

## COTTON DAILY

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

### SPOT MARKETS:

Market sentiment for cotton prices remained warmer on Saturday amidst fresh buying support from the local buyers and exporters. The other supportive factors were steady arrivals against higher demand. However, the export offering prices for Indian cotton at present 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 Saturday, Shankar-6 (28mm) traded up at Rs.19200-19400/candy in Gujarat on stable arrivals of 22,000 bales. J-34 quoted up at Rs.1890-1935/maund with lower arrivals of 700 bales in Haryana. In Punjab, J-34 prices offered up at Rs.1880-1965/maund with 1100 bales of arrivals. Total arrivals were down at around 40,000 bales in the country. Besides, the cotton imports by China plunged in January and February, 2007. But India was the main supplier for cotton. China imported from India totaled 48,000 tons, an increase of 43.9%, accounting for 47.1% of the total cotton imports. Imports from Burkina Faso were 18,000 tons, 2.3 times up. However, imports from the US were 16,000 tons, representing a decline of 70.1%.

### INTERNATIONAL MARKET:

NYBOT cotton futures settled slight up Friday amidst light speculative buying. Most-active May cotton gained 5 points to close at 53.27 cents a pound while July lost 1 point to 54.26 cents. In Pakistan, the trading activity in the Karachi cotton market remained moderate amidst 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 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) 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 finished at the positive territory on Saturday amidst modest buying support and strong spot market. NYBOT cotton futures rose on Friday, which is likely to have bullish impact on Indian cotton futures market. Most active April contract gained Rs.0.70 at Rs.456.70 after firm opening at Rs.456.70 and traded between Rs.456-457.80. NCDEX most active April contract lost Rs.0.10 at Rs.466.70 after strong opening at Rs.467.10 and hovered at Rs.465.60-469.

### 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 hints indecisive market for the next trading day. %K-line moving up and remains above %D line at overbought region, hints strong market. Prices closed far above 9-day and 18-day EMA, favours the bulls while MACD hints steady market for medium term. Open interest steady but volume of trade significantly decreased. Kapas is likely to trade down initially after firm 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 | 454 | 452 | 456.70 | 458.50 | 461 |

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 454.50 with target towards 458, second target near 460. Put stop loss below 452.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

| Month | S1  | S2  | PCP    | R1  | R2  |
|-------|-----|-----|--------|-----|-----|
| April | 464 | 462 | 466.70 | 469 | 471 |

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 465 with target towards 469, second target near 471. Put stop loss below 462.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

| Markets                   | Variety     | Units     | 24.03.07    | 23.03.07    | Change  |
|---------------------------|-------------|-----------|-------------|-------------|---------|
| Sirsa- Haryana            | J-34        | Rs./Maund | 1925        | 1920        | +5.00   |
| Muksar-Punjab             | J-34        | Rs./Maund | 1960        | 1950        | +10.00  |
| Abohar- Punjab            | J-34        | Rs./Maund | 1950        | 1940        | +10.00  |
| Sri Ganganagar- Rajasthan | J-34        | Rs./Maund | 1835        | 1825        | +10.00  |
| Ahmedabad/Kadi - Gujarat  | S-6 28 mm   | Rs./Candy | 19200-19400 | 19000-19300 | +200.00 |
| Ahmedabad/Kadi - Gujarat  | V-797 Kapas | Rs./Candy | 15500-16300 | 15500-16300 | -       |
| Maharashtra               | Mech-I-29mm | Rs./Candy | 19200-19400 | 19100-19300 | +100.00 |
| 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 | 17600-18000 | -       |

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