

## COTTON DAILY

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

### SPOT MARKETS:

Bearish sentiment continued on Thursday in the North Indian cotton market amidst reduced buying activity from the millers and spinners. However, Shankar-6 variety of cotton traded strong in Gujarat, M.P. and Maharashtra amidst buying support from the exporters. Increased buying interest by the Southern mills provided underlying support to the Maharashtra market. Southern mills are purchasing large volume of cotton. Currently, the export offering prices for Indian cotton are being around 61 cents/pound, which is at par with the international rates, making exports non-lucrative. Traders said, 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 Thursday, Shankar-6 (28mm) quoted up at Rs.19700-20000/candy in Gujarat on average arrivals of 18,000 bales. J-34 slipped at Rs.1950-1975/maund on average arrivals of 600 bales in Haryana. In Punjab, J-34 prices offered down at Rs.1960-2010/maund with 800 bales of arrivals. Total arrivals were up at around 32,000 bales in the country. Besides, ICAC has forecasted world cotton production in 2007-08 at 25.2 MMt, almost unchanged from 25.3 million tons in 2006-07.

### INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to up Tuesday on a combination of speculative and trade buying. Most-active May surged 21 points to close at 53.26 cents a pound, and July gained 30 points to 54.74 cents. The trading activity remained dull in Karachi cotton market because leading buyers and sellers were unwilling to make new deals due to Pakistan PCGA report. KCA official spot rate was flat at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes remained weak on Wednesday. North Europe A Index (2006-07 Crop) was down by 15 points at 59.50 cents/pound while North Europe B Index (2006-07 Crop) lost 10 points at 57.50 cents/pound. Far Eastern A Index (2006-07 Crop) slipped 20 points at 57.95 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures settled at the positive territory on Thursday amidst increased buying at lower level and strong NYBOT market. Futures market opened firm and tumbled thereafter but recovered on late buying support. Most active April contract opened strong at Rs.463.50 and settled Rs.0.90 up at Rs.463.20 and hovered between Rs.460.60-464. But NCDEX most active April contract climbed Rs.4.20 at Rs.486.90 after steady opening at Rs.482.60 and traded between Rs.482-490.60 during Thursday's trading.

### PRICE DRIVERS:

1. Sluggish millers demand; Increased selling; Improved arrivals
2. Increased demand from exporters for Shankar-6

### WEATHER:

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

### TECHNICALS:

Candlestick hints indecisive market for the next trading day. Stochastic moves down, hints weak market. Prices closed just above 9-day and 18-day EMA, hints strong market as medium term but MACD hints slight bearish market for medium term. Open interest slight decreased but volume of trade increased. Kapas is likely to trade up following weak opening with possibility of late downwards movement.

### MCX Kapas April Contract-2007



### SUPPORT / RESISTANCES:

#### MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	460	457	463.20	466	469

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 462 with target towards 465.50, second target near 467. Put stop loss below 459.50.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	484	480	486.90	490	493

### TRADE RECOMMENDATION (INTRADAY)

**Buy** above 484 with target towards 489, second target near 492. Put stop loss below 481.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	05.04.07	04.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1960	1985	-25.00
Muksar-Punjab	J-34	Rs./Maund	2010	2015	-5.00
Abohar- Punjab	J-34	Rs./Maund	1990	1995	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1925	1920	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19700-20000	19400-19800	+300.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16000-16400	16100-16700	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19400-19700	+100.00
Maharashtra	Y-1	Rs./Candy	17800-18100	17700-18000	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19800-20200	19500-19800	+300.00
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	17700-18000	+300.00

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