

## COTTON DAILY

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

### SPOT MARKETS:

Cotton witnessed mixed actions on the last trading day of the week. The prices edged marginally in northern markets and dipped in Maharashtra. Rest of the regions saw no movement in the prices. Lack of fresh inputs to the market kept the prices in a small range at lost of the centres. Export demand continues to remain subdued at this stage. Higher domestic prices as compared to the international prices has not only dampened the export demand for the Indian cotton, it is inducing domestic millers to consider the possibility of cheaper imports to obtain parity. Steady arrivals of 22000 bales of cotton were seen on Saturday. The Gujarat market witnessed highest arrivals of 13000 bales. Production of cotton in the country is sufficient for the domestic consumption, however if export demand picks up the prices might find some support. Around 4 million bales of cotton have been exported so far and traders expect export to touch 5 million bales this year. On Saturday, Shankar-6 (28mm) quoted steady at Rs.19600-199000/candy in Gujarat. J-34 prices recouped the previous day's losses and traded at Rs 1965, the prices for the same in Abohar (Punjab) also climbed Rs 5 to Rs 1995/maund. In the view of marginally increased production in the country and shrinking export demand, the prices have not much scope on the higher side.

### INTERNATIONAL MARKET:

NYBOT cotton futures edged marginally higher on Friday as traders adjusted positions on the final day of Goldman Roll. The prices remained mostly range bound in the absence of fresh inputs to the market. May cotton on the New York Board of Trade rose 25 points to settle at 51.37 cents and July added 9 points to 52.9 cents a pound. In Pakistan, KCA official spot rate continues to remain standstill at previous levels of 2725/maund as buyers are keeping themselves away from the market due to higher prices. Cotlook Cotton indexes slipped lower Friday. North Europe A Index (2006-07 Crop) dipped 20 points to 58.75 cents/pound while North Europe B Index (2006-07 Crop) slipped 25 points to 57.35 cents/pound.

### FUTURES MARKETS:

There was no trading on Saturday on MCX. The prices continued the bearish sentiments of the previous session on NCDEX. The most active May contract opened weak at Rs 474.5 against previous close of Rs 476.8. The prices then traded bearish in the range of Rs 468-474.5 before finally closing at day's low of Rs 468.

### PRICE DRIVERS:

1. Sluggish export demand
2. Higher domestic prices as compared to international prices
3. Weak demand from millers 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:

Charts are projecting bearish picture of cotton. Candlestick has formed a maruboji pattern, which shows strength in the bear camp. Stochastic moving down supporting bears however overbought levels warrants some caution on the part of bulls. Prices closed below short term EMAs hints for weakness in the market. MACD is also showing continued fall in bullish momentum. The prices are likely to remain on the softer side.

### NCDEX Kapas April Contract-2007



### SUPPORT / RESISTANCES:

#### MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	446	443	454.4	461	463

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 455 with target towards 450, second target near 447. Put stop loss below 458.

### SUPPORT / RESISTANCES:

#### NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	460	455	468	475	478

### TRADE RECOMMENDATION (INTRADAY)

**Sell** below 470 with target towards 463, second target near 461. Put stop loss below 474.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	14.04.07	13.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1965	1960	+5
Muktsar-Punjab	J-34	Rs./Maund	2005	2000	+5
Abohar- Punjab	J-34	Rs./Maund	1995	1990	+5
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1925	1920	+5
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19600-19900	19600-19000	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15700-16300	15700-16300	-
Maharashtra	Mech-I-29mm	Rs./Candy	19600-19900	19800-20000	-100
Maharashtra	Y-1	Rs./Candy	17800-18100	17800-18100	-100
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19800-20000	19800-20000	-
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18100-18200	-

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