

**SPOT MARKETS:**

Cotton prices soared on Friday in the country amidst good demand from exporters and millers on weak supplies. 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. Cotton arrivals during the week of December 8-14 reached to 1.4 mln bales over 1.52 mln bales of last year same period.

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 Friday, Shankar-6 28 mm delivery quoted up at Rs.19800-2000/candy in Gujarat. J-34 cotton traded almost up at Rs.1895-1985/maund in Haryana and Rs.1975-2050/maund in Punjab respectively. In the country, the total arrivals are reported to be down at 190,000 bales. Out of this, Maharashtra contributed around 50000 bales while Gujarat's share was about 60000 bales.

**INTERNATIONAL MARKET:**

ICE cotton futures slightly declined on Thursday. March contract slid 10 points to 66.17 cents/pound and traded in the range of 66.02-66.55. Cotlook Cotton indexes rose on Thursday. The North Europe A Index (2007-08 crop) was up by 40 points 71.30 cents/pound. Far Eastern A Index (2007-08 crop) gained 40 points at 70.30 cents/pound. In Pakistan, market remained closed for Eid festivals.

**FUTURES MARKETS:**

MCX Kapas futures hovered up on Friday amidst strong buying support on firm spot market. However, market slid after mostly firm opening but rebounded to up and made new contract high and finally closed at session's high. MCX Most active April contract gained Rs.3 at Rs.458 after mostly firm opening at Rs.457.1 and hovered within Rs.455-458. NCDEX Most active April contract climbed Rs.6.3 at Rs.475.6 after bullish opening at Rs.470.1 and moved within Rs.470.1-476.

**PRICE DRIVERS:**

1. Strong import demand from neighbouring countries
2. Bullish demand from exporters; Moderate demand from mills
3. Weak 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 exhibits upward 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, but technical reversal near due to mostly overbought condition of the market. Volume as well as open interest significantly increased, supports the market's trend. Kapas is to be trade up after weak 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	454	449	458	462	465

**TRADE RECOMMENDATION (INTRADAY)**

**Buy MCX-APRIL-Kapas** above Rs.455 with target towards Rs.461 and then Rs.464. Put stop loss strictly below Rs.450. Do not carry forward the position for the next trading day.

**NCDEX Kapas APRIL Contract 2008**

Month	S1	S2	PCP	R1	R2
APRIL	472	467	475.6	480	485

**TRADE RECOMMENDATION (INTRADAY)**

**Buy NCDEX-APRIL-Kapas** above Rs.473 with target towards Rs.479 and then Rs.483. Put stop loss strictly below Rs.468. Do not carry forward the position for the next trading day.

# COTTON

**Agriwatch**  
DAILY

■ COTTON

■ DEC 22, 2007

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	21.12.07	20.12.07	Change (Rs.)
Sirsa- Haryana	J-34	Rs./Maund	1955	1945	+10.00
Muktsar-Punjab	J-34	Rs./Maund	2040	2030	+10.00
Abohar- Punjab	J-34	Rs./Maund	1995	1990	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1835	1825	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19800-20000	19700-900	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16800-17000	16700-17000	+100.00
Maharashtra	Mech-I-29 mm	Rs./Candy	19400-600	19300-400	+100.00
Maharashtra	Mech-I-30 mm	Rs./Candy	19600-900	19500-800	+100.00
Madhya Pradesh	Mech-I-29 mm	Rs./Candy	19400-600	19300-400	+100.00
Madhya Pradesh	Mech-I-30 mm	Rs./Candy	19600-900	19500-700	+100.00

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