

## COTTON DAILY

24<sup>th</sup> JULY, 2007

### SPOT MARKETS:

Indian cotton prices remained weak at this time on account of sluggish demand from the exporters as well as mills. In addition, bearish global cues in this time also added to bearish tone. Besides, the higher acreage and expectation of bumper crop during the year triggered the prices to down. The prices had shot up in the first fortnight of this month due to good demand from exporters against the weak arrivals. Exporters were also purchased good volumes of cotton to cover their positions ahead of the new crop and they had already contracted to export of around 3-4 lakh bales of old and forthcoming new cotton crop for delivery in November, December and January.

According to the government, the area covered by cotton between May 1 and July 20 is estimated at 7.22 million hectares, up from 6.41 million hectares a year earlier.

Cotton arrivals has reached to 1.10 lakh bales at gins during week ending July 14 over 40,000 bales of the last year same period. Gujarat contributed around 1-lakh bales of this volume, where the crop appears poised to reach or exceed 10 million bales for the first time. Total arrivals are now reached at 27.16 million bales.

Pakistan government has not permitted import of long staple cotton lint from India through Wagah Border on account of fumigation problem.

On Monday, Shankar-6 (28mm) quoted down at Rs.20300-20500/candy in Gujarat. J-34 prices offered down at Rs.2045-2085/maund in Haryana. In Punjab, it quoted down between Rs.2080-2145/maund in different markets. But, the cotton market is likely to recover in the near term on expectation of higher international markets and shrinking domestic supplies.

### INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday due to weekend holiday. In Pakistan, the cotton prices witnessed a bullish trend in Karachi market on Saturday because the spinners increased buying to meet their requirements. The Karachi Cotton Association (KCA) official spot rate remained flat at Rs.2900/maund. In the reading business, the deals were stuck between Rs.3000-3100/maund.

### FUTURES MARKETS:

NCDEX Kapas futures traded mixed on Monday amidst fresh buying at lows at early hour and profit taking. Market went down after weak opening but soared thereafter and finally settled down from day's high. March-2008 contract closed Rs.1 up at Rs.446.20. But most active April 2008 contract opened bearish at Rs.444 against the last close of Rs.446.10 and settled Rs.0.80 down at Rs.445.30 with traded within Rs.442.70-449.

### PRICE DRIVERS:

1. Stockists holding back remaining stocks; Negligible arrivals
2. Sluggish demand from exporters & mills; Weak global markets

### WEATHER:

Monsoon rains in the country are likely to remain weak in cotton-growing central regions over the next 5-days. This year's monsoon has been 111% of the long-term average and well distributed up to July 18.

### TECHNICALS: NCDEX Kapas APRIL Contract-2008

Candlesticks charts are indicating slight bearish market for the next trading day. Prices settled below short term EMAs, favouring for the short term bears. MACD is sharply moving down in the positive zone, hinting weak market as medium term. Stochastic and RSI are suggesting bearish market. Volume increased but Open interest decreased. Kapas is likely to trade bearish after firm opening with possibility of some upward movement at the later session.

### OUTLOOK:

**Short Term (1 Week):** Weak on bearish global cues.

**Medium Term (1 Month):** Recover likely on mostly weak arrivals and improving international market.

**Long Term (3 Months):** Steady to bearish possible on new crop arrivals in last week of September and higher production estimates.

### NCDEX Kapas APRIL Contract-2008



### SUPPORT / RESISTANCES:

#### NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	440	433	445.30	448	453

### TRADE RECOMMENDATION (INTRADAY)

**Sell** NCDEX-APRIL-Kapas below Rs.447 with target towards Rs.441 and then 437, Put stop loss strictly above Rs.452. Do not carry forward the position for the next trading day.

# VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	23.07.07	21.07.07	Change
Sirsa- Haryana	J-34	Rs./Maund	2060	2070	-10.00
Muktsar-Punjab	J-34	Rs./Maund	2145	2175	-30.00
Abohar- Punjab	J-34	Rs./Maund	2125	2150	-25.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	2000	2040	-40.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	20300-20500	20500-20800	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16200-17000	16300-17000	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	20600-20800	20600-20800	-
Maharashtra	Y-1	Rs./Candy	18600-19000	18600-19000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20800-21000	20800-21000	-
Madhya Pradesh	Y-1	Rs./Candy	19000-19300	19000-19300	-

## 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.