

COTTON DAILY

6th JANUARY, 2007

SPOT MARKETS:

Cotton prices restricted at lower level in Gujarat, M.P., and Maharashtra market on almost stable demand supply scenario amidst reduced arrival. However the prices plunged in North Indian markets amidst lacklustre trading activity and feeble demand for fresh export. New Shankar-6 (28mm) traded steady at Rs.17500-18000/candy in Gujarat with reduced arrivals of 60000 bales. In Maharashtra, S-6 (29mm) for ready delivery offered steady at Rs.17000-17300/candy with reduced arrivals of 50000 bales. But J-34 traded down at Rs.1590-1680/maund with higher arrivals of 10000 bales in Haryana and Rs.1680-1760/maund in Punjab with higher arrivals of 15000 bales. The total arrivals reduced to 1,75,000 bales (approx) in the country. At present, the export price of Indian cotton are at around 53-54 U.S. cents/pound, c & f, one of the cheapest origins in the world for south-east Asian destinations and China. the trading firm in Mumbai has contracted to import 600 metric tons (Mt) of raw cotton (medium staple grade) from Ethiopia at the rate of 50.5 U.S. cents a pound, cost and freight included, for delivery at the end of January and in February. They included that international cotton prices have decreased significantly as compared to past few months, which is making contracts cheaper for duty-free imports.

INTERNATIONAL MARKET:

NYBOT cotton futures traded bearish on Thursday along with outside markets due to the dollar made gains versus the euro and the CRB Commodity Index plunged lower. Most-active March cotton slipped 33 points at 54.56 cents a pound. Cotlook cotton indexes remained weak on Thursday. For the week, the North Europe A Index is down 105 points while the North Europe B Index is down 75 points. The Far Eastern A Index is 110 points lower on the week.

FUTURES MARKETS:

MCX Kapas futures rebounded to up on profit booking and fresh buying support at mostly lower side due to oversold market. Futures market opened weak and recovered thereafter and settled at positive territory. Most active April contract jumped Rs.5.20 at Rs.379.40 after weak opening at Rs.373.90 and moved between Rs.372.60-379.40. NCDEX Kapas futures also recovered Friday. Most active April contract gained Rs.6.20 at Rs.381.30 and moved between Rs.375-381.30.

PRICE DRIVERS:

Bullish:

1. Cotton exports expected to be pick up

Bearish:

1. Higher acreage; Slowed down export demand
2. Arrivals pressure; Harvesting pressure

WEATHER:

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

TECHNICALS:

Candlesticks indicate bullish market. %K-line moving up after made bullish cut with %D line at oversold region. Prices closed far below 9-day and 18-day EMA, hinting downward market for medium term but MACD indicates positive market for medium term. Open interest as well as volume of trade decreased. Markets are expected to trade up following steady to strong 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	377	373	379.40	383	386

TRADE RECOMMENDATION (INTRADAY)

Buy above 378.5 with target towards 382.5, second target near 385. Put stop loss below 376.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	379	376	381.30	386	388

TRADE RECOMMENDATION (INTRADAY)

Buy above 381 with target towards 385, second target near 387. Put stop loss below 378.50.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	5.01.07	4.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1640	1645	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1755	1765	-10.00
Abohar- Punjab	J-34	Rs./Maund	1705	1710	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1530	1540	-10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17500-17800	17500-17800	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	12800-13500	12800-13500	-
Maharashtra	Mech-I-29mm	Rs./Candy	17000-17200	17000-17200	-
Maharashtra	Y-1	Rs./Candy	15000-15400	15000-15400	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17200-17400	17200-17400	-
Madhya Pradesh	Y-1	Rs./Candy	15300-15600	15300-15600	-

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