

COTTON DAILY

1st JANUARY, 2007

SPOT MARKETS:

Cotton prices witnessed steady to rangebound sentiment on Saturday at most of the domestic market due to almost stable demand supply scenario. Robust import demands from neighbouring countries continued to provide underlying support. However the prices rose marginally in Punjab mandis amidst fresh demand. New Shankar-6 (28mm) continued to remain steady at around Rs.17700-18200 per candy in Gujarat with reduced arrivals of 60000 bales. In Maharashtra also, cotton remained steady with steady arrivals of 50000 bales, therefore S-6 (29mm) for ready delivery quoted at Rs.17300-17500 per candy. J-34 cotton gained Rs.5/maund in Punjab. It traded at Rs.1635-1730 per maund with totalled arrivals of 11000 bales in Haryana while it quoted up at Rs.1720-1805 per maund in Punjab amidst poor arrival. The total arrivals reduced to 1,70,00,000 bales in the country. Traders said, fresh export demand from Bangladesh, Pakistan and China continued to support the market. Indian cotton is fetching popularity in the small spinning market of the Philippines. In September, Philippines imported 1,621 bales from India. Additional Indian cotton also came in from Singapore, adding 1,098 bales. Furthermore, CAB released its latest production estimate for 2006/07 placing the crop at 27 million bales, up from 24.4 million bales produced in 2005/06 and representing a new record.

INTERNATIONAL MARKET:

NYBOT cotton futures backpedaled on Friday amidst technical selling pressure owing to overbought conditions and traders booked profits on the final business day of the year. Most-active March slipped 77 points to settle at 56.19 cents a pound. Trading activity witnessed moderate at the Karachi cotton market on Friday. Around 9,000 bales changed hands. The Karachi cotton association (KCA) spot rate remained unchanged at Rs.2,500/maund.

FUTURES MARKETS:

MCX Kapas futures maintained rangebound sentiment on Saturday on thin trading activity. Weakness in NYBOT cotton market is likely to have bearish impact on weak opening. Futures market opened weak and traded within the narrow range. Most active April contract gained Rs.0.10 at Rs.388.20 after weak opening at Rs.387.30 and moved between Rs.387.30-389. But it traded slight bearish at the NCDEX with thin trading activity.

PRICE DRIVERS:

Bullish:

1. Export demand; Millers demand; Reduced arrival

Bearish:

1. Higher production report in China and Pakistan
2. Harvesting pressure

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 bullish market. %K-line moving up after made bullish cut with %D line at oversold region, indicating bullish market. Prices closed below 9-day and 18-day EMA, hinting bearish market for medium term and MACD also indicates bearish market for medium term. Open interest as well as volume of trade slightly decreased. Markets are likely to trade weak following steady to strong 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	386	383	388.20	392	395

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	385.60	382.50	389.20	395.50	398.50

TRADE RECOMMENDATION: (INTRADAY)

MCX Kapas April Contract 2007:

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

NCDEX Kapas April Contract 2007:

Traders might take position to **Buy** above 388 with target towards 392, second target near 394. Put stop loss below 385.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	30.12.06	29.12.06	Change
Sirsa- Haryana	J-34	Rs./Maund	1695	1700	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1805	1800	+5.00
Abohar- Punjab	J-34	Rs./Maund	1755	1750	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1590	1590	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17700-18100	17700-18100	-
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	15200-15700	15200-15700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17500-17700	17300-17500	+200.00
Madhya Pradesh	Y-1	Rs./Candy	15500-15700	15500-15800	-

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