

COTTON DAILY

9th JANUARY, 2007

SPOT MARKETS:

Cotton traded firm on Monday in Gujarat, Haryana, Punjab and Rajasthan due to fresh demands from Southern mills. Modest buying activity by the exporters also added to bullish tone. New Shankar-6 (28mm) increased to Rs.17500-17900/candy in Gujarat on steady arrivals of 65,000 bales. The arrivals in Maharashtra remained slight up at 55,000 bales today but prices quoted steady amidst demands from southern mills. J-34 traded strong and prices quoted at Rs.1615-1685/maund on steady arrivals of 9,000 bales in Haryana. This variety also traded strong in Punjab and offered in the range of Rs.1700-1780/maund despite higher arrivals of 16000 bales. The total arrivals stood at 1, 90,000 bales (approx) in the country. The various Government agencies like CCI and Maharashtra State Cotton Federation have started purchasing more cotton at MSP. The federation, so far has procured 23 lakh quintals and CCI 20 lakh quintals within the state. This year, cotton yield in Maharashtra has increased substantially because farmers have used Bt seed from Andhra Pradesh. According to CCI, the total estimated yield of cotton crop during current season of October to September is 270 lakh bales, a growth of almost 11 percent over last year's crop of 244 lakh bales in Maharashtra. On the other hand, Pakistan Cotton Ginners Association (PCGA) estimated cotton production for the current season till December 31, 2006 at 11.08 million bales, down by 0.16 million bales as against of 11.24 million bales during the same period last year. But Agriculture Commissioner in Pakistan has ruled out the possibility of cotton import from India via land because of certain reasons.

INTERNATIONAL MARKET:

NYBOT remained closed on Saturday. Cotton prices in Pakistan witnessed steady in the domestic market due to thin trading as Eid holidays in the first week of the new calendar year. Cotton spot rate remained unchanged for base grade-III at Rs.2,500/maund by the Spot Rate Committee of Karachi Cotton Association (KCA). However, in the international market, cotton prices remained weak. Cotlook cotton indexes remained weak.

FUTURES MARKETS:

MCX Kapas futures traded strong on Monday amidst buying support at lower level and strong spot prices. Most active April contract surged Rs.4 at Rs.382.50 after firm opening at Rs.379.90 and moved between Rs.379.50-382.50. NCDEX Kapas futures also traded strong. Most active April contract gained Rs.4.70 at Rs.383.60 following strong opening at Rs.380.40 and moved between Rs.379.30-383.70.

PRICE DRIVERS:

1. Buying support from exporters
2. Demands from Southern mills
3. Slowed down export demand; Arrivals pressure
4. Downward production 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 upward market for the next trading day. %K-line is going up and remained above %D line at neutral region. Prices closed in between 9-day and 18-day EMA, hinting bullish market for short term while MACD indicates positive market for medium term. Open interest decreased but volume of trade significantly increased. Kapas is likely to trade up 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	380	378	382.50	386	388

TRADE RECOMMENDATION (INTRADAY)

Buy above 381.50 with target towards 385, second target near 387. Put stop loss below 379.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	381	378	383.60	388	390

TRADE RECOMMENDATION (INTRADAY)

Buy above 382.50 with target towards 387, second target near 389. Put stop loss below 380.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	7.01.07	6.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1645	1645	-
Muktsar-Punjab	J-34	Rs./Maund	1770	1760	+10.00
Abohar- Punjab	J-34	Rs./Maund	1715	1705	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1570	1550	+20.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17500-17900	17400-17900	+100.00
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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