

COTTON DAILY

12th FEBRUARY, 2007

SPOT MARKETS:

Cotton prices witnessed steady undertone in the North India as increased buying activity by the local mills and exporters on Saturday. However the prices increased in Gujarat on expectation of supplementary Chinese import demand as a delegation from China was currently visited to Gujarat to study cotton cultivation and ginning facilities here. Conversely, the local textile mills are facing a problem amidst higher cotton prices, as yarn sales have been sluggish over the past few weeks and mills are facing difficulties in financing their purchases of raw materials. The totalled arrivals stood at 90,000 bales in the country. On Saturday, Shankar-6 (28mm) quoted up at Rs.17900-18200/candy in Gujarat on steady arrivals of 40,000 bales. J-34 remained almost steady and traded at Rs.1660-1715/maund with average intakes of 5,000 bales in Haryana. In Punjab, it offered slight down at Rs.1695-1770/maund with steady arrivals of 7,500 bales. 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, Indian exporters are dominating Hong Kong cotton imports. In 2006, India exported around 163,670 480-pound bales cotton in January-October. On the other hand, the export prices of Indian cotton from the Cotton Corporation of India (CCI) did not show much volatility; however, some sizable price movement has been observed over the past 30 days.

INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to up on Friday due to speculative and light trade buying as prices bounced from recent lows. March cotton surged 35 points to settle at 52.76 cents a pound, and May increased 42 points to 53.36 cents. 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. For the week, the North Europe A Index is 70 points lower, the North Europe B Index is 5 points lower and the Far Eastern A Index is 65 points lower.

FUTURES MARKETS:

MCX Kapas futures rebounded to up on Saturday and made a new contract high on strong speculative buying and strong international aspect. NYBOT cotton futures rebounded to up on Friday, which is likely to have bullish impact. Market opened slight weak but traded bullish thereafter. Most active April contract opened slight weak at Rs.416.60 and gained Rs.6.40 at Rs.423.10 and hovered between Rs.416.30-424.40. NCDEX most active April contract climbed Rs.7.50 at Rs.425.10 after weak opening at Rs.417.50 and moved between Rs.416.60-425.80.

PRICE DRIVERS:

1. Improved demand from the local mills and exporters
2. Sluggish arrivals; Stocks hoarding by the growers
3. Strong NYBOT cotton futures market

WEATHER:

Out of season crop.

TECHNICALS:

Candlesticks indicates bullish market for the next trading day. %K-line moving up after made bullish cut with %D line at neutral region, indicates upward market. Prices closed above 9-day and 18-day EMA, indicating strong market for medium term and MACD also hinting upward market for medium term. Open interest decreased but volume of trade increased. Kapas is likely to trade strong 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	418	413	423.10	426	430

TRADE RECOMMENDATION (INTRADAY)

Buy above 422 with target towards 426, second target near 429. Put stop loss below 420.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	419	414	425.10	428	431

TRADE RECOMMENDATION (INTRADAY)

Buy above 424 with target towards 428, second target near 430. Put stop loss below 422.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	10.02.07	9.02.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1725	1725	-
Muksar-Punjab	J-34	Rs./Maund	1765	1770	-5.00
Abohar- Punjab	J-34	Rs./Maund	1745	1745	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1660	1655	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17900-18200	17800-18100	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	13500-13900	13400-13800	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	17600-18000	17700-18100	-100.00
Maharashtra	Y-1	Rs./Candy	16500-16600	16500-16600	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17700-18000	17700-18000	-
Madhya Pradesh	Y-1	Rs./Candy	16500-16600	16500-16600	-

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