

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices moved down on Tuesday at the domestic markets in North India due to reduced demand from the spinners and millers despite restricted arrivals. However, it traded steady to slight weak at other markets. Besides, Mahafed has raised cotton rates by Rs.200 per candy for the second time. It will be effective from 5th April, 2007 mainly on H-4, H-6 and MECH varieties (for old and new crop). Cotton remained steady at higher side in Maharashtra owing to increased buying interest by the Southern mills. Southern mills are buying in a big way because of year-end considerations. 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 Tuesday, Shankar-6 (28mm) quoted steady at Rs.19300-19600/candy in Gujarat on lower arrivals of 14,000 bales. J-34 offered down at Rs.1970-2000/maund on average arrivals of 500 bales in Haryana. In Punjab, J-34 prices declined at Rs.1980-2045/maund with 1000 bales of arrivals. Total arrivals were down at around 25000 bales in the country.

### INTERNATIONAL MARKET:

NYBOT cotton futures slipped on Monday due to speculative and fund selling. May cotton slipped 33 points to close at 53.24 cents a pound while July lost 28 points to 54.78 cents. In Karachi market, prices did not change because the mills were conspicuous by their absence ahead of the PCGA report. KCA official spot rate remained unchanged at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes tumbled on Monday. North Europe A Index (2006-07 Crop) was down by 40 points at 59.85 cents/pound while North Europe B Index (2006-07 Crop) lost 35 points at 57.65 cents/pound. Far Eastern A Index (2006-07 Crop) slipped 50 points at 58.40 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures tumbled for the consecutive second day amidst continued profit booking on technically overbought market. Futures market opened steady and fell down from day's higher level amidst increased selling interest and settled at the negative territory. Most active April contract opened steady at Rs.464 and settled Rs.1.50 down at Rs.462.50 and moved between Rs.460.20-465.30. NCDEX most active April contract slipped Rs.5.90 at Rs.486 after steady opening at Rs.492 and traded between Rs.483.20-494.70 during Tuesday's trading.

### PRICE DRIVERS:

1. Weak millers demand; Slow rise in Chinese export demand
2. Steady demand from exporters for Shankar-6; Weak arrivals

### WEATHER:

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

### TECHNICALS:

Candlestick favours the bears for the next trading day. Stochastic moves down, hints weak market. Prices closed above 9-day and 18-day EMA, hints strong market as medium term but MACD hints slight downward market for medium term. Open interest declined but volume of trade significantly increased. Kapas is likely to trade bearish following a slight 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	460	457	462.50	465	468

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 464 with target towards 460, second target near 458. Put stop loss above 467.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	480	477	486	492	495

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 490 with target towards 484, second target near 482. Put stop loss above 494.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	03.04.07	02.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1985	2000	-15.00
Muksar-Punjab	J-34	Rs./Maund	2045	2055	-10.00
Abohar- Punjab	J-34	Rs./Maund	2025	2035	-10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1940	1945	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19300-19600	19300-19600	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16000-16700	16100-16800	-100.00
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	19400-19700	19500-19700	-100.00
Madhya Pradesh	Y-1	Rs./Candy	17600-17900	17600-17900	-

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