

## COTTON DAILY

14<sup>th</sup> APRIL, 2007

### SPOT MARKETS:

Cotton prices fell all across the board on Friday as sluggish export demand finally took a toll on the prices. Easing prices in international markets also added bearish sentiments in the domestic markets. Higher domestic prices as compared to the international prices has not only dampened the export demand for the Indian cotton, it is inducing domestic millers to consider the possibility of cheaper imports to obtain parity. Arrivals are shrinking with the passage of time as harvest is over. The total arrivals of 22000 bales of cotton were seen on Friday against 23000 bales on previous day. The Gujarat market witnessed highest arrivals of 13000 bales. Production of cotton in the country is sufficient for the domestic consumption, however it was export demand, which pressured the domestic prices in the recent past. Around 4 million bales of cotton have been exported so far and traders expect export to touch 5 million bales this year. However, higher domestic prices are now dampening the export demand, which in turn is hammering the prices down. According to the industry estimates cotton production in the country this year is expected at 25-27 million bales against 24.2 million bales last year. On Thursday, Shankar-6 (28mm) quoted Rs 100 lower at Rs.19600-199000/candy in Gujarat. J-34 prices dipped in Haryana by Rs 5 to 1965, whereas the prices for the same in Abohar (Punjab) fell Rs 15 to Rs 1990/maund. In the view of marginally increased production in the country and shrinking export demand, the prices have not much scope on the higher side.

### INTERNATIONAL MARKET:

NYBOT cotton futures slipped on Thursday a speculative selling by traders hammered the prices down. The fall was surprising looking at the positive export sales data. May cotton on the New York Board of Trade fell 70 points to settle at 51.12 cents and July lost 79 points to 52.81 cents a pound. In Pakistan, KCA official spot rate continues to remain standstill at previous levels of 2725/maund as buyers are keeping themselves away from the market due to higher prices. Cotlook Cotton indexes edged higher Thursday. North Europe A Index (2006-07 Crop) rose up 25 points to 58.95 cents/pound while North Europe B Index (2006-07 Crop) climbed 25 points to 57.60 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures plunged on heavy selling pressure Thursday. Weak NYBOT cotton futures on Wednesday also added bearish tone to the market. Most active April contract opened weak at Rs.460.5 and then it never looked back. The futures saw the lows of Rs 454 before finally closing the session at Rs 544.4. NCDEX most active April contract slipped Rs.7.7 at Rs.467 after trading in the range of Rs 467-473.

### PRICE DRIVERS:

1. Strong demand from the Southern mills in Maharashtra market
2. Weak millers demand in North

### WEATHER:

Improving conditions for early planting across the irrigated crop regions of northern India, after earlier rains. Planting begins in the rainfed crop region of central and southern India.

### TECHNICALS:

Chart projects bearish picture of cotton. Stochastic moving down supporting bears however overbought levels warrants some caution on the part of bulls. Prices closed below short term EMAs hints for weakness in the market. MACD is also showing continued fall in bullish momentum. The prices are likely to remain on the softer side.

### NCDEX Kapas April Contract-2007



### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	463	460	467	471	473

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 468 with target towards 465, second target near 463. Put stop loss below 470.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	13.04.07	12.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1960	1965	-5
Muktsar-Punjab	J-34	Rs./Maund	2000	1995	+5
Abohar- Punjab	J-34	Rs./Maund	1990	2005	-15
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1920	1920	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19600-19000	19700-20000	-100
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15700-16300	15800-16500	-200
Maharashtra	Mech-I-29mm	Rs./Candy	19800-20000	19800-20000	
Maharashtra	Y-1	Rs./Candy	17800-18100	17800-18200	-100
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19800-20000	19900-20200	-200
Madhya Pradesh	Y-1	Rs./Candy	18100-18200	18200-18300	-100

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