

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices recovered further on Wednesday at the North Indian market amidst good demand from local mills and foreign buyers. But the market remained stable at the other markets on account of stable demand supply scenario. New Shankar-6 (28mm) remained stable at Rs.17500-17900/candy in Gujarat on steady arrivals of 60,000 bales. J-34 improved by Rs.5-10/maund in North India and prices quoted at Rs.1600-1675/maund with average arrivals of 7,000 bales in Haryana. In Punjab, it offered in the range of Rs.1665-1765/maund on account of steady arrivals of 10,000 bales in Punjab. The total arrivals remained steady at 1,60,000 bales (approx) in the country. According to sources, the annual cotton production in this year is expected to grow 30% as compared to last year. This year a mark yield of 270 lakh bales has placed India to the second position after China and ahead of US. The western states like Vidharbha and Marathwada have contributed significantly to the total output of the cotton yield. Maharashtra and Gujarat is likely to contribute around 45 lakh and 100 lakh bales respectively. The 9 million acres under Bt cotton which fight the dreaded bollworm is supposed to add more than Rs7,000 crore to rural India's income in 2006.

### INTERNATIONAL MARKET:

NYBOT cotton futures settled modestly up Tuesday amidst speculative and fund buying in fairly strong volume. Most-active March climbed 22 points to settle at 54.92 cents a pound, and May surged 23 points to 55.79 cents. Pakistan's local prices have rallied over the past week, as domestic mills have continued to take up available supplies. NIAB styles traded this week 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 traded strong after weak opening on buying support but profit booking at late hour pulled down the prices and remained unchanged Wednesday. NYBOT remained up on Tuesday, which is likely to have bullish impact. Most active April contract remained unchanged at Rs.383.60 after weak opening at Rs.383.10 and traded between Rs.382.10-385.40. NCDEX most active April contract settled Rs.1 up at Rs.384.80 after firm opening at Rs.384.40 and hovered between Rs.382.40-386.30.

### PRICE DRIVERS:

1. Strong demand from local mills
2. Improved demands from Southern mills
3. Procurement by the Government's agencies
4. Production likely to increase by 30% over last year

### WEATHER:

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

### TECHNICALS:

Candlesticks hint slight upward market for the next trading day. %K-line remains above %-D line at neutral region, indicating bullish market. Prices closed above 9-day and 18-day EMA, hinting bullish market for medium term and MACD also hints upward market for medium term. Open interest as well as volume of trade decreased. Kapas is expected to trade slight up after steady to weak 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	383.60	386	389

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 386 with target towards 383.50, second target near 381. Put stop loss above 387.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	383	380	384.80	387	390

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 387 with target towards 384, second target near 382. Put stop loss above 389.

#### VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	17.01.07	16.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1620	1615	+5.00
Muktsar-Punjab	J-34	Rs./Maund	1755	1745	+10.00
Abohar- Punjab	J-34	Rs./Maund	1685	1680	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1565	1555	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17500-17900	17500-17900	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	12700-13400	12700-13400	-
Maharashtra	Mech-I-29mm	Rs./Candy	17300-17400	17300-17400	-
Maharashtra	Y-1	Rs./Candy	15300-15700	15300-15700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17500-17800	17500-17800	-
Madhya Pradesh	Y-1	Rs./Candy	15300-15600	15300-15600	-

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