

## COTTON DAILY

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

### SPOT MARKETS:

Market sentiment for cotton prices improved again Wednesday in Gujarat market despite steady demand from the local mills and exporters. Weakness in arrivals kept pressure in prices. Arrivals were only nominal in Gujarat market. Other market witnessed steady to weak sentiment due to lacklustre demand and increased selling. The totalled arrivals stood at 70,000 bales in the country. On Wednesday, Shankar-6 (28mm) quoted up at Rs.18100-18600/candy in Gujarat on average arrivals of 30,000 bales. J-34 traded steady to slight weak at Rs.1690-1755/maund with poor arrivals of 1,200 bales in Haryana. In Punjab, it quoted slight down at Rs.1720-1795/maund with average intakes of 1,300 bales. According to trade sources, the volatility of cotton prices is mainly attributed to intervention by CCI. However market sources said, the recent hike in cotton prices is not justified as because lack of significant movement in international markets. As well, the overall cotton consumption by the domestic textile mills is expected to reach 218-220 lakh bales, which are 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. Cotton prices are expected to go up in near future as a result of weakness in arrivals and expectation of higher export demand.

### INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to up on Tuesday amidst technical buying as bullish technical chart. March cotton gained 35 points to 52.59 cents a pound. However the activity was light. Cotlook Cotton indexes remained down on Tuesday. North Europe A Index (2006-07 Crop) was down by 30 points at 58.75 cents/pound while North Europe B Index (2006-07 Crop) lost 15 points at 56.75 cents/pound. Far Eastern A Index (2006-07 Crop) declined 35 points at 57.30 cents/pound. Cotton prices remained higher due to improved offtake throughout the trading week in China. Inland average closed up 16-20 to 12,977 yuan/ton while Xinjiang's average price was up 11 to 12,686 yuan/ton.

### FUTURES MARKETS:

MCX Kapas futures traded bullish Wednesday but profit taking at contract higher level pulled down the prices at late hour. NYBOT remained up Tuesday, which is likely to have bullish impact. Most active April contract gained Rs.0.90 at Rs.425.50 after strong opening at Rs.425.20 and hovered between Rs.423.50-427.70. NCDEX most active April contract surged Rs.0.90 at Rs.427.20 after firm opening at Rs.426.60 and moved between Rs.425.20-429.30.

### PRICE DRIVERS:

1. Steady buying by the local mills and exporters
2. Dearth of arrivals; Speculation of additional export demand

### WEATHER:

Out of season crop.

### TECHNICALS:

Candlestick indicates weak market for the next trading day. %K-line moving down to cut %D line at overbought region, indicates technical weakness. Prices closed above 9-day and 18-day EMA, indicating upward market for medium term but MACD indicates steady prices for medium term. Open interest as well as volume of trade increased. Kapas is likely to trade down 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	422	418	425.50	428	431

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 423 with target towards 427, second target near 430. Put stop loss below 421.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	424	420	427.20	430	433

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 425.50 with target towards 429, second target near 431. Put stop loss below 423.50.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	14.02.07	13.02.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1755	1770	-15.00
Muksar-Punjab	J-34	Rs./Maund	1790	1790	-
Abohar- Punjab	J-34	Rs./Maund	1760	1765	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1685	1690	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18100-18600	18000-18500	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	13900-14500	13800-14300	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	18300-18500	18400-18600	-100.00
Maharashtra	Y-1	Rs./Candy	16600-16800	16700-17000	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18300-18500	18400-18600	-100.00
Madhya Pradesh	Y-1	Rs./Candy	16500-16800	16500-16800	-

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