

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices traded at season higher level on Saturday at North Indian market on mostly weak arrivals coupled with strong buying demand from the mills and exporters. Market witnessed steady to slight strong at the other major markets of the country. The supportive factors were increased demand, higher consumption and expectation of higher exports in near future. Arrivals are reported to be around 45,000 bales in the country. Over 200 lakh bales cotton have already reached in the market. However, cotton production is expected to be around 255-260 lakh bales during the season. Traders said, the present conditions of arrivals are adequate to meet local demand. Besides, bulks of the export sales have already taken place and it is estimated to close at 40 lakh bales and it may touch a record high of 50 lakh bales. On Saturday, Shankar-6 (28mm) quoted up at Rs.18800-19200/candy in Gujarat with lower intakes of 20,000 bales. J-34 traded mostly up at Rs.1830-1890/maund with average inflows of 1,500 bales in Haryana. In Punjab, it offered bullish at Rs.1870-1930/maund on lower arrivals of 2,000 bales. However, Pakistan will export raw cotton to India after almost a gap of 16 years, as Indian traders placed order with Pak exporter for some 3,000 bales of low quality cotton. ICAC reported that world cotton production should remain steady at 25.4 MMt in 2007-08. World cotton consumption is forecasted at 26.6 MMt in 2007-08. Both mill use and imports in 2007-08 will be determined by China's consumption. Global cotton imports are estimated to rise by 7% to 9.2 MMt in 2007-08, the second largest following a record 9.8 MMt in 2005-06.

### INTERNATIONAL MARKET:

NYBOT cotton futures settled higher Friday on fairly sluggish trading activity. May cotton closed up 19 points at 53.89 cents a pound. In Pakistan, the trading activity remained slight strong on the cotton market Friday as ginners witnessed some flexibility in their attitudes ahead of the PCGA report. KCA official spot rate remained flat at Rs.2525/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged on Friday. 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 hovered up Saturday on speculative buying on strong spot market coupled with higher NYBOT cotton market. Market soared after strong opening and made new contract high on strong buying support at day's lower level. Most active April contract climbed Rs.3.40 at Rs.437.50 after firm opening at Rs.434.80 and hovered between Rs.434-438.60. NCDEX most active April contract surged Rs.4 at Rs.440 after weak opening at Rs.435.80 and soared between Rs.435.70-441.40.

### PRICE DRIVERS:

1. Expectation of higher export; Higher consumption
2. Restricted arrivals; Decreasing stocks

### WEATHER:

Out of season crop. Arrivals may not affect as no rainfall.

### TECHNICALS:

Candlestick hints strong market for the next trading day. %K-line going up and prevails above %-D line at overbought region, favours the bulls but technical reversal near. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term but MACD hints upward market for medium term. Open interest increased but volume of trade decreased. 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	435	432	437.50	440	442

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 436 with target towards 439.50, second target near 441.50. Put stop loss below 433.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	437	435	440	443	445

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 438 with target towards 441.50, second target near 443. Put stop loss below 435.50.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	03.03.07	02.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1880	1865	+15.00
Muksar-Punjab	J-34	Rs./Maund	1915	1890	+25.00
Abohar- Punjab	J-34	Rs./Maund	1890	1860	+30.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1780	1770	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18800-19200	18700-19200	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14400-15000	14400-15000	-
Maharashtra	Mech-I-29mm	Rs./Candy	18900-19200	18800-19100	+100.00
Maharashtra	Y-1	Rs./Candy	17500-17800	17500-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18700-19100	18700-19100	-
Madhya Pradesh	Y-1	Rs./Candy	17400-17800	17400-17800	-

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