

**SPOT MARKETS:**

Cotton prices improved further on Wednesday in the Western markets amidst good demand from exporters and millers on weak supplies while it was steady in North Indian markets on steady demand. At present, Pakistan, China, Bangladesh and other countries are favouring Indian cotton due to lower rate and good quality. Recently, Pakistan permitted the import of 5-lakh bales of cotton from India, which is the leading factor for prices rise. They reported that short-staple cotton has been allowed through land routes via the Wagah border. But, the demand from the textile mills are remaining weak as compared to last year due to rising rupee over US dollar and weak demand for yarns and other cotton made products, traders said. Besides, in Gujarat, the assembly election has negatively impacted in the market, which pulled down the arrivals. On the export front, around 2 million bales have already exported to date and have contracts for 2.5-2.6 mln bales, traders said.

CCI estimates that cotton production will be around 30 million bales this season over 27 million bales in 2005-06. Out of this, above 6.5 million bales are estimated to be export to China, Bangladesh, Pakistan, Indonesia and other countries. Local demand is estimated at close to 24 mln bales while closing stocks at 4.2 mln bales. USDA put world production at 118.76 mln bales in 2007-08, 0.60 mln bales lower than November due to lower crop in U.S, Pakistan and China.

On Wednesday, Shankar-6 28 mm delivery quoted up at Rs.19700-900/candy in Gujarat. J-34 cotton traded steady at Rs.1885-1970/maund in Haryana and Rs.1965-2040/maund in Punjab respectively. In the country, the total arrivals are reported to be slight down at 210,000 bales. Out of this, Maharashtra contributed around 50000 bales while Gujarat's share was about 70000 bales.

**INTERNATIONAL MARKET:**

ICE cotton futures closed up on Tuesday. March contract gained 7 points at 65.72 cents/pound and traded in the range of 65.50-66.00 cents. Cotlook Cotton indexes were unchanged on Tuesday. The North Europe A Index (2007-08 crop) was inert at 70.90 cents/pound. Far Eastern A Index (2007-08 crop) was steady at 69.90 cents/pound. In Pakistan, KCA official spot rate was inert at Rs 3000/maund.

**FUTURES MARKETS:**

MCX Kapas futures closed up on Wednesday owing to strong buying support on firm spot market. Market slipped after mostly firm opening but rebounded to up thereafter on fresh buying but set back from contract's high. MCX Most active April contract gained Rs.2 at Rs.454.3 after mostly firm opening at Rs.454.2 and traded within Rs.452.6-455. NCDEX Most active April contract climbed Rs.2.4 at Rs.470.2 after bullish opening at Rs.469 and moved within Rs.467.6-470.5.

**PRICE DRIVERS:**

1. Strong import demand from neighbouring countries
2. Bullish demand from exporters; Moderate demand from mills
3. Strong arrivals; Lower global cotton production in 2007-08

**WEATHER:**

Recent shower activity northwest India may be unfavorable, if there is still some harvesting left to do.

**TECHNICALS: MCX Kapas APRIL Contract-2008**

Candlestick chart hints indecisive market for the next trading day. Prices closed far above short term EMAs, indicates bullish market as short term. MACD moving up in the positive zone. Stochastic as well as RSI favours bulls. Volume as well as open interest considerably increased, support the market's trend. Kapas is to be trade bullish after strong opening with possibility of some downward movement at the later session.

**MCX Kapas APRIL Contract-2008****SUPPORT / RESISTANCES:****MCX Kapas APRIL Contract 2008**

Month	S1	S2	PCP	R1	R2
APRIL	445	440	454.3	457	462

**TRADE RECOMMENDATION (INTRADAY)**

**Buy MCX-APRIL-Kapas** above Rs.452 with target towards Rs.456 and then Rs.459. Put stop loss strictly below Rs.449. Do not carry forward the position for the next trading day.

**NCDEX Kapas APRIL Contract 2008**

Month	S1	S2	PCP	R1	R2
APRIL	467	463	470.2	475	478

**TRADE RECOMMENDATION (INTRADAY)**

**Buy NCDEX-APRIL-Kapas** above Rs.468 with target towards Rs.474 and then Rs.476. Put stop loss strictly below Rs.463. Do not carry forward the position for the next trading day.

# COTTON

**Agriwatch**  
DAILY

■ COTTON

■ DEC 20, 2007

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	19.12.07	18.12.07	Change (Rs.)
Sirsa- Haryana	J-34	Rs./Maund	1945	1945	-
Muktsar-Punjab	J-34	Rs./Maund	2030	2030	-
Abohar- Punjab	J-34	Rs./Maund	1990	1990	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1825	1825	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19700-900	19600-800	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16700-17000	16500-17000	+200.00
Maharashtra	Mech-I-29 mm	Rs./Candy	19300-400	19200-300	+100.00
Maharashtra	Mech-I-30 mm	Rs./Candy	19500-800	19500-800	-
Madhya Pradesh	Mech-I-29 mm	Rs./Candy	19300-400	19200-300	+100.00
Madhya Pradesh	Mech-I-30 mm	Rs./Candy	19500-700	19500-700	-

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