

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices remained firm in North India on Monday amidst fresh buying support from the local buyers and exporters coupled with lower arrivals. However, prices remained rangebound in the other markets. However, the export offering prices for Indian cotton at present is around 61 U.S. cents a pound, which is higher than the international prices. Therefore export demand slackened. In fact, nearly 75% of the estimated sales for export during the current marketing year have already taken place and are estimated at finish to 4 million bales. Experts reported that the exports are likely to reach a record high of 5 million bales this marketing year. More than 22 million bales of cotton have already reached in the market since October. Traders said, the present conditions of arrivals are sufficient for the markets. On Monday, Shankar-6 (28mm) traded steady at Rs.19100-19400/candy in Gujarat on lower arrivals of 16,000 bales. J-34 quoted up at Rs.1935-1945/maund despite higher arrivals of 1000 bales in Haryana. In Punjab, J-34 prices offered up at Rs.1890-1970/maund with 1000 bales of arrivals. Total arrivals were down at around 33,000 bales in the country. According to the new analysis by Texas Tech University's Cotton Economics Research Institute, the global demand for cotton is estimated to grow by about 20 million bales or 16% during the next decade. The experts forecast that China will remain on top in terms of production, while the United States slips to number three as India is going to grab the second spot on the heels of recent technological breakthroughs in seed and production practices.

### INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday on weekend holiday. In Pakistan, the trading activity observed weak in the Karachi cotton market on Saturday amidst modest buying activity by the spinners. The Karachi Cotton Association (KCA) official spot continued to remain flat at Rs.2600/maund, without upcountry expenses. In the ready business, deals were stuck between Rs.2350/maund and Rs.2700/maund, dealers said. Actually, it is appearing that the mills were not interested in making new deals and assuming that the prices will come down in the near future.

### FUTURES MARKETS:

MCX Kapas futures hovered up Monday on late buying support due to strong spot prices in North India. Market opened slight weak and traded bearish on profit booking but speculative buying pushed mostly up the prices at late hour of trading. Most active April contract surged Rs.3.90 at Rs.460.60 after slight weak opening at Rs.456.60 and hovered at Rs.455.90-460.80. NCDEX most active April contract climbed Rs.9.60 at Rs.476 after weak opening at Rs.465.90 and soared at Rs.465.60-477.20.

### PRICE DRIVERS:

1. Fresh demand; Lower stocks
2. reduced arrivals; International demand

### WEATHER:

Improving conditions for any early planting in northern India, after earlier rains. Planting begins later elsewhere.

### TECHNICALS:

Candlestick hints bullish market for the next trading day. %K-line remains above %D line at overbought region, hints strong market, but technical correction near. Prices closed far above 9-day and 18-day EMA, favours the bulls while MACD hints steady market for medium term. Open interest declined but volume of trade significantly increased. Kapas is likely to trade up after firm 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	457	454	460.60	464	467

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 458.50 with target towards 462.50, second target near 464.50. Put stop loss below 455.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	471	468	476	480	484

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 474 with target towards 479, second target near 481. Put stop loss below 470.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	26.03.07	24.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1945	1925	+20.00
Muksar-Punjab	J-34	Rs./Maund	1970	1960	+10.00
Abohar- Punjab	J-34	Rs./Maund	1950	1950	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1860	1835	+25.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19100-19400	19100-19400	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15600-16400	15500-16300	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19400	19200-19400	-100.00
Maharashtra	Y-1	Rs./Candy	17400-17800	17400-17700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19300-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17500-17800	17600-18000	-100.00

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