

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices soared on Monday at most of the trading centre in response to bullish advices from the futures market and mostly weak arrivals. The other supportive factors were strong buying support from the local mills and exporters. In Gujarat market the prices increased on expectation of supplementary Chinese import demand. The totalled arrivals reduced to 75,000 bales in the country. On Monday, Shankar-6 (28mm) quoted up at Rs.18000-18500/candy in Gujarat on reduced arrivals of 30,000 bales. J-34 climbed and traded at Rs.1680-1755/maund with lower intakes of 2,000 bales in Haryana. In Punjab, it offered mostly up at Rs.1715-1795/maund without arrivals. The traders are expecting that the prices will go up in near future due to weakness in arrivals and forthcoming export demand. In addition to, the cotton prices have been witnessing volatility due to intervention by CCI, according to trade sources. Cotton prices were raised to Rs460-470 per quintal from earlier market prices of Rs430-440 per quintal, by CCI recently. However market sources said, this is not justified as because lack of significant movement in international markets. They believed that price increase without any firm basis caused increase of Rs.500 per candy which was followed by a steep correction. Besides, the overall cotton consumption by the domestic textile mills is likely to touch 218-220 lakh bales, which is 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 remained closed on Saturday. Cotlook Cotton indexes remained weak on Friday. North Europe A Index (2006-07 Crop) was down by 55 points at 58.70 cents/pound while North Europe B Index (2006-07 Crop) slipped 30 points at 56.60 cents/pound. Far Eastern A Index (2006-07 Crop) slid 55 points at 57.35 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures settled at the negative territory after hitting a new contract high Monday on profit booking and increased selling. NYBOT remained closed on Saturday. Market opened mostly strong and went up but fell down following hitting a new contract high and settled down on lack of buying support at upper level. Most active April contract opened strong at Rs.424.20 and lost Rs.0.10 at Rs.423 and hovered between Rs.421.50-426. NCDEX most active April contract slid Rs.1.10 at Rs.424 after firm opening at Rs.426.80 and moved between Rs.422.50-426.90.

### 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 slight weak market for the next trading day. %K-line moving up and prevails above %D line at neutral region, indicates bullish market. Prices closed above 9-day and 18-day EMA, suggesting strong market for medium term but MACD indicates steady market for medium term. Open interest as well as volume of trade increased. Kapas is likely to remain slight weak after a 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	418	415	423	426	430

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 420 with target towards 424, second target near 428. Put stop loss below 417.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	420	417	424	427	431

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 421 with target towards 425, second target near 429. Put stop loss below 418.50.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	12.02.07	10.02.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1755	1725	+30.00
Muksar-Punjab	J-34	Rs./Maund	1785	1765	+20.00
Abohar- Punjab	J-34	Rs./Maund	1760	1745	+15.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1675	1660	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18000-18500	17900-18200	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14000-14500	13500-13900	+500.00
Maharashtra	Mech-I-29mm	Rs./Candy	18300-18500	18000-18300	+300.00
Maharashtra	Y-1	Rs./Candy	16700-17000	16500-16600	+200.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18300-18500	18000-18300	+300.00
Madhya Pradesh	Y-1	Rs./Candy	16500-16800	16500-16600	-

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