

## COTTON DAILY

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

### SPOT MARKETS:

Indian cotton prices continued to remain steady on Friday amidst limited local demand but a few sales to buyers in neighbouring Pakistan. However the prices tumble by Rs.10/maund in North India on account of limited offtake by the local mills as they have well stocked with cotton. Therefore demand remained feeble. New Shankar-6 (28mm) traded stable at Rs.17500-17900/candy in Gujarat with arrivals of 50,000 bales. J-34 plunged and quoted at Rs.1570-1655/maund with average arrivals of 7,000 bales in Haryana. In Punjab, it offered down at Rs.1660-1760/maund with steady arrivals of 8,000 bales in Punjab. The total arrivals remained at 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 acreage of GM Bt cotton is estimated to have surpassed that of China in 2006 for the first time.

### INTERNATIONAL MARKET:

NYBOT cotton futures backpedaled Thursday amidst spread trades and industry sales that pushed values to two-session lows. Most-active March slipped 53 points to settle at 54.53 cents a pound, and May slid 43 points to 55.52 cents. Profit taking was also seen at mostly higher level. The U.S. dollar was mixed against the world's major currencies, up versus the Japanese yen but weak against the euro. Cotlook Cotton indexes are unchanged Thursday. North Europe A Index (2006-07 Crop) remained at 60.60 cents/pound while B Index was at 57.65 cents/pound. Far Eastern A Index (2006-07 Crop) remained at 59.20 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures continued to trade bearish Friday amidst selling pressure and weak spot market price. NYBOT remained down on Thursday, which is likely to have bearish impact. Market opened weak and traded down through out the session. Most active April contract lost Rs.1.10 at Rs.380.60 after weak opening at Rs.382.70 and traded between Rs.379.50-382.70. NCDEX most active April contract slipped Rs.2.10 at Rs.381.70 after weak opening at Rs.383 and hovered between Rs.380.50-383.50.

### PRICE DRIVERS:

1. Limited offtake by the local mills; Well stocked to the mills
2. Monthly export demand from Pakistan
3. Procurement by the Government's agencies

### WEATHER:

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

### TECHNICALS:

Candlesticks indicate bearish market for the next trading day. %K-line moving down after made bearish cut with %D line at neutral region, indicating technical weakness. Prices closed below 9-day and 18-day EMA, hints steady to bearish market for medium term and MACD indicates steady market for medium term. Open interest as well as volume of trade increased. Kapas is likely to trade bearish 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	378	376	380.60	383	386

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 381.50 with target towards 378.50, second target near 377. Put stop loss above 383.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	378	375	381.70	383	385

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 382 with target towards 379, second target near 377. Put stop loss above 385.

# VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	19.01.07	18.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1610	1615	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1750	1760	-10.00
Abohar- Punjab	J-34	Rs./Maund	1680	1685	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1560	1565	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17500-17900	17500-17900	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	12800-13200	12800-13200	-
Maharashtra	Mech-I-29mm	Rs./Candy	17200-17400	17200-17400	-
Maharashtra	Y-1	Rs./Candy	15300-15600	15300-15600	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17500-17700	17500-17700	-
Madhya Pradesh	Y-1	Rs./Candy	15400-15600	15400-15600	-

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