

## COTTON DAILY

23<sup>rd</sup> JUNE, 2007

### SPOT MARKETS:

Cotton prices were flat on Friday at most of the trading point on the back of steady demand from the buyers against the tight stocks. However, higher acreage than last year and expectation of higher output are negatively affecting on the market sentiment, traders said. Sowing of cotton so far this year has been higher than in the same period last year. Planting is estimated at 1.52 million hectare from May 1 to June 15 as compared to 1.46 mln ha in the same period last year. In case of Bt cotton, the area has increased to 868,000 hectare during the same period. On the other hand, the stockists have only around 0.50 to 1 million bales of cotton, which will be sold in the short period of time. On Friday, Shankar-6 (28mm) quoted steady at Rs.18900-19200/candy in Gujarat on lower intakes of 5,000 bales. J-34 prices were flat at Rs.1945-1995/maund in Haryana. In Punjab, it traded stable at Rs.1965-2035/maund with total arrivals are reported to be at around 6,000 bales in the country. India's monsoon rains have reached some parts of the cotton producing region of the western province of Maharashtra. In Gujarat, it is expected to be covered by monsoon in the next five days. Presently, China has released new import quota over 5 million bales. In addition, Pakistan has allowed the import of long staple cotton through land route from India, said a commerce ministry notification. Pakistan's Commerce Ministry has permitted the import of 3 million bales of cotton from India via road. It would reduce the cost of import and help the local textile industry to enhance its production. In fact, cotton prices are likely to recover for short term on improving international market and dwindle of supplies.

### INTERNATIONAL MARKET:

NYBOT cotton futures settled slight up on Thursday. Most active December cotton gained 8 points to close at 61.50 cents/pound. Cotlook Cotton Indexes increased. North Europe A Index (2006-07 Crop) climbed 210 points at 64.95 cents/pound while North Europe B Index (2006-07 Crop) unquoted. Far Eastern A Index (2006-07 Crop) surged 210 points at 63.00 cents/pound. Far Eastern E Index (Forward Quotation) gained 220 points at 66.25 cents/pound.

### FUTURES MARKETS:

NCDEX Kapas futures traded steady to rangebound on Friday amidst strong buying support at early hour. Market hovered up after weak opening but profit taking at day's high pulled down the prices later. Most active March contract settled Rs.0.20 down at Rs.423.50 after weak opening at Rs.423 and traded within Rs.422.60-425.

### PRICE DRIVERS:

1. Steady demand against the tight stocks
2. Higher sowing than last year; Improving international market
3. Pakistan allows import of cotton by road from India

### WEATHER:

Improvement in monsoon is enhancing the sowing and providing favourable soil moisture in the cotton growing regions.

### TECHNICALS: NCDEX Kapas March Contract-2008

Candlestick is indicating slight strong market. Prices closed above 9-day and 15-day EMA, indicating short term bullish market. Open interest decreased but volume of trade significantly improved. Stochastic is indicating strong market but RSI hints slight weak market. Kapas is to be trade up after steady to weak opening with possibility of some downwards movement at the later session.

### OUTLOOK:

**Short Term (1 Week):** Steady to slight up on improving demand and reducing stocks.

**Medium Term (1 Month):** Bullish likely on dwindle supplies and improving international market.

**Long Term (3 Months):** Steady to down on higher acreage and expectation of higher production.

### NCDEX Kapas March Contract-2008



### SUPPORT / RESISTANCES:

#### NCDEX Kapas MARCH Contract 2008

Month	S1	S2	PCP	R1	R2
MARCH	422	420	423.50	425	427

### TRADE RECOMMENDATION (INTRADAY)

**Buy** NCDEX-MARCH-Kapas above Rs.422 with target towards Rs.425 and then Rs.427. Put stop loss strictly below Rs.421. Do not carry forward the position for the next trading day.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	22.06.07	21.06.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1975	1975	-
Muktsar-Punjab	J-34	Rs./Maund	2035	2035	-
Abohar- Punjab	J-34	Rs./Maund	2015	2015	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1935	1935	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18900-19200	18900-19200	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-15600	15300-15600	-
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19700	19300-19700	-
Maharashtra	Y-1	Rs./Candy	17500-17700	17500-17700	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19600-19800	19600-19800	-
Madhya Pradesh	Y-1	Rs./Candy	17800-18000	17800-18000	-

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