

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices hovered up on Wednesday amidst strong buying support from the millers and exporters coupled with weak arrivals. Arrivals were down in the key market as compared to last day. In addition to, the Chinese domestic market was abuzz on Tuesday with anticipations that 1.5 million tons worth of additional import quotas will be allocated to mills next week. This will be welcome news for all participants. However, strong prices in domestic markets and firmness in Indian Rupee are hindering cotton exports from the country. According to trade estimates, around 75% of the estimated sales for export in this current marketing season have already taken place and are estimated at finish to 4 million bales. However, traders are expected that the exports would hit a record high of 5 million bales. In fact, more than 22 million bales of cotton have already reached in the market since October out of the total production of 25-26 million bales. The present conditions of arrivals are sufficient for the markets. On Wednesday, Shankar-6 (28mm) quoted up at Rs.19200-19500/candy in Gujarat on weak arrivals of 15,000 bales. J-34 soared at Rs.1950-1975/maund on average arrivals of 1000 bales in Haryana. In Punjab, J-34 prices climbed at Rs.1895-2000/maund with 1000 bales of arrivals. Total arrivals were down at around 30,000 bales in the country.

### INTERNATIONAL MARKET:

NYBOT cotton futures remained modestly up Tuesday amidst early speculative and fund buying. Most-active May cotton added 10 points to close at 53.39 cents/pound and July gained 6 points to 54.41 cents. In Karachi cotton market, the trading activity was modest Tuesday because most of the ginners did not show any flexibility in their present stance regarding prices. KCA official spot rate remained unchanged at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes continued to remain unchanged on Tuesday. North Europe A Index (2006-07 Crop) was unchanged at 59.75 cents/pound while North Europe B Index (2006-07 Crop) remained steady at 57.25 cents/pound. Far Eastern A Index (2006-07 Crop) was flat at 58.20 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures recovered previous losses on Wednesday and settled up amidst speculative buying on strong spot market prices. NYBOT remained up on Tuesday, which is likely to have positive impact on Indian cotton futures market. Market opened mostly weak but hovered up thereafter but set back from day's high and settled at positive side. Most active April contract gained Rs.1.40 at Rs.460.30 after mostly weak opening at Rs.456.20 and hovered between Rs.456.20-561.70. NCDEX most active April contract added Rs.3.20 at Rs.476.60 after weak opening at Rs.472.50 and soared at Rs.472.50-478.50.

### PRICE DRIVERS:

1. Millers and exporters demand; Depleting stocks
2. Reduced arrivals; Higher consumption; Higher Indian Rupee

### 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 moving down after made a bearish cut with %-D line at overbought region, hints weak market. Prices closed above 9-day and 18-day EMA, indicates bullish market as medium term while MACD hints steady market for medium term. Open interest increased but volume of trade decreased. Kapas is likely to trade down initially following 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	458	456	460.30	463	465

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 458 with target towards 462, second target near 464. Put stop loss below 455.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	474	470	476.60	479	482

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 474 with target towards 478, second target near 480. Put stop loss below 471.50.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	28.03.07	27.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1975	1950	+25.00
Muksar-Punjab	J-34	Rs./Maund	2000	1980	+20.00
Abohar- Punjab	J-34	Rs./Maund	1990	1965	+25.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1880	1870	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19100-19400	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15800-16500	15600-16400	+200.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19200-19400	+100.00
Maharashtra	Y-1	Rs./Candy	17600-18000	17400-17800	+200.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19700	19300-19500	+200.00
Madhya Pradesh	Y-1	Rs./Candy	17600-17900	17500-17800	+100.00

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