

COTTON DAILY

31st JANUARY, 2007

SPOT MARKETS:

Cotton traded almost steady to slight up Tuesday at most of the trading centre amidst improved demand from local mills, exporters along with reduced arrivals. Southern mills are witnessing positive demand for Maharashtra cotton. However lack of new export deal is keeping pressure on the cotton prices despite strong import demand from other countries. Traders said, payments from several earlier export deals have still not been received from buyers and this has led to a slowdown in finalization of further contracts. In addition to, the government agencies are delaying payments to the farmers for several months though the procurement is running on. At present, India is offering cotton at around 52 U.S. cents a pound, c & f, one of the cheapest origins in the world for south-east Asian destinations and China. The price advantage of Indian cotton has again stimulated some interest from Italy; but for now, no offtake can be confirmed. New Shankar-6 (28mm) registered steady at Rs.17600-18000/candy in Gujarat with slight lower intake of 40,000 bales. J-34 improved further and quoted at Rs.1595-1675/maund with steady arrivals of 5,000 bales in Haryana. In Punjab, it traded at Rs.1640-1730/maund with steady arrivals of 8,000 bales. The total arrivals reduced to 1,15,000 bales (approx) in the country.

INTERNATIONAL MARKET:

NYBOT cotton futures tumbled Monday amidst speculative selling and losses in other markets in a very quiet trading session. March slipped 55 points to settle at 53.57 cents a pound, and May slid 54 points to 54.64 cents. Both markets settled near their session lows. Cotton prices in Pakistan remained strong due to domestic mills aggressively take up local cotton. NIAB varieties rallied Rs.25-75/maund, with average prices reaching Rs.2,475/maund. MNH-93 price surged up to Rs.25/maund, putting prices at Rs.2,565-2,625/maund. The Cotlook Cotton indexes remained lower Monday. North Europe A Index was down by 15 points at 60.15 cents/pound. North Europe B Index was down by 5 points at 57.10 cents/pound. Far Eastern A Index was down by 15 points at 58.75 cents/pound.

FUTURES MARKETS:

MCX Kapas futures backpedaled Tuesday on profit taking and lack of buyers at contract high level. NYBOT remained down, which is likely to have bearish impact. Market hovered up after weak opening but tumbled thereafter on profit taking. Most active April contract lost Rs.1.40 at Rs.401 after weak opening at Rs.400 and traded between Rs.398-403. NCDEX most active April contract slipped Rs.1.70 at Rs.401.70 following weak opening at Rs.401.50 and moved between Rs.399.90-404.70.

PRICE DRIVERS:

1. Improved demand from the local mills and exporters
2. No fresh export deal amidst payment problem
3. Regular demand from Pakistan
4. Reduced arrivals

WEATHER:

Mostly dry weather favors the remaining harvest of cotton through central and south India at this time.

TECHNICALS:

Candlesticks hints indecisive market for the next trading day. %K-line moving down after made a bearish cut with %D line at overbought region, hinting technical weakness. Prices closed far above 9-day and 18-day EMA, indicating upward market for medium term and MACD also indicates bullish market for medium term. Open interest increased but volume of trade significantly decreased. Kapas is likely to remain bearish after steady to weak opening with possibility of late upwards movement.

MCX Kapas April Contract-2007



SUPPORT / RESISTANCES:

MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	398	395	401	403	407

TRADE RECOMMENDATION (INTRADAY)

Sell below 403 with target towards 400, second target near 397. Put stop loss above 405.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	399	396	401.70	405	408

TRADE RECOMMENDATION (INTRADAY)

Sell below 404 with target towards 401, second target near 397. Put stop loss above 406.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	30.01.07	29.01.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1620	1615	+5.00
Muktsar-Punjab	J-34	Rs./Maund	1720	1720	-
Abohar- Punjab	J-34	Rs./Maund	1665	1665	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1600	1590	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	17600-18000	17600-17800	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	13100-13500	13000-13500	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	17300-17600	17300-17500	-
Maharashtra	Y-1	Rs./Candy	15300-15600	15300-15600	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	17500-17600	17500-17600	-
Madhya Pradesh	Y-1	Rs./Candy	15400-15700	15300-15600	+100.00

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