

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices witnessed steady to slight down on Friday at most of the trading centre on the back of reduced export demand and lackluster local trade. The other supportive factors were improved arrivals and reduced demand from the exporters and local buyers. Currently, the export offering prices for Indian cotton 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 Friday, Shankar-6 (28mm) traded down at Rs.19000-19300/candy in Gujarat with steady arrivals of 22,000 bales. J-34 traded slight up at Rs.1880-1930/maund with lower arrivals of 800 bales in Haryana. In Punjab, J-34 prices offered slight down at Rs.1870-1955/ maund with 1300 bales of arrivals. Total arrivals were down at around 42,000 bales in the country. Besides, according to the Government policy, cotton exports from India are allowed under Open General License (OGL) with zero duty. Further, the Government has been giving incentive of 1% under the Duty drawback with a view to encourage cotton export from the country. Therefore, the cotton exports are continued to be increase in the near future.

### INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to up Thursday on speculative buying. May cotton gained 11 points to close at 53.22 cents/pound, while July added 3 points to 54.27 cents. In Pakistan, the trading activity in the Karachi cotton market has improved on continued buying by the mills to meet the immediate needs. KCA official spot remained flat at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes remained down. North Europe A Index (2006-07 Crop) down by 10 points at 59.75 cents/pound while North Europe B Index (2006-07 Crop) slipped 10 points at 57.25 cents/pound. Far Eastern A Index (2006-07 Crop) lost 10 points at 58.20 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures settled up on Friday amidst speculative buying though profit taking at highs pulled down the prices at late hour. NYBOT cotton futures rose on Thursday, which is likely to have bullish impact on Indian cotton futures market. Most active April contract added Rs.0.70 at Rs.455.90 after weak opening at Rs.455 and hovered between Rs.454.30-456.90. NCDEX most active April contract gained Rs.1.30 at Rs.467.10 after firm opening at Rs.466.50 and traded at Rs.463.80-467.40.

### PRICE DRIVERS:

1. Reduced demand; Lower international cotton prices
2. Steady arrivals; Lower estimation of China's import

### WEATHER:

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

### TECHNICALS:

Candlestick favours the bulls for the next trading day. %K-line moving up and remains above %D line at neutral region, hints strong market. Prices closed far above 9-day and 18-day EMA, favours the bulls while MACD favours the bears for medium term. Open interest steady but volume of trade significantly decreased. Kapas is likely to trade up after weak 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	453.50	451	455.90	458.50	461

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 454 with target towards 457, second target near 460. Put stop loss below 452.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	463	461	467.10	469	471

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 464.50 with target towards 468, second target near 470. Put stop loss below 461.50.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	23.03.07	22.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1920	1915	+5.00
Muksar-Punjab	J-34	Rs./Maund	1950	1950	-
Abohar- Punjab	J-34	Rs./Maund	1940	1935	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1825	1815	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19000-19300	19200-19400	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15500-16300	15500-16300	-
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19300	19100-19400	-
Maharashtra	Y-1	Rs./Candy	17400-17700	17400-17700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19300-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17600-18000	17700-18000	-100.00

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