

## COTTON DAILY

15<sup>th</sup> MAY, 2007

### SPOT MARKETS:

Market sentiment for cotton prices remained steady to up on Monday amidst lacklustre trading activity against the weak arrivals. Feeble buying demand from the exporters and South Indian millers are enforcing the market on negative side. India's cotton exports have come to a standstill on the back of higher rate of domestic cotton prices as compared to world cotton prices and the appreciation of the rupee against the US dollar. Some exporters are forced to liquidate their port stocks due to weak overseas demand. The local millers may import large quantities of cotton to cash in on the rupee's rise. On Monday, Shankar-6 (28mm) remained flat at Rs.18500-18800/candy in Gujarat on lower intakes of 10,000 bales. J-34 prices were up at Rs.1920-1935/maund in Haryana. In Punjab, it traded up Rs.1920-1970/maund with total arrivals were around 13,000 bales in the country. Total arrivals have now reached just above 3,40,000 bales in the country. Pakistan has allowed import of long staple cotton through land route initially from India and later from Uzbekistan to meet local demand. Besides, cotton sowing has been started under the monsoon this week, with farmers in Gujarat taking to the fields two weeks earlier than usual on ample seed supply and hopes for timely rains. It is expected that the crop area would increase by 4% to 2.5 million hectares in this cotton year in Gujarat. The sowing are expected to start in the other prominent cotton producing states like Maharashtra and Andhra Pradesh in June and together produce 8.4 million bales in 2007/08. ICAC said, production in India will grow to 47 lakh tons. India's cotton consumption will be around 26.7 million tons in 2007-08. Around 3-3.5 MMt of cotton are in store, which may reduce cotton prices during next few weeks.

### INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday for weekend holiday. Cotlook Cotton indexes rose on Friday. North Europe A Index (2006-07 Crop) was up by 25 points at 56.95 cents/pound while North Europe B Index (2006-07 Crop) gained 25 points at 56.25 cents/pound. In Karachi, KCA official spot rate remained unchanged at Rs 2675/maund on Friday, without upcountry expenses

### FUTURES MARKETS:

NCDEX cotton futures closed at the negative territory on Monday amidst increased selling activity and some profit taking. Futures market opened steady but tumbled thereafter though the trading activity was very thin and settled down. Most active May contract lost Rs.1.80 at Rs.444.20 after steady opening at Rs.446 and traded in the range of Rs.444.10-446.30.

### PRICE DRIVERS:

1. Lackluster demand against the weak arrivals
2. Appreciation of rupee against the dollar value
3. Exporters liquidate port stocks on weak world market

### WEATHER:

Late winter rain in north India has provided favourable soil moisture and irrigation for cotton now being planted in this area.

### TECHNICALS:

Candlestick is favouring the bears for the next trading day. However, Stochastic is going up in neutral regions, suggesting strong market. Prices closed just between short term and medium term EMAs, indicates steady to weak market as medium term. But MACD is going up at negative zone, suggests upward market for medium term. Besides, RSI is moving down and indicating weak market. Open interest as well as volume of trade remained weak. Kapas is likely to trade down after slight weak opening with possibility of late upwards movement.

### NCDEX Kapas MAY Contract-2007



### SUPPORT / RESISTANCES:

### NCDEX Kapas MAY Contract 2007

Month	S1	S2	PCP	R1	R2
MAY	441	438	444.20	447	450

### TRADE RECOMMENDATION (INTRADAY)

**Sell** NCDEX-May- Kapas below Rs.446 with target towards Rs.441 and then Rs.439; Put stop loss strictly above Rs.450. Do not carry forward the position for the next trading day.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	14.05.07	12.05.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1935	1935	+5.00
Muktsar-Punjab	J-34	Rs./Maund	1970	1965	+5.00
Abohar- Punjab	J-34	Rs./Maund	1955	1950	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1865	1860	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18500-18800	18500-18800	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14900-15400	14900-15400	-
Maharashtra	Mech-I-29mm	Rs./Candy	18800-19000	18800-19000	-
Maharashtra	Y-1	Rs./Candy	16800-17300	16800-17300	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18800-19000	18700-19000	+100.00
Madhya Pradesh	Y-1	Rs./Candy	17400-17600	17300-17500	+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.