

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices increased in North Indian market Friday on stronger demands and limited supplies. The strong demand from the ginneries and mills are leading to escalation in prices, traders said. However prices slipped in Gujarat market amidst lower offtake by the buyers at upper level. Traders said, around 4 lakh ganth of cotton is imported by some buyers, which is pushing the prices down. But expectation of lower production in Gujarat and North India are providing underline support to the market. At present, the daily average arrivals of cotton in the country stood at 65,000 bales approximately. Meanwhile, traders are now eyeing on the upcoming annual budget and they want to see whether there are changes in policy and taxation-related issues for cotton textiles. The budget is to be presented on February 28 in parliament. Traders said, most mills are currently replenishing stocks while supplies have also begun to taper-off. The strong import demand from China, Bangladesh and Pakistan also added to bullish tone. Regarding arrivals, it remained slight strong as compared to last day in Gujarat market, around 35,000 bales. On Friday, Shankar-6 (28mm) traded down at Rs.18900-19100/candy in Gujarat. J-34 continued to increased and traded at Rs.1790-1830/maund on average arrivals of 3000 bales in Haryana. In Punjab, it increased and traded at Rs.1820-1865/maund on lower arrivals of 4,000 bales over last day. In addition to, many textile groups in Pakistan are trying to import cotton from India in spite of higher prices. Its better quality and comparatively more finished product in terms of weight make it attractive for the Pakistani textile industry. Therefore they have placed huge orders.

### INTERNATIONAL MARKET:

NYBOT cotton futures hovered up and settled at a fresh two-week high Thursday. May cotton futures climbed by 61 points at 53.17 cents a pound. In Pakistan, cotton has traded bullish in Karachi market on Thursday as both buyers and sellers adopted cautious attitude. The KCA official spot rate remained flat at Rs.2525. Seed cotton rates remained at Rs.1000-1250/maund in Sindh and Rs.1000-1300/maund in Punjab. Cotlook Cotton indexes remained steady to strong. North Europe A Index (2006-07 Crop) remained flat at 58.90 cents/pound while North Europe B Index (2006-07 Crop) gained 20 point at 56.60 cents/pound. Far Eastern A Index (2006-07 Crop) added 10 points at 57.65 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures maintained bearish sentiment Friday amidst selling pressure and profit taking. Market rebounded to up after weak opening but tumbled at late hour due selling pressure. Most active April contract slipped Rs.4 at Rs.424 after mostly weak opening at Rs.426.60 and hovered between Rs.423.50-429.70. NCDEX most active April contract lost Rs.4.10 at Rs.425.70 after weak opening at Rs.429 and moved between Rs.425.30-431.60.

### PRICE DRIVERS:

1. Lower offtake at higher level in Gujarat; Weak arrivals
2. Higher consumption; Limited imports & Upcoming budget

### WEATHER:

Out of season crop.

### TECHNICALS:

Candlestick favours the bears for the next trading day. %K-line going down and prevails below %D line at neutral region, hints bearish market. Prices closed in between 9-day and 18-day EMA, favours the bears for medium term but MACD indicates steady to slight bearish market for medium term. Open interest as well as volume of trade increased. Kapas is likely to trade bearish after 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	421	419	424	426	429

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 425 with target towards 422, second target near 420. Put stop loss above 427.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	422	420	425.70	427	430

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 426 with target towards 423, second target near 421. Put stop loss above 428.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	23.02.07	22.02.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1835	1820	+15.00
Muksar-Punjab	J-34	Rs./Maund	1850	1835	+15.00
Abohar- Punjab	J-34	Rs./Maund	1840	1820	+20.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1770	1750	+20.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18900-19100	19000-19300	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14200-14400	14400-14500	-200.00
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19300	19100-19300	-
Maharashtra	Y-1	Rs./Candy	17300-17500	17300-17500	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18900-19200	18900-19200	-
Madhya Pradesh	Y-1	Rs./Candy	17400-17600	17400-17600	-

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