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Cotton Exchange Building, 2nd Floor,  
Cotton Green, Mumbai - 400 033  
Phone: 3006 3400  
Fax: 2370 0337  
Email: [cai@caionline.in](mailto:cai@caionline.in)  
[www.caionline.in](http://www.caionline.in)

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# Cotton Statistics And News

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## **Introduction to Technical Analysis an Important Tool to Predict Cotton Futures Prices**



**Shri Gnanasekar Thiagarajan**

*(The author is the Director of Commtrendz Research and the views expressed in this column are his own and not that of Cotton Association of India. He can be reached at [gnanasekar.t@gmail.com](mailto:gnanasekar.t@gmail.com).)*

Technical analysis and fundamental analysis are two coins of analysing a market. These terms refer to two different methodologies used for researching and forecasting the future trends of a commodity. Like any investment strategy or philosophy, both have their advocates and adversaries. Here are the defining principles of each of these methods of stock analysis:

Fundamental analysis is a method of evaluating demand/supply by attempting to measure the value of a commodity in a future month. Fundamental analysts study everything from the demand side, supply side, overall economy and industry conditions to the financial condition and management of companies.

Technical analysis is the evaluation of commodities by means of studying statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a commodity's intrinsic value but instead use charts to identify patterns and trends that may suggest what a commodity will do in the future.

In the world of financial market analysis, fundamental and technical analysis are on

completely opposite sides of the spectrum. Demand, supply and weather are all important characteristics to fundamental analysts, whereas technical analysts could not care less about these numbers. Which strategy works best is always debated, and many volumes of textbooks have been written on both of these methods.

### **What Is Technical Analysis?**

Technical analysis is a method of evaluating commodities by analyzing the statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a commodity's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Just as there are many investment styles on the fundamental side, there are also many different types of technical traders. Some rely on chart patterns, others use technical indicators and oscillators, and most use some combination of the two. In any case, technical analysts' exclusive use of historical price and volume data is what separates them from their fundamental counterparts.

### **USE OF TECHNICAL ANALYSIS IN COMMODITY MARKETS**

Some of the earliest technical trading analysis was used to track prices of rice in the 17th century. Between 1500 and 1600 the territories of today's Japan were at constant war. Each daimyo (feudal lord) was in constant contention to take over their neighbor. This one hundred year period is known as Sengoku Jidai or the "Age of Country at War".

This was a definite period of turmoil. It slowly came to order in the early 1600's through three dynamic generals - Nobunaga Oda, Hideyoshi Toyotomi, and Leyasu Tokugawa. Their combined leadership prowess has become legendary folklore in Japan's history. Their achievements are described as: "Nobunaga piled the rice, Hideyoshi kneaded the dough, and Tokugawa ate the cake." All the contributions from these great generals unified Japan into one nation. Tokugawa's family ruled the country from 1615 to 1867. This became known as the Tokugawa Shogunate Era.

While the Candlestick methodology was being developed, a military environment persisted in Japan. Understandably, the Candlestick technique employs extensive military terminology for its explanations. Investing is correlated to battle. It requires the same tactical abilities to win. The investor has to prepare for winning trades as a general prepares for battle. A strategy is required, the psychology of coming events have to be thought through. Competition comes into play. Aggressive maneuvers and strategic withdrawals are required to eventually win the war - to achieve financial success.

As stability settled over the Japanese culture during

the early 17th century, new opportunities became apparent also. The centralized government lead by Tokugawa diminished the feudal system. Local markets began to expand to a national scale. The demise of local markets created the growth of technical analysis in Japan.

The Dojima Rice Exchange, the institutionalized market that developed in Yodoya's front yard, was established in the late 1600's. Merchants were now capable of grading the rice, and negotiated setting the market price. After 1710, actual rice trading expanding into issuance and negotiating for rice warehouse receipts. These become known as rice coupons, and were the first forms of futures. The Osaka rice brokerage became the foundation for the city's wealth. 1,300 rice dealers occupied the Exchange. Due to the debasing of coinage, rice became the medium of exchange. A daimyo in need of money could send his surplus rice to Osaka and get a receipt from a warehouse. This receipt (coupon) could then be sold. As with many daimyo, cashflow problems could be eliminated through this method. Sometimes many future years of crops were mortgaged to take care of current expenses.

*(To be continued .....)*



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## 21 New Textiles Parks Launched

The Union Minister for Commerce, Industry and Textiles, Shri Anand Sharma launched 21 New Textile Parks approved under Scheme for Integrated Textile Parks (SITP). These new parks take the total number to 61 parks as 40 Parks were sanctioned earlier.

The Scheme for Integrated Textiles Parks (SITP) has been instrumental in development of wide range of models for green field clusters from a 1000 acre FDI driven integrated cluster, to a 100 acre powerloom cluster and a 20 acre handloom cluster. Under the scheme, 61 parks have been sanctioned – 40 projects were started in the 11th Five Year Plan and another 21 projects are to be implemented in the 12th Five Year Plan. Out of the 40 parks sanctioned earlier, a total of 25 Parks are already operational.

Most of the balance Parks are expected to be completed during this financial year. The estimated employment generation is over 10 lakh persons

with total estimated investment of Rs. 27,562 crore. Shri Sharma also released a coffee table book on SITPs. The book encapsulates the broad features of various ITPs set up all over India and is a ready reference for the same. The book gives a brief physical and pictorial status of each ongoing Park approved under SITP. He also released a short film on SITP and visited a photo exhibition that was created to mark the event.

