

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices plummeted on Friday at most of the trading centre due to increased arrivals and stockists' selling. Stockists are releasing their unsold stocks, which increased market arrivals as compared to last day. The arrivals remained down at around 50,000 bales in the country on Friday as compared to last week of 65,000 bales. Farmers are releasing seed cotton due to season's higher level of prices, which has also added to the improvement of arrivals. In addition to, Pakistan will export for some of 3,000 bales of low quality cotton to India at around 48-50 cent/pound and total cost comes to about Rs.35 million. However, Indian exporters have augmented prices of raw cotton by 2-4 cent/pound or Rs.150-160/maund to 64 cent/pound following Pakistan placed huge import orders, according to sources. Currently, demand for Indian raw cotton is increasing in Pakistan, China and Bangladesh due to its better quality. Besides, the lower production estimates in these countries is also aggravating the situation. Indian exporters have raised prices all quality of raw cotton i.e. J-34, Shankar-6 and MU-5. Therefore, prices of J-34 cotton has reached at 54-55 cent/pound over 51-52 cent/pound, Shankar-6 is offering at 58-59 cent/pound as against of 54-55 cent/pound. On Friday, Shankar-6 (28mm) remained down at Rs.19100-19400/candy in Gujarat with slight higher intakes of 23,000 bales. J-34 slipped at Rs.1880-1935/maund with strong arrivals of 3000 bales in Haryana. In Punjab, it offered down at Rs.1895-1960/maund on higher arrivals of 5000 bales.

### INTERNATIONAL MARKET:

NYBOT cotton futures settled at the positive territory Thursday in front of the government's crop production and supply-demand reports. Most-active May cotton gained 2 points to close at 54.50 cents/pound, while July increased 7 points to 55.05 cents. In Pakistan, the trading activity remained dull in Karachi cotton market as both the buyers and sellers failed to find a meeting ground. KCA official spot rate remained flat at Rs.2525/maund, without upcountry expenses. Cotlook Cotton indexes remained strong on Thursday. North Europe A Index (2006-07 Crop) gained 80 points at 60.40 cents/pound while North Europe B Index (2006-07 Crop) added 65 points at 57.65 cents/pound. Far Eastern A Index (2006-07 Crop) increased 60 points at 58.85 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures skyrocketed on Friday amidst strong speculative buying and strong fundamentals. NYBOT cotton futures remained up, which is likely to have positive impact. Most active April contract climbed Rs.8 at Rs.447 after weak opening at Rs.437.10 and hovered at Rs.437.10-447.80. NCDEX most active April contract surged Rs.12.30 at Rs.458.30 after weak opening at Rs.445.50 and soared between Rs.444.50-458.80.

### PRICE DRIVERS:

1. Weak demand; Stockists selling; Farmer's selling
2. Improved arrivals; Weak exporters demand

### WEATHER:

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

### TECHNICALS:

Candlestick hints strong market for the next trading day. %K-line going up after made bullish cut with %D line at overbought region, indicates strong market. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term and MACD also favours the bulls for medium term. Open interest as well as volume of trade significantly increased. Kapas is likely to remain bullish 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	443	440	447	451	455

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 446 with target towards 450, second target near 453. Put stop loss below 443. (Trade Cautiously)

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	450	445	458.30	463	468

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 457 with target towards 461, second target near 464. Put stop loss below 454. (Trade Cautiously)

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	09.03.07	08.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1935	1960	-25.00
Muksar-Punjab	J-34	Rs./Maund	1960	1960	-
Abohar- Punjab	J-34	Rs./Maund	1935	1930	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1845	1870	-25.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19100-19400	19200-19500	-100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15000-15600	15100-15600	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19300	19200-19500	-100.00
Maharashtra	Y-1	Rs./Candy	17500-17800	17400-17600	+100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19200-19400	19300-19500	-100.00
Madhya Pradesh	Y-1	Rs./Candy	17600-17800	17600-17800	-

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