

**SPOT MARKETS:**

Market sentiment for cotton prices were down on Thursday in the Western markets on strong arrivals with sluggish demand while the prices got up in North Indian markets on lower arrivals. In addition, exports demand are also weak owing to some logistical constraints at the ports and a lull in demand from China, a major buyer, traders said. Some spinning mills have reduced their consumption by 10%-15% amidst high prices of the raw material. The lethargic off-take of yarn, cloth and garments had proved a dampener for the textile industry. The country is expected to harvest a bumper crop in this year and new crop arrivals are expected to sharply increase around mid-December. However, good export orders from China, Pakistan and Bangladesh could prevent a sharp fall. Trade sources said, Indian exporters have already contracted to export 10 lakh bales of cotton.

In India, export is expected to witness a significant jump to over 6.5 mln bales in 2007-08 from 5.5 mln bales in 2006-07. Cotton production this year is expected to test over 30 million bales, up 2-3 mln bales from the year earlier. Local demand is estimated at close to 24 mln bales while closing stocks at 4.2 mln bales. This month's world cotton supply and demand forecasts show lower production and consumption, higher trade, and marginally lower ending stocks compared with last month. USDA put world production at 119.36 mln bales in 2007-08, 900,000 bales lower than October.

On Thursday, Shankar-6 28 mm delivery quoted down at Rs.19600-700/candy in Gujarat. In Haryana, J-34 cotton offered up at Rs.1850-1945/maund and Rs.1975-2030/maund in Punjab respectively. In the country, arrivals are reported to be weak at 190,000 bales. Maharashtra contributed around 55000 bales while Gujarat's share was about 75000 bales.

**INTERNATIONAL MARKET:**

ICE cotton futures closed moderately down on Wednesday. Most-active March futures slid 13 points at 63.37 cents/pound and traded in the range of 63.10-63.80 cents. Cotlook Cotton indexes were unchanged. North Europe A Index (2007-08 crop) was flat at 69.05 cents/pound. While North Europe B Index (2007-08 crop) was unlisted and Far Eastern A Index (2007-08 crop) was steady at 68.15 cents/pound. In Pakistan, KCA official spot rate was inert at Rs 3075/maund.

**FUTURES MARKETS:**

MCX Kapas futures fell on Thursday amidst profit booking coupled with fresh selling pressure. Market fell after weak opening and settled near the session's low. MCX Most active April contract lost Rs.4.8 at Rs.439.5 after weak opening at Rs.442.6 and traded within the range of Rs.439.3-442.6. NCDEX Most active April contract slid Rs.4.9 at Rs.453.9 and moved within Rs.453.5-458.

**PRICE DRIVERS:**

1. Good import demand from Pak, China, Bangladesh & Turkey
2. Good demand from exporters; Lethargic demand from mills
3. Strong arrivals; Lower global cotton production in 2007-08

**WEATHER:**

North India cotton has become hotter and drier recently. This should favor the crop, after earlier rains. Favorable moisture for the crop in south India is expected.

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

Candlestick chart shows downward market for the next trading day. Prices closed below short term EMAs, indicates steady to weak market as short term. MACD moving down from the positive zone. Stochastic as well as RSI favours bears. Volume as well as open interest considerably increased, support the present market's trend. Kapas is to be trade down after firm opening with possibility of some upward movement at the later session.

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

Month	S1	S2	PCP	R1	R2
APRIL	435	430	439.5	445	450

**TRADE RECOMMENDATION (INTRADAY)**

**Sell MCX-APRIL-Kapas** below Rs.441 with target towards Rs.436 and then Rs.433. Put stop loss strictly above Rs.445. Do not carry forward the position for the next trading day.

**NCDEX Kapas APRIL Contract 2008**

Month	S1	S2	PCP	R1	R2
APRIL	450	445	453.9	458	462

**TRADE RECOMMENDATION (INTRADAY)**

**Sell NCDEX-APRIL-Kapas** below Rs.456 with target towards Rs.451 and then Rs.448. Put stop loss strictly above Rs.460. Do not carry forward the position for the next trading day.

# COTTON

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■ DEC 07, 2007

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	06.12.07	05.12.07	Change (Rs.)
Sirsa- Haryana	J-34	Rs./Maund	1940	1920	+20.00
Muktsar-Punjab	J-34	Rs./Maund	2030	2000	+30.00
Abohar- Punjab	J-34	Rs./Maund	1995	1975	+20.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1830	1825	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19600-700	19700-800	-100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16200-800	16000-400	+200.00
Maharashtra	Mech-I-29 mm	Rs./Candy	19000-200	19100-300	-100.00
Maharashtra	Mech-I-30 mm	Rs./Candy	19400-600	19400-600	-
Madhya Pradesh	Mech-I-29 mm	Rs./Candy	19000-200	19100-300	-100.00
Madhya Pradesh	Mech-I-30 mm	Rs./Candy	19400-600	19400-600	-

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