

## COTTON DAILY

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

### SPOT MARKETS:

Cotton traded firm across the North India on Thursday amidst lower arrivals coupled with robust demand from the millers. However it remained steady in Gujarat and other markets. Shankar-6 variety is prevailing stable at most of the markets amidst slow demand from the exporters due to slow increase in Chinese export demand. Currently, the offering prices for Indian cotton are being around 61 cents/pound, which is at par with the international rates, making exports non-lucrative. Arrivals were steady in the key market as compared to last day. However, the Chinese government is likely to allocate 1.5 million tons worth of additional import quotas to mills next week. This will be welcome news for all participants. According to trade estimates, near to 4 million bales of cotton have already been taken place during this marketing year and it is likely to hit a record high of 5 million bales. In fact, more than 23 million bales of cotton have already reached in the market since October out of the total production of 25-27 million bales, according to industrial estimates. But, the present conditions of arrivals are sufficient for the markets. On Thursday, Shankar-6 (28mm) quoted stable at Rs.19200-19500/candy in Gujarat on steady arrivals of 15,000 bales. J-34 climbed at Rs.1960-2005/maund on average arrivals of 1000 bales in Haryana. In Punjab, J-34 prices surged at Rs.1925-2030/ maund with 1000 bales of arrivals. Total arrivals were steady at around 30,000 bales in the country.

### INTERNATIONAL MARKET:

NYBOT cotton futures hovered up to one-week highs Wednesday due to speculative and fund buying. May cotton climbed 52 points to close at 53.91 cents/pound, and July soared 46 points to 54.87 cents. In Karachi market, firmness remained in the cotton market on Wednesday as the mills have to continue to meet the demand for the export consignments, but activity was confined to a solo deal. KCA official spot rate remained unchanged at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes continued to remain unchanged. North Europe A Index (2006-07 Crop) unchanged at 59.75 cents/pound while North Europe B Index (2006-07 Crop) 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 hovered up Thursday amidst speculative buying on strong spot market in North India and made a new contract high. NYBOT cotton soared on Wednesday, which is likely added to bullish tone. Market climbed after firm opening on buying support. Most active April contract climbed Rs.3.20 at Rs.463.70 after firm opening at Rs.461 and hovered at Rs.461-464.60. NCDEX most active April contract gained Rs.6 at Rs.482 after strong opening at Rs.477.90 and soared at Rs.476-483.90.

### PRICE DRIVERS:

1. Strong millers demand for Kapas; Higher Indian Rupee
2. Low demand from exporters for Shankar-6; Weak arrivals

### 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 up to cut %D line at overbought region, hints strong market. Prices closed far above 9-day and 18-day EMA, hints strong market as medium term and MACD also hints upward market for medium term. Open interest decreased but volume of trade increased. Kapas is expected to trade up initially following 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	462	460	463.70	466	468

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 462 with target towards 465.50, second target near 467. Put stop loss below 459.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	477	472	482	485	488

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 480.50 with target towards 484.50, second target near 487. Put stop loss below 477.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	29.03.07	28.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1995	1975	+20.00
Muksar-Punjab	J-34	Rs./Maund	2030	2000	+30.00
Abohar- Punjab	J-34	Rs./Maund	2010	1990	+20.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1895	1880	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19200-19500	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16000-16700	15800-16500	+200.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19300-19600	-
Maharashtra	Y-1	Rs./Candy	17600-18000	17600-18000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19700	19500-19700	-
Madhya Pradesh	Y-1	Rs./Candy	17600-17900	17600-17900	-

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