

## COTTON DAILY

7<sup>th</sup> MARCH, 2007

### SPOT MARKETS:

The bullish rally continued in the cotton market across the country and India's domestic cotton prices are remaining at seasonal highs. Strong domestic demand, short covering by exporters and slow arrivals are main bullish factors for prices up. Over the past two weeks, daily arrivals have slipped to 40,000-60,000 bales, which is nearly half the level prevailing in January and it was at around 38,000 bales Tuesday in the country. Farmers are holding seed cotton, which has added to the reduction of arrivals. Besides, worries continue that the Maharashtra crop will not meet the CAB estimate. However, Pakistan will export for some of 3,000 bales of low quality cotton to India. The deal has been finalised on the average rate of 48-50 cent per pound for the low grade raw cotton and total cost comes to about Rs 35 million. Pakistan's traders are expecting that more orders will come from Indian buyers, as India are facing acute shortage of cotton because of huge quantity cotton export, which is around 4.5 million bales in 2006-07 and now fell short of 1-million bales. India's current season cotton production is around 27 million bales against the consumption of 23.5 million bales, a surplus of 3.5 million bales but they have exported 4.5 million bales, which have create some shortage. On Tuesday, Shankar-6 (28mm) quoted steady at Rs.18800-19200/candy in Gujarat with lower intakes of 20,000 bales. J-34 climbed at Rs.1875-1940/maund with average inflows of 1,200 bales in Haryana. In Punjab, it offered strongly bullish at Rs.1900-1960/maund on lower arrivals of 1,500 bales.

### INTERNATIONAL MARKET:

NYBOT cotton futures slipped Monday amidst speculative fund sales triggered by a weakness in the other markets. May cotton contract lost 0.84 cent at 53.05 cents per pounds. In Pakistan, the trading activity was good on the cotton market Monday as ginners tried to dispose off several lots from the unsold stock. The KCA official spot rate remained unchanged at Rs 2,525/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged Monday. North Europe A Index (2006-07 Crop) was unchanged at 59.75 cents/pound while North Europe B Index (2006-07 Crop) was flat at 56.90 cents/pound. Far Eastern A Index (2006-07 Crop) was unchanged at 58.45 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures settled slight down on technical correction due to profit booking after hitting a new contract high on Tuesday. Market soared after firm opening and made contract high but tumbled thereafter on short covering. Most active April contract lost Rs.0.30 at Rs.442.40 after firm opening at Rs.443 and hovered between Rs.440.10-445.30. However NCDEX most active April contract added Rs.1.80 at Rs.448.60 after weak opening at Rs.446 and soared between Rs.445.60-451.90.

### PRICE DRIVERS:

1. Strong demand; Short covering by exporters
2. Slow arrivals; Declining stocks; Higher consumption

### WEATHER:

Mainly dry weather favors the harvest of cotton through central and south India at this time.

### TECHNICALS:

Candlestick hints indecisive market for the next trading day. %K-line is moving down to cut %D line at mostly overbought region, indicates technical weakness. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term and MACD predicts upward market for medium term. Open interest increased but volume of trade remained steady. Kapas is likely to remain down 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	440	437	442.40	445	448

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 440 with target towards 445.50, second target near 446. Put stop loss below 437.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	445	442	448.60	452	455

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 445.50 with target towards 450.50, second target near 452. Put stop loss below 442.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	06.03.07	05.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1950	1910	+40.00
Muksar-Punjab	J-34	Rs./Maund	1960	1945	+15.00
Abohar- Punjab	J-34	Rs./Maund	1945	1890	+55.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1855	1840	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18800-19300	18800-19200	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15000-15600	14900-15500	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19500	19100-19400	+200.00
Maharashtra	Y-1	Rs./Candy	17500-17700	17400-17700	+100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19600	19200-19500	+100.00
Madhya Pradesh	Y-1	Rs./Candy	17500-17800	17500-17700	-

### 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.