

COTTON DAILY

10th JANUARY, 2007

SPOT MARKETS:

Bullish market observed in Haryana, Punjab and Rajasthan on Tuesday due to strong futures market and robust demands from local mills. However the market remained steady in the other major parts of the country amidst stable demand supply scenario. Modest buying activity by the exporters also added to bullish tone. New Shankar-6 (28mm) remained steady at Rs.17500-17900/candy in Gujarat on reduced arrivals of 60,000 bales. The arrivals in Maharashtra reduced to 50,000 bales today and prices quoted steady. J-34 continued to increase and prices quoted at Rs.1610-1695/maund on steady arrivals of 9,000 bales in Haryana. It also traded strong in Punjab and offered in the range of Rs.1705-1790/maund on steady arrivals of 16000 bales. The total arrivals declined to 1, 80,000 bales (approx) in the country. The various Government agencies like CCI and Maharashtra State Cotton Federation are procuring cotton at MSP, which is also 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. China's imports are expected to drop to 3.6 MMt, down 15%, whereas imports by other consuming countries are expected to remain stable. Global cotton consumption in 2006/07 is projected at 25.9 MMt. World cotton trade is forecast down by 7% in 2006/07 to 9.0 MMt, but is still the second highest level to date.

INTERNATIONAL MARKET:

NYBOT cotton futures moved up on Monday triggered by trade buying and local short-covering. Late selling in cotton, however, trimmed gains into the closing bell. Most-active March cotton surged 11 points to settle at 54.53 cents and May jumped 27 points to 55.38 cents. Cotton lint prices in China remained in limbo during the week January 1-5. As of Friday, January 5th, the standard grade, T328, was quoted between 12,700-12,900 yuan/ton delivered. The average price in all key cotton provinces was approximately 12,900 yuan/ton.

FUTURES MARKETS:

MCX Kapas futures continued to trade strong on Tuesday amidst speculative buying. Most active April contract gained Rs.1.80 at Rs.383.80 after firm opening at Rs.382.40 and moved between Rs.381.80-384.40. NCDEX Kapas futures remained firm also. Most active April contract surged Rs.1.10 at Rs.384.10 following steady opening at Rs.383 and traded between Rs.381.80-384.80.

PRICE DRIVERS:

1. Strong demands from local mills
2. Demands from Southern mills
3. Slight weak export demand; Arrivals pressure
4. Production likely to get down in Pakistan & China

WEATHER:

Drier and warmer weather will improve harvest conditions for any cotton still in the fields in northwest India and also south India.

TECHNICALS:

Candlesticks hints bullish market for the next trading day. %K-line is moving up and prevailed above %D line at neutral region. Prices closed in between 9-day and 18-day EMA, hinting upward market for short term and MACD hints bullish market for medium term. Open interest increased but volume of trade significantly decreased. Kapas is expected to remain firm following steady to strong opening with possibility of late downwards movement.

MCX Kapas April Contract-2007



SUPPORT / RESISTANCES:

MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	382	380	383.80	387	389

TRADE RECOMMENDATION (INTRADAY)

Buy above 383.50 with target towards 386.50, second target near 388.50. Put stop loss below 381.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	382	379	384.10	388	390

TRADE RECOMMENDATION (INTRADAY)

Buy above 383.50 with target towards 387, second target near 389. Put stop loss below 381.50.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	9.01.07	8.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1650	1645	+5.00
Muktsar-Punjab	J-34	Rs./Maund	1780	1770	+10.00
Abohar- Punjab	J-34	Rs./Maund	1720	1715	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1580	1570	+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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