

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices improved marginally in North India on strong demand from local mills, exporters along with reduced arrivals. Southern mills continued to show good demand for Maharashtra cotton. However the market remained almost steady in the other regions on stable demand supply scenario. New Shankar-6 (28mm) registered steady at Rs.17600-17800/candy in Gujarat with slight higher intake of 42,000 bales. J-34 surged and quoted at Rs.1590-1670/maund with steady arrivals of 5,000 bales in Haryana. In Punjab, it traded at Rs.1635-1730/maund with reduced arrivals of 7,500 bales. The total arrivals increased to 1,30,000 bales (approx) in the country. However lack of new export deal is keeping pressure on the cotton prices despite strong import demand from other countries. Traders said, payments from several earlier export deals have still not been received from buyers and this has led to a slowdown in finalization of further contracts. In addition to, the government agencies are delaying payments to the farmers for several months though the procurement is running on. At present, India is offering cotton at around 52 U.S. cents a pound, c & f, one of the cheapest origins in the world for south-east Asian destinations and China. The price advantage of Indian cotton has again stimulated some interest from Italy; but for now, no offtake can be confirmed.

### INTERNATIONAL MARKET:

NYBOT remained closed on Saturday due to weekend holiday. In China, cotton lint prices continued to show sideways movement, with the standard T328 quoted an average inland price of 12,970 yuan/ton. Cotton prices in Pakistan have continued to rally due to domestic mills aggressively take up local cotton. NIAB varieties rallied Rs.25-75/maund, with average prices reaching Rs.2,475/maund. MNH-93 price surged up to Rs.25/maund, putting prices at Rs.2,565-2,625/maund. The Cotlook Cotton indexes are unchanged Friday. North Europe A Index unchanged at 60.30 cents/pound. North Europe B Index was at 57.15 cents/pound. Far Eastern A Index was at 58.90 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures hovered up Monday amidst strong speculative buying and strong international prospect. NYBOT remained closed. Market soared after mostly strong opening and made contract high but profit taking at upper level pushed back the prices from day's higher level. Most active April contract surged Rs.5.30 at Rs.401.60 after strong opening at Rs.397 and hovered between Rs.397-406.50. NCDEX most active April contract climbed Rs.5.90 at Rs.403 following strong opening at Rs.398 and moved between Rs.398-407.60.

### PRICE DRIVERS:

1. Strong demand from the local mills and exporters
2. No fresh export deal amidst payment problem
3. Regular demand from Pakistan

### WEATHER:

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

### TECHNICALS:

Candlesticks hints downward market for the next trading day. %K-line moving down after made a bearish cut with %D line at overbought region, indicating technical weakness. Prices closed far above 9-day and 18-day EMA, hinting bullish market for medium term and MACD also indicates upward market for medium term. Open interest decreased slightly but volume of trade significantly increased. Kapas is likely to trade down 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	398	395	401.60	403	407

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 402 with target towards 399, second target near 397. Put stop loss above 404.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	400	397	403	405	408

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 405 with target towards 402, second target near 400. Put stop loss above 407.

# VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	29.01.07	27.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1615	1610	+5.00
Muktsar-Punjab	J-34	Rs./Maund	1720	1720	-
Abohar- Punjab	J-34	Rs./Maund	1665	1655	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1590	1595	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17600-17800	17600-18000	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	13000-13500	12900-13300	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	17300-17500	17300-17500	-
Maharashtra	Y-1	Rs./Candy	15300-15600	15300-15600	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17500-17600	17500-17600	-
Madhya Pradesh	Y-1	Rs./Candy	15300-15600	15300-15600	-

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