

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices tumbled on Friday at most of the trading centre on slackened demand and fresh imports from the yarn makers to cash in on the increase in the rupee against the dollar. On Thursday, the dollar settled at INR40.78 from INR40.97 at Wednesday's close, breaching the key support level of INR41. Traders are expecting that around 1.5-2.0 lakh bales of cotton might be imported at lower rate in the next couple of week. Conversely, domestic exporters are also selling their stocks at the local markets due to falling of international markets, traders said. Lower arrivals of 16000 bales of cotton were seen on Friday. Season-to-date deliveries have reached 24,740,000 170-kilogram bales, which reflect 15.5 percent year-on-year growth. On Friday, Shankar-6 (28mm) quoted down at Rs.18800-19200/candy in Gujarat on lower arrivals of 12000 bales. J-34 prices remained down at Rs.1885-1920 in Haryana. In Punjab, it registered down at Rs.1910-1950. On the other hand, industry estimates peg Indian cotton output this year at 25 million-27 million bales as compared to 24.2 million bales of last year. Traders said India has already exported close to 4 million bales of cotton in the current marketing year ending September. In the view of marginally increased production in the country and shrinking export demand, the cotton prices have not much scope on the higher side as short term. For the first time, India's monthly cotton yarn output has exceeded 240,000 tons for three consecutive months. February output totaled 240,000 tons.

### INTERNATIONAL MARKET:

NYBOT cotton futures made a new contract low on Thursday amidst speculative-led liquidation. Most-active July cotton lost 124 points to close at 49.99 cents a pound and set a life-of-contract low of 48.70 cents. Cotlook Cotton indexes rebounded to up on Thursday. North Europe A Index (2006-07 Crop) was up by 50 points at 58.20 cents/pound while North Europe B Index (2006-07 Crop) gained 50 points at 57.40 cents/pound. Far Eastern A Index (2006-07 Crop) surged 50 points at 56.70 cents/pound. In Pakistan, the official spot rate of cotton has fell down just after staring the trade in new crop for 2007-08 season on Thursday. KCA official spot rate declined by Rs 25/maund to Rs 2700/maund, without upcountry expenses.

### FUTURES MARKETS:

Kapas futures rebounded to up on Friday amidst profit taking on MCX Friday. Futures market fell down after weak opening but recovered thereafter. Most active April contract on MCX opened mostly weak at Rs 425.10 and settled Rs.2.80 up at Rs.432 and hovered in the range of Rs.422.10-432.

### PRICE DRIVERS:

1. Lack of new export deal; Strong import at low cost
2. Weak international market: Higher rupee
3. Weak domestic demand

### WEATHER:

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

### TECHNICALS:

Candlesticks charts are indicating firmness in the market. Stochastic is moving up after made a bullish cut in oversold regions, hinting technical correction and upward market. Prices closed far below short term and medium term EMAs, suggesting weak market. MACD is moving down at negative zone and indicating downward market. RSI is moving up at oversold region, hinting bullish market. Open interest as well as volume of trade declined. Cotton prices are likely to trade up after firm opening with possibility of late downwards movement as short term.

### MCX Kapas April Contract-2007



### SUPPORT / RESISTANCES:

#### MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	425	422	432	435	440

### TRADE RECOMMENDATION (INTRADAY)

Stay away from the market for intraday outlook. However the market is likely to bias on upperside as medium as well as long term.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	27.04.07	26.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1920	1925	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1950	1955	-5.00
Abohar- Punjab	J-34	Rs./Maund	1935	1945	-10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1845	1855	-10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18800-19200	19000-19400	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15000-15400	15200-15600	-200.00
Maharashtra	Mech-I-29mm	Rs./Candy	19000-19200	19100-19400	-100.00
Maharashtra	Y-1	Rs./Candy	17000-17600	17200-17800	-200.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19100-19400	19300-19600	-200.00
Madhya Pradesh	Y-1	Rs./Candy	17900-18000	18000-18200	-100.00

### 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.