

## COTTON DAILY

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

### SPOT MARKETS:

Cotton traded steady to slightly weak all across the board Thursday. The prices are holding the levels on supportive demand from millers and stockists. Arrivals are shrinking day by day after the completion of the harvest. Farmers are also holding their produce in anticipation of higher prices. The country witnessed arrivals of around 23000 bales of cotton during the day against 25000 bales on the previous day. The Gujarat market witnessed highest arrivals of 13000 bales. Though the production of cotton is expected higher this year as compared to the last year, healthy demand from millers is keeping the prices intact at higher levels. 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. More than 90% of this expected production has seen the market yards. About 23.5 million bales of cotton have already arrived in the market. In addition, world cotton production was virtually unchanged at 116.79 million bales. On Wednesday, Shankar-6 (28mm) quoted stable at Rs.19700-20000/candy in Gujarat about Rs 100 down from the previous quote. J-34 prices also dipped by Rs 20 to Rs.1995/maund on steady arrivals of 500 bales in Punjab. The prices of J-34 dipped by Rs 35 in Rajasthan. In the view of marginally increased production in the country and shrinking export demand, the prices have not much scope on the higher side. However, the domestic demand for the cotton is healthy on increasing consumption, which might lend some support to the prices.

### INTERNATIONAL MARKET:

NYBOT cotton futures traded slightly firm Wednesday on renewed buying interest at lower levels. May cotton on the New York Board of Trade rose 13 points to settle at 51.82 cents and July added 18 points to 53.60 cents a pound. In Pakistan, KCA official spot rate continues to remain standstill at previous levels of 2725/maund. Cotlook Cotton indexes remain unchanged Wednesday. North Europe A Index (2006-07 Crop) stood at 58.70 cents/pound while North Europe B Index (2006-07 Crop) remained at previous level of 57.35 cents/pound. Far Eastern A Index (2006-07 Crop) also remained steady at 57.15 cents/pound.

### FUTURES MARKETS:

MCX Kapas futures continued to close at the negative territory on Wednesday amidst profit taking. Weak NYBOT cotton futures on Tuesday are also provided to bearish tone. Futures market traded strong after weak opening most of the session but slight declined at closing hour. Most active April contract opened weak at Rs.462.10 and lost Rs.0.60 at Rs.462 and moved at Rs.461-463. NCDEX most active April contract slipped Rs.1.80 at Rs.476 and traded at Rs.476-479.80.

### 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. Prices closed below short term EMAs hints for weakness in the market. MACD is also showing continued fall in bullish momentum. Open interest increased, whereas volumes of trade decreased during the session. The prices are likely to remain on the softer side.

### MCX Kapas April Contract-2007



### SUPPORT / RESISTANCES:

#### MCX Kapas APRIL Contract 2007

Month	S1	S2	PCP	R1	R2
April	460	458	461.1	465	467

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 462 with target towards 460, second target near 459. Put stop loss below 463.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	470	467	474.6	481	483

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 477 with target towards 473, second target near 471. Put stop loss below 480.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	12.04.07	11.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1965	1965	-
Muktsar-Punjab	J-34	Rs./Maund	1995	2015	-20
Abohar- Punjab	J-34	Rs./Maund	2005	2005	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1920	1955	-35
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19700-20000	19700-20100	-100
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15800-16500	16000-16600	-
Maharashtra	Mech-I-29mm	Rs./Candy	19800-20000	19800-20000	-
Maharashtra	Y-1	Rs./Candy	17800-18200	17800-18200	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19900-20200	20200-20400	-
Madhya Pradesh	Y-1	Rs./Candy	18200-18300	18000-18200	+100

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