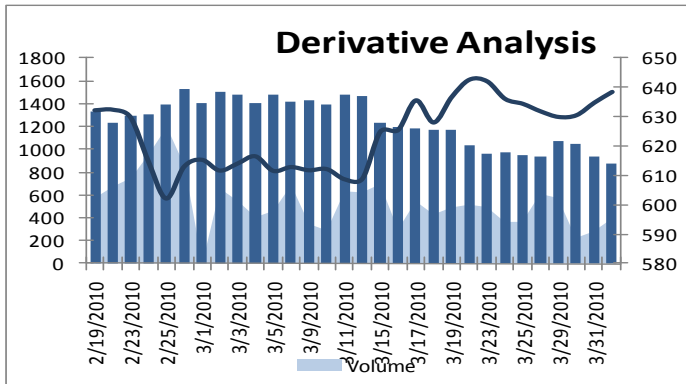
- ❖ The daily arrivals across the country have declined to 30,000 bales, against 50,000 bales during last week
- ❖ Since the textile sector is demanding a ban on exports of cotton, there was a market talk that government may clamp a ban on cotton exports, which led to fall in Kapas prices during last week
- ❖ But, so far, the government has not announced its decision over exports ban and exporters are continuing with their buying for their assignments
- ❖ Thus, steady demand from exporters may keep the prices of export variety Gujarat Shankar 6 which is hovering around Rs 27,700 per candy at current levels
- ❖ Good demand for cotton seeds and Cocud in the physical market are also expected to support the prices of Kapas
- ❖ Domestic millers have also showing buying interests at lower levels, as the Kapas prices have come down considerably
- ❖ The exchange traded variety V797 is hovering around Rs 20,700 per candy may go up slightly as the arrivals of this particular variety have declined in the market
- ❖ Though there is good export demand in the market due to recovering global textile industry, prices may rise in medium term, but, a sharp rise or fall may not be expected in near future

International market

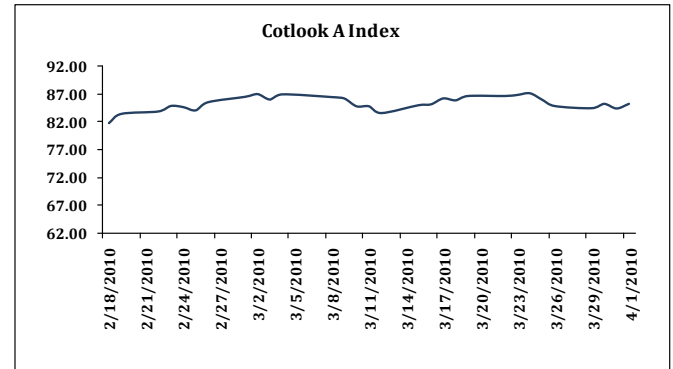
International cotton prices fell sharply during last week on speculative selling tracking weak dollar on ICE exchange. Cotton prices witnessed continuous rally during current season on expectations that the demand would surpass the global supplies. But the prices fell during last week on lackluster overseas demand due to relatively higher prices. According to recent estimates, production in US is lagging 14 per cent behind the consumption levels for the year ending July 31. But, the prices are expected to go up during this week on mill buying at lower levels. The most active may Contract on ICE exchange traded in the range of 78 to 83.17 levels and ended the week on 78.07 levels.

Chart

Derivatives Analysis - MCX Kapas



Cotlook A Index



Technical Analysis



Kapas April

April Kapas future prices witnessed a downtrend in the last week by reversing the previous week's trend and after making a low of 602.7 it settled at 608.5 levels. Market is witnessing a trend line resistance near to 625-627 levels supported by fibonacci retracement (38.2% of 698-512 range) sustain below the same likely to trade sideways to lower. Market is likely to see a mild higher correction before resuming its downtrend. The immediate supports are at 605 then 596 levels. We expect prices to trade lower if market fails to breach 627 levels and recommend selling.

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