

COTTON DAILY

12th MARCH, 2007

SPOT MARKETS:

Cotton prices improved on Saturday at most of the trading centre due to below production estimates by the traders as compared to CAB. The cotton production in is likely to be down around 262-265 lakh bales in 2006-07 (October-September) as compared to the earlier estimation of 270 lakh bales, which was made by the Cotton Advisory Board (CAB) in December 2006. However, the CAB retained their earlier estimation at present also, according to the CAB on Friday. They reported that the mills consumption between November and January period is surged by 14% compared to last year because increase in number of spindles. The arrivals remained steady at around 50,000 bales in the country as compared to last day. Farmers are withholding seed cotton on expectation of higher prices in near term. In addition to, Indian exporters have augmented prices of raw cotton by 2-4 cent/pound or Rs.150-160/maund to 64 cent/pound following Pakistan placed huge import orders, according to sources. Currently, demand for Indian raw cotton is increasing in Pakistan, China and Bangladesh due to its better quality. Besides, the lower production estimates in these countries is also aggravating the situation. Indian exporters have raised prices all quality of raw cotton i.e. J-34, Shankar-6 and MU-5. On Saturday, Shankar-6 (28mm) remained steady at Rs.19100-19400/candy in Gujarat with slight lower intakes of 22,000 bales. J-34 climbed at Rs.1910-1950/maund with steady arrivals of 3000 bales in Haryana. In Punjab, it offered down at Rs.1905-1970/maund on stable arrivals of 5000 bales.

INTERNATIONAL MARKET:

NYBOT cotton futures remained almost flat Friday following early trade selling was offset by spec and fund buying. Most-active May cotton gained 1 point to close at 54.50 cents, while July added 12 points to 55.21 cents. In Pakistan, the trading activity was sluggish in the Karachi cotton market on Friday as mills try to cover the forward sales. KCA official spot rate remained unchanged at Rs.2525/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged Friday. North Europe A Index (2006-07 Crop) was flat at 60.40 cents/pound while North Europe B Index (2006-07 Crop) unchanged at 57.65 cents/pound. Far Eastern A Index (2006-07 Crop) was steady at 58.85 cents/pound.

FUTURES MARKETS:

MCX Kapas futures soared after hitting a new contract high on Saturday amidst spec buying and strong international market and strong NYBOT cotton market. Most active April contract gained Rs.5.30 at Rs.452.40 after weak opening at Rs.446 and hovered at Rs.444.90-454. NCDEX most active April contract climbed Rs.8 at Rs.466 after weak opening at Rs.457.90 and soared between Rs.455.70-471.

PRICE DRIVERS:

1. Lower production estimates; Stockists buying
2. Stocks holding; Strong international market

WEATHER:

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

TECHNICALS:

Candlestick hints bullish market for the next trading day. %K-line going up and prevails above %D line at overbought region, indicates bullish market. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term and MACD also favours the bulls for medium term. Open interest declined but volume of trade increased. Kapas is expected to trade bullish after weak opening with possibility of late downwards movement.

MCX Kapas April Contract-2007



SUPPORT / RESISTANCES:

MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	445	442	452.40	456	460

TRADE RECOMMENDATION (INTRADAY)

Buy above 448 with target towards 454, second target near 458. Put stop loss below 444. (Trade Cautiously)

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	457	452	466	473	480

TRADE RECOMMENDATION (INTRADAY)

Buy above 461 with target towards 467, second target near 472. Put stop loss below 457. (Trade Cautiously)

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	10.03.07	09.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1950	1935	+15.00
Muksar-Punjab	J-34	Rs./Maund	1970	1960	+10.00
Abohar- Punjab	J-34	Rs./Maund	1945	1935	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1850	1845	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19100-19400	19100-19400	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15100-15600	15000-15600	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19200-19500	19100-19300	+100.00
Maharashtra	Y-1	Rs./Candy	17500-17700	17500-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19200-19400	+100.00
Madhya Pradesh	Y-1	Rs./Candy	17600-17800	17600-17800	-

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