

## COTTON DAILY

14<sup>th</sup> FEBRUARY, 2007

### SPOT MARKETS:

Cotton prices continued to increase on Tuesday in North India market in response to bullish advices from the futures market and mostly weak arrivals. However cotton trades in Punjab observed slow movements due to ongoing polling for State Assembly elections Tuesday. Therefore arrivals were only nominal in Gujarat market. The totalled arrivals reduced to 70,000 bales in the country. On Tuesday, Shankar-6 (28mm) quoted steady at Rs.18000-18500/candy in Gujarat on average arrivals of 30,000 bales. J-34 traded firm at Rs.1685-1760/maund with weak arrivals of 2,000 bales in Haryana. In Punjab, it quoted slight up at Rs.1720-1800/maund without arrivals. Traders are anticipating that the prices will go up in near future because of weakness in arrivals and expectation of higher export demand. In addition to, the cotton prices have been witnessing volatility due to intervention by CCI, according to trade sources. However market sources said, the recent hike in cotton prices is not justified as because lack of significant movement in international markets. Besides, the overall cotton consumption by the domestic textile mills is likely to touch 218-220 lakh bales, which are also up from the set target of 202 lakh bales by CAB. All major textile mills have stocked up to 90% of their cotton requirements for the year. Total domestic cotton consumption has already touched about 175 lakh bales, even as the season has four months left. According to sources, around 185-190 lakh bales of cotton have arrived in various cotton markets across the country and over 55 lakh bales were carry-forward stock from last year.

### INTERNATIONAL MARKET:

NYBOT cotton futures tumbled Monday on speculative and local selling as ideas that demand is unexpected to improve over the next few weeks because China prepares for its New Year celebrations. March cotton slipped 52 points to settle at 52.24 cents a pound, and May slid 58 points to 52.78 cents. Cotlook Cotton indexes increased on Monday. North Europe A Index (2006-07 Crop) was up by 35 points at 59.05 cents/pound while North Europe B Index (2006-07 Crop) gained 30 points at 56.90 cents/pound. Far Eastern A Index (2006-07 Crop) surged 30 points at 57.65 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures rebounded to up at late hour of trading on Tuesday amidst buying support at lower level and strong spot sentiment. NYBOT remained closed on Monday, which is likely to have bearish impact at early hour. Market tumbled after weak opening but recovered at late hours and settled up. Most active April contract gained Rs.1.70 at Rs.424.90 after weak opening at Rs.421.30 and hovered between Rs.418-425.80. NCDEX most active April contract surged Rs.2.30 at Rs.426.40 after weak opening at Rs.422 and moved between Rs.419.20-427.50.

### PRICE DRIVERS:

1. Strong buying support from the local mills and exporters
2. Listless arrivals; Speculation of additional export demand

### WEATHER:

Out of season crop.

### TECHNICALS:

Candlestick indicates bullish market for the next trading day. %K-line going up and remains above %D line at neutral region, indicates strong market. Prices closed above 9-day and 18-day EMA, hinting strong market for medium term but MACD indicates steady market for medium term. Open interest as well as volume of trade increased. Kapas is expected to trade up after a 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	422	419	424.90	429	432

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 424 with target towards 428, second target near 430. Put stop loss below 421.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	423	419	426.40	430	433

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 425 with target towards 429, second target near 431. Put stop loss below 422.50.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	13.02.07	12.02.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1770	1755	+15.00
Muksar-Punjab	J-34	Rs./Maund	1790	1785	+5.00
Abohar- Punjab	J-34	Rs./Maund	1765	1760	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1690	1675	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18000-18500	18000-18500	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14000-14500	14000-14500	-
Maharashtra	Mech-I-29mm	Rs./Candy	18400-18600	18300-18500	+100.00
Maharashtra	Y-1	Rs./Candy	16700-17000	16700-17000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18400-18600	18300-18500	+100.00
Madhya Pradesh	Y-1	Rs./Candy	16500-16800	16500-16800	-

### 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.