

## COTTON DAILY

8<sup>th</sup> JUNE, 2007

### SPOT MARKETS:

Tight stock position of the old cotton crop in Northern India has supported the firm tone. However other major markets remained mostly flat on steady demand supply scenario. Decreasing stocks at the market yards are supporting the cotton sentiments. The ginners have only 1-1.3 million bales of cotton, which could be sold in the short period of time. Above 26 million bales of cotton have already arrived in the market out of the estimated production of 27-28 million bales in 2006-07. Meanwhile, cotton production is expected to go up to 30 million bales in 2007-08 with indications of more area coming under the crop in the North India and use of genetically modified seeds. On the other hand, exports have virtually blocked in the country as the Indian rupee increased sharply against the dollar because of sustained foreign fund inflows. On Wednesday, Shankar-6 (28mm) quoted stable at Rs.18900-19300/candy in Gujarat on stable intakes of 6,000 bales. However, J-34 prices were up at Rs.1945-1985/maund in Haryana. In Punjab, it traded up at Rs.2000-2065/maund with total arrivals are reported to be slight down at around 7,000 bales in the country. For the marketing year 2007-08, cotton planting in India is progressing well under comparatively favourable weather conditions. The cotton sowing in Northern States like Punjab, Haryana and Rajasthan have already started and in the next one month it will start in Gujarat, Maharashtra and Madhya Pradesh followed by Southern States like Andhra Pradesh, Karnataka and Tamil Nadu. As of May 23, nearly 80% of sowing had been completed in Northern region. In fact, cotton prices are likely to remain steady to up as short term on dwindling supplies and usual domestic demand.

### INTERNATIONAL MARKET:

NYBOT cotton futures settled slight down Wednesday. July cotton futures slipped 12 points at 51.63 cents a pound. Cotlook Cotton Indexes climbed. North Europe A Index (2006-07 Crop) surged 150 points at 60.65 cents/pound. Far Eastern A Index (2006-07 Crop) was up by 175 points at 58.80 cents/pound. Far Eastern E Index (Forward Quotation) regained 150 points at 62.55 cents/pound. In Karachi, KCA official spot restricted at Rs.2600/maund.

### FUTURES MARKETS:

NCDEX Kapas futures traded slightly up on mild buying support and traded within the thin range on Thursday. Most active March contract settled up by 0.48% at Rs.422.50 after firm opening at Rs.422 and traded within Rs.421.60-422.50.

### PRICE DRIVERS:

1. Moderate buying in North India against tight stocks
2. Declining stocks; Sowing pressure & higher acreage
3. Improving international market; No exports at present

### WEATHER:

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

### TECHNICALS: NCDEX Kapas March Contract-2008

Cotton prices continue to move sideways. The price closed marginally above short term EMAs. MACD is running down in the positive territory, indicating fall in bullish momentum. Stochastic is also running down in normal region. Cotton futures are expected to trade range bound.

### OUTLOOK:

**Short Term (1 Week):** Rangebound with slight up on improving demand and declining stocks.

**Medium Term (1 Month):** Recover likely on dwindles supplies and expectation of improve international market.

**Long Term (3 Months):** Steady to slight up possible on fresh demand from China, Pakistan as well as domestic market.

### NCDEX Kapas March Contract-2008



### SUPPORT / RESISTANCES:

#### NCDEX Kapas MARCH Contract 2008

Month	S1	S2	PCP	R1	R2
MARCH	419.6	418.3	422.5	424.0	425.0

### TRADE RECOMMENDATION (INTRADAY)

Stay Away

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	07.06.07	06.06.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1995	1990	+5
Muktsar-Punjab	J-34	Rs./Maund	2060-2065	2060	+5
Abohar- Punjab	J-34	Rs./Maund	2035-2040	2035	+5
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1940	1940	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18900-19300	18900-19300	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-16500	15300-16500	-
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	17500-17800	17500-17800	-

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