

COTTON DAILY

23rd JANUARY, 2007

SPOT MARKETS:

Cotton stayed stable in Gujarat on Monday on limited demand from mills with modest trading activity. However the market recovered in North India amidst increased buying activity by the mills but the prices tumbled slightly in Maharashtra and M.P. mandis due to reduced demand from South India. In the meantime, the local mills have well stocked with cotton and the demand remained weak from them, traders said. New Shankar-6 (28mm) remained steady at Rs.17500-17900/candy in Gujarat with reduced arrivals of 45,000 bales. J-34 quoted steady at Rs.1590-1650/maund on steady arrivals of 6,000 bales in Haryana. In Punjab, it registered up at Rs.1640-1760/maund with lower arrivals of 9,000 bales in Punjab. The total arrivals reduced to 1,40,000 bales (approx) in the country. In addition to, Pakistan is importing cotton between 50,000-100,000 bales per month from India, which is providing underlying support. But the exporters are not interested to sell more cotton due to delay in payments from south-east Asia and China. Besides this, the government agencies are delaying payments to the farmers for several months though the procurement is running on. Farmers said 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. In India, the acreage of GM Bt cotton is estimated to have surpassed that of China in 2006 for the first time. The area has increased to 3.8 million hectares for 2006, up from 1.3 million hectares a year earlier. The area under Bt cotton in China is estimated at 3.5 million hectares. The total area under cotton cultivation in India was estimated at 8.87 million hectares in 2006.

INTERNATIONAL MARKET:

NYBOT remained closed on Saturday. Cotlook Cotton indexes declined Friday. North Europe A Index (2006-07 Crop) remained down by 30 points at 60.30 cents/pound and B Index also down by 30 points at 57.35 cents/pound. Far Eastern A Index (2006-07 Crop) quoted down by 25 points at 58.95 cents/pound.

FUTURES MARKETS:

MCX Kapas futures traded firm Monday on limited trading activity amidst lack of buyers at higher price level. NYBOT remained closed on Saturday. Market opened strong and went to mostly up on buying support but tumbled thereafter on profit taking and settled at positive territory. Most active April contract gained Rs.1 at Rs.384.20 after firm opening at Rs.383.50 and traded between Rs.383.10-384.80. NCDEX most active April contract increased Rs.1.40 at Rs.384.90 after mostly strong opening at Rs.385.70 and hovered between Rs.383.60-386.20.

PRICE DRIVERS:

1. Increased offtake by the local mills in North
2. Local mills have well stocked with cotton
3. Pakistan's monthly import demand
4. Delay in payment

WEATHER:

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

TECHNICALS:

Candlesticks indicate slight strong market for the next trading day. %K-line moving up after made bullish cut with %D line at neutral region, indicating bullish market. Prices closed above 9-day and 18-day EMA, indicates steady to upward market for medium term and MACD also indicates bullish market for medium term. Open interest slightly decreased but volume of trade increased significantly. Kapas is expected to remain bullish after steady to firm 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	382	380	384.20	386	389

TRADE RECOMMENDATION (INTRADAY)

Sell below 386 with target towards 383.50, second target near 381.50. Put stop loss above 388.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	381	379	384.90	387	390

TRADE RECOMMENDATION (INTRADAY)

Sell below 385.50 with target towards 382, second target near 380. Put stop loss above 388.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	22.01.07	20.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1600	1600	-
Muktsar-Punjab	J-34	Rs./Maund	1740	1735	+5.00
Abohar- Punjab	J-34	Rs./Maund	1655	1650	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1555	1540	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17500-17900	17500-17900	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	12700-13200	12700-13200	-
Maharashtra	Mech-I-29mm	Rs./Candy	17100-17300	17200-17300	-100.00
Maharashtra	Y-1	Rs./Candy	15200-15600	15200-15700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17300-17500	17400-17600	-100.00
Madhya Pradesh	Y-1	Rs./Candy	15300-15500	15300-15600	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.