

COTTON DAILY

28th DECEMBER, 2006

SPOT MARKETS:

Cotton traded steady on Wednesday amidst stable demand supply scenario. Arrivals remained marginally weak as compared to previous day, traders said. The demand from the small millers witnessed moderate however demand from big millers were scanty. New Shankar-6 (28mm) quoted marginally down at around Rs.17700-18200 per candy in Gujarat with steady arrivals of 65000 bales. In Maharashtra, cotton continued to trade steady with steady arrivals of 50000 bales, therefore S-6 (29mm) for ready delivery offered at Rs.17300-17500 per candy. J-34 cotton remained rangebound in Haryana and Punjab amidst steady arrivals. It traded at Rs.1640-1715 per maund with totalled arrivals of 7000 bales in Haryana while it quoted at Rs.1710-1785 per maund in Punjab with average intake of 15000 bales. The total arrivals were reported to be around 1,85,000 bales in the country. Harvesting of cotton is going on and it is likely to be completed in January-February, traders said. Traders said, steady export demand from Bangladesh, Pakistan and China are offsetting the higher arrivals. They reported around 28-30 lakh bales of cotton exported from India so far in this year and about 20-22 lakh bales of cottons are likely to be exported in these countries. Prices of cottonseed oilcake in Akola remained down at Rs 292.55 and Rs.326.80 per 50 Kg at Kadi market.

INTERNATIONAL MARKET:

NYBOT cotton futures rose to three-month highs on Tuesday amidst fund buying and speculative buying on continued technical strength, aggressive options trades and a lack of selling pressure. Most-active March contract increased 83 points to 56.61 cents a pound. Cotton prices in China strengthened this month over past month due to growing textile exports and steady domestic consumption. Average quality cotton was quoted around 12,832 yuan/ton at the major growing regions in this week.

FUTURES MARKETS:

MCX Kapas futures remained range bound to slight weak on Wednesday following strong opening and settled at negative territory. The bullish trend of international futures market like NYBOT and CNCE is expected to have bullish impact for firm opening. Most active April contract lost Rs.0.60 at Rs.387 after strong opening at Rs.388.70 and moved within the range of Rs.386.30-389. Kapas futures remained slight weak at the NCDEX.

PRICE DRIVERS:

Bullish:

1. Continuing export 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 bearish market. %K-line moving down in neutral region, indicating bearish 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 but volume of trade decreased. 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	383	387	390	393

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	385.60	382.5	388.10	395.5	398.5

TRADE RECOMMENDATION: (INTRADAY)

MCX Kapas April Contract 2007:

Traders might take position to **Sell** below 390 with target towards 386, second target near 385. Put stop loss above 392.

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	27.12.06	26.12.06	Change
Sirsa- Haryana	J-34	Rs/Maund	1695	1695	-
Muktsar-Punjab	J-34	Rs/Maund	1790	1785	+5.00
Abohar- Punjab	J-34	Rs/Maund	1740	1740	-
Sri Ganganagar- Rajasthan	J-34	Rs/Maund	1590	1590	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17700-18200	17800-18200	-100.00
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	15300-15700	15300-15500	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17400-17600	17400-17600	-
Madhya Pradesh	Y-1	Rs./Candy	15400-15700	15400-15700	-

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