

## COTTON DAILY

11<sup>th</sup> SEPTEMBER, 2007

### SPOT MARKETS:

Steady sentiment was observed in the domestic cotton market on Monday despite higher arrivals of new cotton in North India. Traders said around 5000 bales of cotton reached in Northern provinces of Punjab, Haryana and Rajasthan. But most of exporters and big buyers remained inactive and waiting for the new crop from the main growing states of Gujarat, Maharashtra and Andhra Pradesh to arrive in the markets by the middle of September. In addition, the quality and quantity of the new crop will determine further market condition. Maharashtra State cabinet approved the proposal to buy cotton from farmers at M.S.P of Rs 2070/quintal. The board will procure cotton from 2nd October and it is estimated that they will purchase about Rs 50 lakh quintals of cotton from the farmers. In Gujarat State, around 200-250 bales/day are being delivered to gins. In Madhya Pradesh, the arrivals is reporting at around 100-150 bales/day. In South India, it has now reached at 500 bales/day in Andhra Pradesh.

Cotton acreage is estimated at 9.05 Mln Ha as on May 1- Sept 7, up from 8.64 Mln Ha on the same date last year. Bt cotton sowing reached more than 5.33 Mln Ha. Area has risen by 7% in Punjab and by 25% in Rajasthan and 5-8% in Gujarat, Maharashtra and M.P..

Indian cotton export would rise to about 4.6 million bales in 2007-08 crops. Cotton output is estimated at 31 Mln bales in the country in 2007-08 over 27-28 Mln bales of 2006-07.

On Monday, Shankar-6 (28mm) forward quoted flat at Rs.19600-700/candy in Gujarat. In Haryana, the forward bargains for Full September quoted at Rs.1975-85/maund and Full Oct at Rs.1915-25/maund. In Punjab, it offered between Rs.1985-2005/maund and Rs.1930-55/maund. Cotton prices are likely to remain steady to up in the near future.

### INTERNATIONAL MARKET:

ICE remained closed on Saturday and Sunday for weekend holiday. In Pakistan, bullish sentiment observed on the Karachi cotton market on Saturday because ginners showed their willingness to sell the cotton at the prevailing rates. In Karachi, KCA official spot rate remained flat at Rs 2775/maund. In Punjab, Phutti (seed cotton) prices prevailed at Rs 1300-1325/maund and in Sindh at Rs 1250-1275/maund.

### FUTURES MARKETS:

NCDEX Kapas futures plunged on Monday amidst strong selling pressure on bumper crop production estimates. Market tumbled after gap opening and settled nearer the day's low. March-2008 contract lost Rs.6.50 at Rs.415. Most active April 2008 contract opened mostly weak at Rs.418.50 over the last close of Rs.420.80 and slid Rs.5.70 at Rs.415.10 and traded within Rs.414.30-418.50.

### PRICE DRIVERS:

1. Higher production estimates; Fresh arrivals in North India & Gujarat
2. Weak international cotton markets
3. Mostly weak demand from exporters; Higher acreage

### WEATHER:

Areas of the North India cotton belts have seen only isolated thunderstorms recently. This will help improve the condition of this crop after earlier heavy storms.

### TECHNICALS: NCDEX Kapas APRIL Contract-2008

Candlesticks chart shows sharply bearish market for the next trading day. Prices closed far below short term EMAs, exhibits short term weak market. MACD prevails in the negative zone and moving downwards. Stochastic and RSI shows weak market. Volume as well open interest significantly increased. Kapas is likely to trade soft after weak opening with possibility of some upward movement at the later session.

### OUTLOOK:

**Short Term (1 Week):** Steady to down on weak domestic demand and expectation of higher output.

**Medium Term (1 Month):** Up likely on good domestic demand from the exporters and millers.

**Long Term (3 Months):** Bullish likely on higher export demand and expectation of higher international markets.

### NCDEX Kapas APRIL Contract-2008



### SUPPORT / RESISTANCES:

#### NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	411	408	415.10	418	421

### TRADE RECOMMENDATION (INTRADAY)

**Risk lovers can Sell** NCDEX-APRIL-Kapas below Rs.417 with target towards Rs.412 and then Rs.410. Put stop loss strictly above Rs.421. Do not carry forward the position for the next trading day.

**VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS**

Markets	Variety	Units	10.09.07	08.09.07	Change
Sirsa- Haryana	J-34	Rs./Maund	-	-	-
Muktsar-Punjab	J-34	Rs./Maund	-	-	-
Abohar- Punjab	J-34	Rs./Maund	-	-	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	-	-	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	20600-20800	20600-20800	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15700-16500	15700-16500	-
Maharashtra	Mech-I-29mm	Rs./Candy	20700-20900	20700-20900	-
Maharashtra	Y-1	Rs./Candy	-	-	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20600-20800	20600-20800	-
Madhya Pradesh	Y-1	Rs./Candy	-	-	-

**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.