

## COTTON DAILY

2<sup>nd</sup> APRIL, 2007

### SPOT MARKETS:

Cotton traded firm across the North Indian market on Saturday amidst strong mills buying. However the market witnessed steady at higher level in the other major markets on lackluster local trade and the slow increase in Chinese exports demand. Near-term demand could improve as talk circulated in the market that China has issued import licenses for 1.6 million metric tons of cotton, equal to 6.8 million bales. There is no confirmation of these rumors, and reliable news out of China is often difficult to come by, according to sources. 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. According to trade estimates, exports of around 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. But, the present conditions of arrivals are sufficient for the markets. On Saturday, Shankar-6 (28mm) quoted stable at Rs.19200-19500/candy in Gujarat on steady arrivals of 15,000 bales. J-34 climbed at Rs.1990-2020/maund on average arrivals of 700 bales in Haryana. In Punjab, J-34 prices increased at Rs.2010-2045/maund with 1000 bales of arrivals. Total arrivals were steady at around 28000 bales in the country.

### INTERNATIONAL MARKET:

NYBOT cotton futures backpedaled on Friday amidst speculative and fund sales. May cotton slipped 62 points to close at 53.57 cents a pound, while December slid 15 points to 59.47 cents. In Karachi market, the cotton trading activity was modest. Few mills did some buying to cover their immediate needs. KCA official spot rate remained flat at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes rose further. North Europe A Index (2006-07 Crop) was up by 20 points at 60.25 cents/pound while North Europe B Index (2006-07 Crop) gained 25 points at 58.00 cents/pound. Far Eastern A Index (2006-07 Crop) added 25 points at 58.90 cents/pound.

### FUTURES MARKETS:

MCX remained closed on Saturday for Mahaveer Jayanti. However Kapas futures traded firm at NCDEX futures market amidst fresh buying support and strong spot prices in North Indian market. Futures market tumbled after weak opening on profit taking but fresh buying pushed up the prices to a new contract high thereafter and finally short covering pulled down the prices at late hour. Most active April contract opened weak at Rs.491 and settled Rs.2.10 up at Rs.494.70 and hovered between Rs.489.60-500.90 during Saturday's trading.

### PRICE DRIVERS:

1. Strong millers demand; Slow rise in Chinese export demand
2. Steady demand from exporters for Shankar-6; Weak arrivals
3. China expected to issue import allocate quota

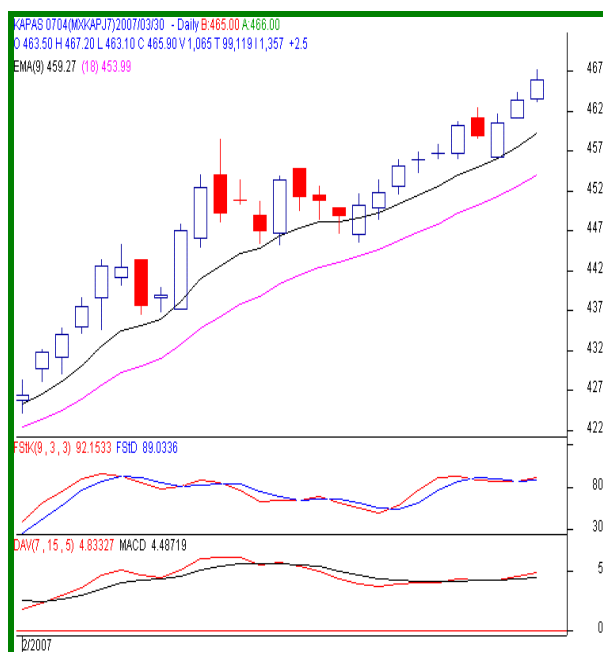
### WEATHER:

Improving conditions for any early planting in northern India, after earlier rains. Planting begins later elsewhere.

### TECHNICALS:

Candlestick favours the bulls for the next trading day. Stochastic made bullish cut at mostly overbought region, hints strong market with technical reversal near. Prices closed far above 9-day and 18-day EMA, hints bullish market as medium term and MACD also hints upward market for medium term. Open interest rose while volume of trade significantly increased. Kapas is likely to remain firm following a weak 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	463.50	461	465.90	468.50	472

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 467.50 with target towards 464, second target near 462. Put stop loss above 470.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	489	485	494.70	497	501

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 497 with target towards 491, second target near 489. Put stop loss above 501.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	31.03.07	30.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	2005	2000	+5.00
Muksar-Punjab	J-34	Rs./Maund	2040	2035	+5.00
Abohar- Punjab	J-34	Rs./Maund	2035	2025	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1935	1930	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19200-19500	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16100-16800	16100-16800	-
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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