

COTTON DAILY

27th DECEMBER, 2006

SPOT MARKETS:

Cotton prices remained marginally weak in North India and M.P. despite reduced arrival amidst sluggish demand from the millers. However the market witnessed steady sentiment in other places. New Shankar-6 (28mm) quoted steady at around Rs.17800-18200 per candy in Gujarat with steady arrival of 65000 bales. In Maharashtra, cotton traded steady with steady arrival of 50000 bales, therefore S-6 (29mm) for ready delivery quoted at Rs.17300-17500 per candy. J-34 cotton slipped in Haryana and Punjab. It traded at Rs.1640-1715 per maund with totalled arrival of 6000 bales in Haryana while it quoted down at Rs.1710-1785 per maund in Punjab with average intake of 15000 bales. The total arrival stood at around 1,90,000 bales in the country. Harvesting of cotton is going on and it is likely to be completed in January-February, traders said. Higher crop production report from China and Pakistan is keeping pressure on Indian cotton prices. Furthermore, the Cotton Advisory Board (CAB) has estimated a crop of 25.0 to 25.5 million 170-kilogram bales of cotton for the 2005-06 cotton season. The 2004/05 crop was estimated at 24.3 million 170-kilogram bales. Prices of cottonseed oilcake in Akola remain at Rs 295.90 and Rs.328.50 per 50 Kg at Kadi market.

INTERNATIONAL MARKET:

NYBOT remained closed for the eve of Christmas. In Pakistan, cotton trading remained sluggish owing to slow transportation of cotton bales before Eid-ul-Azha holidays in domestic cotton market. Slow trading brought down lint cotton to Rs2,350-Rs2,575/maund from Rs2,400-Rs2,575/maund in Punjab.

FUTURES MARKETS:

MCX Kapas futures remained bearish following slight weak opening on Tuesday amidst weak spot prices and selling pressure. Futures market opened slight weak and went to up at early hour but fell thereafter. Most active April contract lost Rs.4.90 at Rs.387.90 after weak opening at Rs.392.20 and moved within the range of Rs.387.30-393.40. Kapas futures remained weak also at the NCDEX.

PRICE DRIVERS:

Bullish:

1. Moderate export demand from Bangladesh
2. Reduced arrival

Bearish:

1. Delayed Govt procurement
2. Poor import demand from Pakistan
3. Higher production report in China and Pakistan

WEATHER:

Drier and warmer weather will help to improve harvest conditions for any cotton still in the fields in northwest India. A recent turn to drier/warmer weather in south India has helped to improve conditions for open boll cotton, after earlier rains.

TECHNICALS:

Candlesticks hints bearish market. %K-line moving down in neutral region, indicating weak market. Prices closed below 9-day and 18-day EMA, hinting weak market for medium term and MACD also indicates bearish market for medium term. Open interest increased as well as volume of trade increased. Markets are likely to trade down 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	385.9	383.9	387.9	390.9	392.0

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	385.60	382.5	388.20	395.5	398.5

TRADE RECOMMENDATION: (INTRADAY)

MCX Kapas April Contract 2007:

Traders might take position to **Sell** below 391 with target towards 387, second target near 385. Put stop loss above 393.

NCDEX Kapas April Contract 2007:

Traders might take position to **Sell** below 391 with target towards 386.5, second target near 384. Put stop loss above 394.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	26.12.06	25.12.06	Change
Sirsa- Haryana	J-34	Rs/Maund	1695	1700	-5.00
Muktsar-Punjab	J-34	Rs/Maund	1785	1790	-5.00
Abohar- Punjab	J-34	Rs/Maund	1740	1740	-
Sri Ganganagar- Rajasthan	J-34	Rs/Maund	1590	1600	-10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17800-18200	17800-18200	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	13000-14000	13000-14000	-
Maharashtra	Mech-I-29mm	Rs./Candy	17300-17500	17300-17500	-
Maharashtra	Y-1	Rs./Candy	15300-15500	15300-15700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17400-17600	17500-17700	-100.00
Madhya Pradesh	Y-1	Rs./Candy	15400-15700	15500-15800	-100.00

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