

## COTTON DAILY

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

### SPOT MARKETS:

Cotton prices were improved on Wednesday in the North Indian markets amidst sluggish arrivals against the steady demand while it remained almost steady at the other markets. Sowing of cotton so far this year has been higher than in the same period last year. Sowing is estimated at 1.52 million hectare as compared to 1.47 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 Wednesday, Shankar-6 (28mm) quoted up at Rs.19100-19300/candy in Gujarat on lower arrivals of 3,000 bales. J-34 prices were slight up at Rs.1955-2000/maund in Haryana. In Punjab, it traded slight up at Rs.1980-2045/maund with total arrivals are reported to be at around 3,500 bales in the country. The Maharashtra State government and Maharashtra State Co-operative Cotton Growers Marketing Federation have announced that the new cotton policy for the 2007/08 season. Details of the new initiative include quicker payment for seed cotton and new ginning and warehouse facilities. 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 to be remain firm for short term on improving international market and dwindle of supplies.

### INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to up on Tuesday amidst speculative and local buying. Most-active December cotton climbed 66 points at 61.45 cents/pound. Cotlook Cotton Indexes slipped. North Europe A Index (2006-07 Crop) lost 10 points at 65.00 cents/pound. Far Eastern A Index (2006-07 Crop) slid 10 points at 63.10 cents/pound. Far Eastern E Index (Forward Quotation) was down by 5 points at 65.75 cents/pound. In Karachi, KCA official spot rate remained flat at Rs.2600/maund.

### FUTURES MARKETS:

NCDEX Kapas futures traded bullish on Wednesday amidst fresh buying support and firm spot market. Market increased following a strong opening and settled at the positive territory. Most active March contract increased Rs.3.40 to close at Rs.427.90 after strong opening at Rs.425.10 and traded within the range of Rs.425-427.90.

### PRICE DRIVERS:

1. Lower arrivals against the average demand
2. Depleting stocks
3. Higher acreage over last year; Tight international market
4. 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 bullish market for the next trading day. Prices closed far above 9-day and 15-day EMA, indicating short term bullish market. Open interest as well as volume of trade improved. Stochastic as well as RSI hints bullish market. Kapas is likely to trade firm after steady to firm opening with possibility of some downwards movement at the later session.

### OUTLOOK:

**Short Term (1 Week):** Steady to 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	425	422	427.90	430	433

### TRADE RECOMMENDATION (INTRADAY)

**Buy** NCDEX-MARCH-Kapas above Rs.426.50 with target towards Rs.429.50 and then Rs.431. Put stop loss strictly below Rs.424.50. Do not carry forward the position for the next trading day.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	27.06.07	26.06.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1980	1975	+5.00
Muktsar-Punjab	J-34	Rs./Maund	2045	2040	+5.00
Abohar- Punjab	J-34	Rs./Maund	2025	2020	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1945	1940	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19100-19300	19000-19300	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15500-16500	15400-15600	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19500	19300-19500	-
Maharashtra	Y-1	Rs./Candy	17600-17800	17600-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19600-19900	19600-19900	-
Madhya Pradesh	Y-1	Rs./Candy	17800-18000	17800-18000	-

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