Out of the 21 new parks, six are in Maharashtra, four in Rajasthan, two each in Andhra Pradesh and Tamil Nadu and one each in Uttar Pradesh, West Bengal, Tripura, Karnataka, Gujarat, Himachal Pradesh and Jammu & Kashmir. In this year 's budget speech, the Finance Minister announced an additional amount of upto Rs. 10 crores per park for setting up apparel manufacturing units for the projects under the SITP.

*(Source: Tecoya Trend - 25.04.2013)*

## Apparel Industry Upbeat on Trade Pact with EU

The apparel industry is upbeat on talks for a free-trade agreement (FTA) between India and the European Union (EU). Reeling under competition from Bangladesh and China, the industry believes the FTA would give it price parity with its competitors and raise exports to Europe by 30-40 per cent.

Currently, Indian apparel exporters have to pay an 11 per cent duty to sell their products in EU; India charges 30 per cent import duty on garments from EU. If the EU FTA materialises, both regions would do away with the duties. Currently, EU does not charge any duty on garment imports from Bangladesh; for garment imports from China, it charges seven per cent duty. If the EU-FTA happens, it would be a major boon for the garment industry in India. It would provide a level playing field to India vis-a-vis other garment-exporting countries such as Bangladesh.

If we have price parity with Bangladesh, it would give a tremendous boost to the industry. Apart from new orders, the FTA would result in existing EU customers increasing their share of apparel imports from India. The signing of the agreement would easily result in 30-40 per cent growth in apparel exports from India to EU, states President, Clothing Manufacturers' Association of India.

Industry experts say India exports apparel worth \$5 billion (about Rs 27,000 crore) to EU, while Bangladesh exports apparel worth \$8 billion (about Rs 43,400 crore) to the 27-nation bloc.

Indian apparel manufacturers would be large beneficiaries, as we have to compete with countries such as China and Bangladesh. The EU FTA would bring us on a par with these nations, especially Bangladesh, which exports its apparels duty free to EU, a former chairman of Apparel Export Promotion Council informed.

The FTA would also help generate about three million jobs in the textiles and garments export sectors.

If the FTA is signed, prices of garments imported from EU to India would fall. Currently, India charges 30 per cent import duty on apparel imported from EU. Once that is gone, apparel imported from EU is likely to be cheaper by 30 per cent, it is reported. This would also boost sales of apparel imported from EU.

*(Source: Business Standard - 26.04.2013)*

<b>UPCOUNTRY SPOT RATES</b> (Rs./Qtl)												
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]							Spot Rate (Upcountry) 2012-13 Crop April 2013					
Sr. No.	Growth Standard	Grade /GPT	Grade	Staple	Micronaire	Strength	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	9420 (33500)	9420 (33500)	9420 (33500)	9364 (33300)	9364 (33300)	9364 (33300)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	9673 (34400)	9673 (34400)	9673 (34400)	9617 (34200)	9617 (34200)	9617 (34200)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	7705 (27400)	7649 (27200)	7620 (27100)	7424 (26400)	7367 (26200)	7424 (26400)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	8802 (31300)	8802 (31300)	8802 (31300)	8802 (31300)	8802 (31300)	8858 (31500)
5	M/M	ICS-104	Fine	24mm	4.0 – 5.5	23	9420 (33500)	9420 (33500)	9476 (33700)	9533 (33900)	9533 (33900)	9561 (34000)
6	P/H/R	ICS-202	Fine	26mm	3.5 – 4.9	26	10067 (35800)	10179 (36200)	10151 (36100)	10039 (35700)	10067 (35800)	10123 (36000)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	9673 (34400)	9617 (34200)	9617 (34200)	9420 (33500)	9420 (33500)	9476 (33700)
8	M/M/A	ICS-105	Fine	26mm	3.5 – 4.9	25	9842 (35000)	9842 (35000)	9842 (35000)	9701 (34500)	9701 (34500)	9758 (34700)
9	P/H/R	ICS-105	Fine	27mm	3.5 – 4.9	26	10208 (36300)	10320 (36700)	10292 (36600)	10179 (36200)	10208 (36300)	10264 (36500)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	9842 (35000)	9842 (35000)	9842 (35000)	9645 (34300)	9645 (34300)	9701 (34500)
11	M/M/A	ICS-105	Fine	27mm	3.5 – 4.9	26	10011 (35600)	10011 (35600)	10011 (35600)	9870 (35100)	9870 (35100)	9926 (35300)
12	P/H/R	ICS-105	Fine	28mm	3.5 – 4.9	27	10348 (36800)	10461 (37200)	10432 (37100)	10320 (36700)	10348 (36800)	10404 (37000)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	10264 (36500)	10264 (36500)	10264 (36500)	10123 (36000)	10179 (36200)	10236 (36400)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	10320 (36700)	10320 (36700)	10320 (36700)	10179 (36200)	10236 (36400)	10292 (36600)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	10348 (36800)	10404 (37000)	10404 (37000)	10264 (36500)	10320 (36700)	10404 (37000)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	10404 (37000)	10461 (37200)	10461 (37200)	10320 (36700)	10376 (36900)	10461 (37200)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	10545 (37500)	10601 (37700)	10601 (37700)	10601 (37700)	10601 (37700)	10686 (38000)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	10742 (38200)	10798 (38400)	10798 (38400)	10798 (38400)	10798 (38400)	10882 (38700)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	10995 (39100)	11079 (39400)	11079 (39400)	11023 (39200)	11023 (39200)	11135 (39600)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	13076 (46500)	13076 (46500)	13076 (46500)	13076 (46500)	13216 (47000)	13357 (47500)

(Note: Figures in bracket indicate prices in Rs./Candy)N.Q. = Not Quoted