

## COTTON DAILY

19<sup>th</sup> JANUARY, 2007

### SPOT MARKETS:

Indian cotton prices were steady on Thursday amidst limited local demand but a few sales to buyers in neighbouring Pakistan. Most local mills have stocked cotton and demand is feeble but export sales have been made to Pakistan. New Shankar-6 (28mm) was quoted at Rs.17500-17900/candy in Gujarat on reduced arrivals of 50,000 bales. J-34 registered down at Rs.1580-1665/maund with average arrivals of 6,000 bales in Haryana. In Punjab, it offered steady at Rs.1665-1770/maund on reduced arrivals of 8,000 bales in Punjab. The total arrivals declined to 1,55,000 bales (approx) in the country. According to sources, Pakistan is importing cotton between 50,000-100,000 bales every month from India, which is providing underlying support. Traders said, exporters are reluctant to sell more due to delay in payments from south-east Asia and China. Furthermore, procurement of cotton by government's agencies is also providing support. But, the farmers said that government agencies are delaying payments for several months. They reported that it is required for their winter crop plantings. At present, India is offering cotton at around 53 U.S. cents a pound, c & f, one of the cheapest origins in the world for south-east Asian destinations and China. Besides, the country's cotton production is expected to make all-time high of at least 25 million bales in the current marketing year to September.

### INTERNATIONAL MARKET:

NYBOT cotton futures remained slight up Wednesday amidst speculative buying and capped by trade selling near the highs. Most active March increased 14 points to settle at 55.06 cents a pound, while May gained 16 points to 55.95 cents. The cotton prices remained strong in Pakistan. NIAB styles traded at Rs.2400-2450/maund. K-68 styles are trading at Rs.2575/maund. MNH-93 lots also reached Rs.2575-2,600/maund. China's lint prices remained higher. The average price in all key cotton provinces was approximately 12933 yuan/ton. In Xinjiang, the average T328 lint price is at 12650 yuan/ton.

### FUTURES MARKETS:

MCX Kapas futures backpedaled on Thursday on profit booking and lack of buyers at higher price level. Futures market opened steady but fell from higher level. NYBOT remained up on Wednesday, which is likely to have bullish impact at early hour. Most active April contract slipped Rs.1.10 at Rs.383 after steady opening at Rs.384.20 and traded between Rs.382.90-385.10. NCDEX most active April contract lost Rs.1.40 at Rs.383.60 after steady opening at Rs.384.80 and hovered between Rs.383.50-385.90.

### PRICE DRIVERS:

1. Limited demand from local mills; Arrivals pressure
2. Monthly export demand from Pakistan
3. Procurement by the Government's agencies
4. Payment problem from importers

### WEATHER:

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

### TECHNICALS:

Candlesticks show bearish market for the next trading day. %K-line prevails above %D line at overbought region, indicating technical weakness. Prices closed above 9-day and 18-day EMA, hints steady market for medium term and MACD hints steady to upward market for medium term. Open interest increased but volume of trade decreased. Kapas is likely to remain down after 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	380	378	383	386	388

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 384.50 with target towards 381, second target near 379. Put stop loss above 386.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	380	377	383.60	387	390

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 385 with target towards 381, second target near 379. Put stop loss above 388.

# VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	18.01.07	17.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1615	1620	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1760	1755	+5.00
Abohar- Punjab	J-34	Rs./Maund	1685	1685	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1565	1565	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17500-17900	17500-17900	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	12800-13200	12700-13400	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	17200-17400	17300-17400	-100.00
Maharashtra	Y-1	Rs./Candy	15300-15600	15300-15700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17500-17700	17500-17800	-
Madhya Pradesh	Y-1	Rs./Candy	15400-15600	15300-15600	+100.00

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