

COTTON DAILY

11th JANUARY, 2007

SPOT MARKETS:

Cotton prices tumbled slightly in North Indian market on Wednesday amidst low off-take by the local mills coupled with almost steady arrivals. However the market remained rangebound in other cotton markets on almost stable demand supply scenario. Modest buying activity by the exporters provided some underlying support to the market. New Shankar-6 (28mm) quoted steady at Rs.17500-17900/candy in Gujarat on higher arrivals of 65,000 bales. The arrivals in Maharashtra remained stable at 50,000 bales and prices moved within the range. J-34 plunged slightly in North India and prices quoted at Rs.1605-1690/maund on steady arrivals of 9,000 bales in Haryana. It also traded weak in Punjab and offered in the range of Rs.1700-1785/maund on steady arrivals of 16000 bales. The total arrivals stood at 1, 90,000 bales (approx) in the country. CCI and Maharashtra State Cotton Federation are procuring cotton at MSP, which is providing underline support to the market. The federation, so far has procured 23 lakh quintals and CCI 20 lakh quintals within the state. Besides, ICAC said 2006-07 world cotton production is forecasted to 25.1 million tons (MMt), 2% higher than last season and the second-largest crop to date. As per the consensus arrived at the All-India Cotton Conference, Cotton crop for 2006-07 is estimated at 270 lakh bales. Gujarat's output was placed at 90 lakh bales followed by Maharashtra at 55 lakh bales and Andhra Pradesh 32 lakh bales. Northern States (Punjab, Haryana and Rajasthan) accounted for 50 lakh bales of which 31 lakh bales had arrived till end-December.

INTERNATIONAL MARKET:

NYBOT cotton futures tumbled on Tuesday amidst speculative sales in technicals dominated market. March cotton slipped 43 points to settle at 54.10 cents a pound, and May lost 41 points to 54.97 cents. Trading activity at the Karachi Cotton Market remained dull on Monday, around 1,500 bales changed hands. The Karachi Cotton Association (KCA) spot rate unchanged Rs.2,500/maund. KCA said, 200 bales of upper Sindh changed hands at Rs 2,535/maund, 200 bales of Southern Punjab at Rs 2,540/maund and 200 bales of Mirpurkhas at Rs 2,510/ maund.

FUTURES MARKETS:

MCX Kapas futures plunged on Wednesday amidst profit booking and weak spot market. Most active April contract lost Rs.5.10 at Rs.378.20 after weak opening at Rs.382 and moved between Rs.377.50-382.20. NCDEX Kapas futures plunged also. Most active April contract slipped Rs.5.30 at Rs.378.80 following weak opening at Rs.382 and traded between Rs.378-382.

PRICE DRIVERS:

1. Low offtake from local mills
2. Modest demands from Southern mills
3. Slight weak export demand; Arrivals pressure
4. Production estimated at 270 lakh bales in India in 2006-07

WEATHER:

Mainly dry weather favors the harvest of cotton through central and south India at this time.

TECHNICALS:

Candlesticks hints bearish market for the next trading day. %K-line is remains up and prevails above %D line at neutral region. Prices closed below 9-day and 18-day EMA, hinting downward market for short term and MACD hints bearish market for short term. Open interest steady but volume of trade significantly decreased. Kapas is expected to remain weak following steady to weak opening with possibility of late upwards movement.

MCX Kapas April Contract-2007



SUPPORT / RESISTANCES:

MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	374	372	378.20	382	384

TRADE RECOMMENDATION (INTRADAY)

Sell below 378.50 with target towards 375, second target near 373. Put stop loss above 380.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	376	373	378.80	382	385

TRADE RECOMMENDATION (INTRADAY)

Sell below 380 with target towards 377, second target near 374. Put stop loss above 382.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	10.01.07	9.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1645	1650	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1775	1780	-5.00
Abohar- Punjab	J-34	Rs./Maund	1715	1720	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1570	1580	-10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17500-17900	17500-17900	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	12800-13500	12800-13500	-
Maharashtra	Mech-I-29mm	Rs./Candy	17000-17200	17000-17200	-
Maharashtra	Y-1	Rs./Candy	15000-15600	15000-15600	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17200-17400	17200-17400	-
Madhya Pradesh	Y-1	Rs./Candy	15300-15600	15300-15600	-

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