

## COTTON DAILY

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

### SPOT MARKETS:

Cotton traded range bound with steady on Monday in North Indian markets amidst almost stable demand supply scenario. However, the sellers were not interested to sell cotton at lower rate on expectation of higher prices in near future amidst lower stocks. Cotton has firmed up in Western India on robust demand from the Southern mills as against the lower arrivals. Traders said, arrivals have been remaining very tight because the main season of cotton harvesting is completed and farmers are holding their stocks in expectation of further rise in prices. Currently, the traders are estimated cotton production at 25-27 million bales in this current year. Out of the total production, over 23.5 million bales of cotton have already arrived in the market. The country has already exported nearly to 4 million bales of cotton during the current marketing year ending September and it is likely to hit 5 million bales. Daily arrivals of cotton across India are remained at 28,000 bales. On Monday, Shankar-6 (28mm) quoted steady at Rs.19800-20200/candy in Gujarat on average arrivals of 15,000 bales. J-34 remained steady at Rs.1970-2015/maund on average arrivals of 500 bales in Haryana. In Punjab, J-34 prices offered up at Rs.1990-2030/maund with 700 bales of arrivals. In addition, the South India Small Spinners Association has blamed that the Cotton Corporation of India has increased cotton prices by Rs.1,000/candy, which were higher than the prevailing rates of cotton. It would encourage the private traders to increase their prices.

### INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday for weekend holiday. In Pakistan, the cotton prices remained mostly strong on Saturday as ginneries did not show any interest in lowering the prices. The Karachi Cotton Association (KCA) official spot rate climbed further Rs.50/maund to Rs.2725/maund, without upcountry expenses. In the ready business, the single deal was at Rs.2800/maund, which was highest of the season. Mills were in the market to make fresh deals but not at above the psychological level.

### FUTURES MARKETS:

MCX Kapas futures settled up on Monday amidst early buying support at lower level. Futures market opened firm and tumbled from day's higher level on profit taking but recovered on late buying support. Strong spot market prices provided underlying support to the market. Most active April contract opened strong at Rs.462.50 and gained Rs.1.00 at Rs.462.70 and moved at Rs.461.70-464.40. But NCDEX most active April contract lost Rs.1.60 at Rs.481.50 and traded at Rs.479.80-487.40.

### PRICE DRIVERS:

1. Strong demand from the Southern mills; Weak arrivals
2. Strong international market

### WEATHER:

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

### TECHNICALS:

Candlestick indicates indecisive market for the next trading day. Stochastic moving down, hints bearish market. Prices closed just above 9-day and 18-day EMA, suggests slight upward market as medium term but MACD hints bearish market for medium term. Open interest significantly decreased but volume of trade increased. Kapas is likely to trade down after 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	460	458	462.70	465	467

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 460.50 with target towards 464.50, second target near 466. Put stop loss below 457.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	478	476	481.50	487	490

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 479 with target towards 485, second target near 487. Put stop loss below 475.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	09.04.07	07.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1980	1980	-
Muksar-Punjab	J-34	Rs./Maund	2030	2030	-
Abohar- Punjab	J-34	Rs./Maund	2020	2010	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1960	1955	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19800-20200	19800-20200	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16100-16500	16200-16500	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19400-19700	19300-19600	+100.00
Maharashtra	Y-1	Rs./Candy	17900-18200	17900-18200	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20100-20400	19900-20300	+200.00
Madhya Pradesh	Y-1	Rs./Candy	18100-18300	18100-18300	-

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