

## COTTON DAILY

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

### SPOT MARKETS:

Cotton remained steady to slight down at most of the domestic centre on Friday amidst steady demand supply scenario however lower selling interest was observed in Western cotton markets. Currently, lower stocks at the market yards kept pressure on cotton prices, traders said. Therefore, the ginners were not hurry to sell their unsold stock as they have only 1.5-2 million bales of cotton, which could be sold in the short period of time. In addition, above 25.93 million bales of cotton have reached so far in the market against the estimated production of 27-28 million bales. At present, the export was virtually blocked due to weak dollar and lower international market as compared to Indian market. Traders said, millers have contracted to import of around 50,000 metric tonnes of cotton for delivery in June, July and August at the nominal levy of 10%. On Friday, Shankar-6 (28mm) quoted down at Rs.19100-19400/candy in Gujarat on steady intakes of 8,000 bales. J-34 prices increased to Rs.1975-1995/maund in Haryana. In Punjab, it has slight increased at Rs.2005-2060/maund with total arrivals are reported to be around 11,000 bales in the country. However, an early monsoon will cause growers to move quickly to destroy old crop stocks and plant new crops. Besides, Pakistan's cotton import from India is projected to be at about 3.5 million bales during this marketing year on the back of strong demand from the textile and spinning sectors. Thus, cotton prices are likely to improve in near future on dwindling supplies and improving international market.

### INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to up on Thursday and prices closed nears the session highs. July cotton futures climbed 86 points to close at 50.00 cents a pound. Cotlook Cotton indexes declined on Thursday. North Europe A Index (2006-07 Crop) fell 60 points at 57.55 cents/pound while North Europe B Index (2006-07 Crop) unquoted. Far Eastern A Index (2006-07 Crop) was down by 70 points at 55.85 cents/pound. The KCA official spot rate was quoted flat at Rs 2650/maund, without upcountry expenses in Karachi.

### FUTURES MARKETS:

NCDEX cotton futures increased on Friday amidst buying support at lower level and profit taking. Futures market opened mostly up and got down thereafter due to profit taking but recovered at late hour on buying interest at day's lows. Most active May contract gained Rs.0.90 at Rs.447.80 after firm opening at Rs.448 and traded in the range of Rs.446.50-448.40.

### PRICE DRIVERS:

1. Lackluster trading against the steady arrivals
2. Improving world cotton market
3. Weakening stocks

### 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 showing indecisive market for the next trading day. But Stochastic is indicating strong market and prevails in neutral regions. Prices closed just above short term and medium term EMAs, indicates short term mild strong market. MACD is moving up to positive zone. Besides, RSI is indicating strong market. Open interest as well as volume of trade significantly declined. Kapas is likely to trade slight up following a steady to firm opening with possibility of some downwards movement at the later session.

### NCDEX Kapas MAY Contract-2007



### SUPPORT / RESISTANCES:

### NCDEX Kapas MAY Contract 2007

Month	S1	S2	PCP	R1	R2
MAY	445	442	447.80	449	452

### TRADE RECOMMENDATION (INTRADAY)

**Sell** NCDEX-May- Kapas below Rs.448 with target towards Rs.445 and then Rs.444. 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	25.05.07	24.05.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1990	1995	-5.00
Muktsar-Punjab	J-34	Rs./Maund	2060	2055	+5.00
Abohar- Punjab	J-34	Rs./Maund	2045	2045	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1925	1950	-15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19100-19400	19200-19500	-100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15200-15600	15100-15800	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19000-19300	19000-19300	-
Maharashtra	Y-1	Rs./Candy	17000-17500	17000-17500	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19200-19500	19200-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17600-17800	17600-17800	-

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