

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices remained bullish in North India owing to millers demand on the back of reduced supplies and depleting stocks. However the prices witnessed steady undertone in the other major markets amidst stable demand scenario. Arrivals in the key market were slight down as compared to previous day. At present, the export offering prices for Indian cotton is around 61 U.S. cents a pound, higher than the international prices, hindering to new export deal. According to trade estimates, around 75% of the estimated sales for export in this current marketing season have already taken place and are estimated at finish to 4 million bales. However, traders are expected that the exports would hit a record high of 5 million bales (mb). In fact, more than 22 mb of cotton have already reached in the market since October out of the total production of 25-26 mb. The present conditions of arrivals are sufficient for the markets. On Tuesday, Shankar-6 (28mm) quoted stable at Rs.19100-19400/candy in Gujarat on weak arrivals of 15,000 bales. J-34 edged up at Rs.1940-1950/maund on lower arrivals of 800 bales in Haryana. In Punjab, J-34 prices registered up at Rs.1895-1980/maund with 1000 bales of arrivals. Total arrivals were down at around 32,000 bales in the country. Besides, the experts forecast that China will remain on top in terms of production, while the U.S. slips to number three as India is going to grab the second spot on the heels of recent technological breakthroughs in seed and production practices.

### INTERNATIONAL MARKET:

NYBOT cotton futures settled slight up Monday amidst light speculative buying. Most-active May cotton gained 2 points to close at 53.29 cents/pound, while July added 9 points to 54.35. In Karachi, the cotton prices remained warmer Monday as ginnery did not lower the asking rates on expectation of further rise in the prices. The KCA official spot rate remained flat at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged on Monday. 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 slipped on Tuesday amidst short covering after hitting new a contract high. Market traded up after strong opening and made a new contract high on buying support and firm NYBOT cotton market but tumbled at late hour on profit booking due to over bought condition of the market. Most active April contract lost Rs.1.40 at Rs.458.80 after firm opening at Rs.461.20 and traded at Rs.458.50-462.50. NCDEX most active April contract slid Rs.2.80 at Rs.473.20 after strong opening at Rs.477 and moved at Rs.472.70-478.50.

### PRICE DRIVERS:

1. Millers demand; Depleting stocks
2. Reduced arrivals; Higher consumption

### WEATHER:

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

### TECHNICALS:

Candlestick hints bearish market for the next trading day. %K-line moving down to cut %D line from up at overbought region, hints weak market. Prices closed far above 9-day and 18-day EMA, indicates strong market as medium term while MACD hints steady market for medium term. Open interest as well as volume of trade significantly decreased. Kapas is likely to remain bearish following weak 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	455	452	458.80	460	463

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 459 with target towards 455.50, second target near 454.50. Put stop loss above 461.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	470	467	473.20	475	478

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 474 with target towards 470.50, second target near 468.50. Put stop loss above 476.50.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	27.03.07	26.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1950	1945	+5.00
Muksar-Punjab	J-34	Rs./Maund	1980	1970	+10.00
Abohar- Punjab	J-34	Rs./Maund	1955	1950	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1870	1860	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19100-19400	19100-19400	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15600-16400	15600-16400	-
Maharashtra	Mech-I-29mm	Rs./Candy	19200-19400	19100-19400	+100.00
Maharashtra	Y-1	Rs./Candy	17400-17800	17400-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19300-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17500-17800	17500-17800	-

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.