

COTTON DAILY

15th JANUARY, 2007

SPOT MARKETS:

Cotton prices continued to remain bearish at the domestic market Saturday amidst lacklustre trade on feeble demand from local mills and foreign buyers despite lower arrivals. Most mills had already stocked for the next few months. The demands from the exporters also got weakened due to lack of new consignment with the importers. New Shankar-6 (28mm) quoted down at Rs.17400-17900/candy in Gujarat on reduced arrivals of 50,000 bales. J-34 declined mostly in North India and prices quoted at Rs.1590-1670/maund with mostly weak arrivals of 4,000 bales in Haryana. It traded mostly weak in Punjab and quoted in the range of Rs.1660-1765/maund despite weak arrivals of 6000 bales. The total arrivals reduced to 1,40,000 bales (approx) in the country. Northern India Cotton Association has released its seventh production estimates on cotton crop for the 2006/07 season for the Northern Zone. The cotton crop is placed at 4.627 million 170-kilogram bales, which only represents a 4,000-bale decline from the previous estimate. Production still exceeds last season's 3,972,348 170-kilogram bales of production. Furthermore, cotton spinners in Pakistan have urged upon their federal government to allow cotton imports from India via the Wagha Border, to enable them to meet the shortage of around three million bales of cotton in the country.

INTERNATIONAL MARKET:

NYBOT cotton futures rallied Friday despite bearish USDA January crop production and supply/demand report but trade buying lifted prices off of early lows and large fund and speculative buying later pushed prices to one-week highs. Most-active March cotton climbed 66 points to settle at 54.70 cents, and May jumped 78 points to 55.56 cents. The Cotlook Cotton indexes remained unchanged Friday. North Europe A Index (2006-07 Crop) remained at 60.00 cents/pound. North Europe B Index (2006-07 Crops) remained at 57.25 cents/pound. Far Eastern A Index (2006-07 Crop) quoted at 58.70 cents/pound.

FUTURES MARKETS:

MCX Kapas futures traded rangebound Saturday on volatile trading. Futures market traded firm at early hour after steady opening amidst buying support but settled down from day's higher level. Most active April contract settled Rs.0.20 up at Rs.376.60 after steady opening at Rs.376.40 and traded between Rs.375.40-377.90. NCDEX Kapas futures remained unchanged at Rs.376.70 following firm opening at Rs.377 and hovered between Rs.375.60-378.50.

PRICE DRIVERS:

1. Lack of demand from local mills & foreign buyers
2. Reduced demands from Southern mills
3. Weak export demand from China; Arrivals pressure
4. Production estimated at 270 lakh bales in India in 2006-07

WEATHER:

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

TECHNICALS:

Candlesticks indicate indecisive market for the next trading day. %K-line remains below %D line at neutral region, indicating bearish market. Prices closed below 9-day and 18-day EMA, indicating slight weak market for short term and MACD hints steady to weak market for short term. Open interest as well as volume of trade increased. Kapas is expected to remain up following steady to weak 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	373	370	376.60	379	382

TRADE RECOMMENDATION (INTRADAY)

Buy above 374 with target towards 378, second target near 381. Put stop loss below 371.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	374	371	376.70	381	384

TRADE RECOMMENDATION (INTRADAY)

Buy above 375 with target towards 379, second target near 383. Put stop loss below 372.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	13.01.07	12.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1615	1630	-15.00
Muktsar-Punjab	J-34	Rs./Maund	1750	1760	-10.00
Abohar- Punjab	J-34	Rs./Maund	1680	1700	-20.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1555	1570	-15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17400-17900	17500-17900	-100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	12700-13000	12800-13200	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	17300-17500	17300-17500	-
Maharashtra	Y-1	Rs./Candy	15200-15500	15300-15600	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17200-17400	17400-17600	-200.00
Madhya Pradesh	Y-1	Rs./Candy	15300-15600	15300-15700	-

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