

COTTON DAILY

31st MARCH, 2007

SPOT MARKETS:

Indian domestic cotton prices have firmed Friday in North India as strong mills buying limits any price weakness. However the market remained steady at higher level in the other major markets on lacklustre local trade and the slow increase in Chinese exports demand. Currently, the offering prices for Indian cotton are being around 61 cents/pound, which is at par with the international rates, making exports non-lucrative. According to trade estimates, exports of around 4 million bales of cotton have already been taken place during this marketing year and it is likely to hit a record high of 5 million bales. In fact, more than 23 million bales of cotton have already reached in the market since October out of the total production of 25-27 million bales. But, the present conditions of arrivals are sufficient for the markets. In addition to, textile production data in January 2007 has depicted that Indian cotton consumption is increasing. Cotton yarn production in January 2007 rose to 245,000 tons, up by 23.4% year-on-year growth. While Cotton-blend yarn production increased 19.7% in the same period. This followed December 2006's total cotton use, which reached a record of 1.849 million bales. On Friday, Shankar-6 (28mm) quoted up at Rs.19200-19500/candy in Gujarat on lower arrivals of 15,000 bales. J-34 climbed at Rs.1980-2010/maund on average arrivals of 800 bales in Haryana. In Punjab, J-34 prices surged at Rs.2000-2035/ maund with 1000 bales of arrivals. Total arrivals were at around 28000 bales in the country.

INTERNATIONAL MARKET:

NYBOT cotton futures soared on Thursday amidst follow-through buying. May cotton surged 28 points to close at 54.19 cents/pound while July gained 22 points to 55.09 cents. In Karachi, the business remained at lower level in the cotton market because needy spinners only remained active ahead of the PCGA report. KCA official spot rate remained flat at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes increased. North Europe A Index (2006-07 Crop) was up by 30 points at 60.05 cents/pound while North Europe B Index (2006-07 Crop) gained 50 points at 57.75 cents/pound. Far Eastern A Index (2006-07 Crop) added 45 points at 58.65 cents/pound.

FUTURES MARKETS:

MCX Kapas futures climbed Friday amidst speculative buying on strong spot prices and bullish NYBOT cotton futures. Market opened up and soared thereafter after hitting a new contract high but profit booking pushed back the prices from day's high. Most active April contract surged Rs.2.50 at Rs.465.90 after firm opening at Rs.463.50 and hovered at Rs.463.10-467.20. NCDEX most active April contract added Rs.11.90 at Rs.493.70 after strong opening at Rs.483.20 and soared at Rs.482.20-494.60.

PRICE DRIVERS:

1. Strong millers demand; Slow rise in Chinese export demand
2. Steady demand from exporters for Shankar-6; Weak arrivals

WEATHER:

Improving conditions for any early planting in northern India, after earlier rains. Planting begins later elsewhere.

TECHNICALS:

Candlestick favours the bulls for the next trading day. Stochastic made bullish cut at mostly overbought region, hints strong market with technical reversal near. Prices closed far above 9-day and 18-day EMA, hints bullish market as medium term and MACD also hints upward market for medium term. Open interest rose while volume of trade significantly increased. Kapas is likely to remain firm following a 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	463.50	461	465.90	468.50	472

TRADE RECOMMENDATION (INTRADAY)

Buy above 464 with target towards 468, second target near 470. Put stop loss below 461.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	485	478	493.70	498	500

TRADE RECOMMENDATION (INTRADAY)

Buy above 490 with target towards 495, second target near 498. Put stop loss below 486.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	30.03.07	29.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	2000	1995	+5.00
Muksar-Punjab	J-34	Rs./Maund	2035	2030	+5.00
Abohar- Punjab	J-34	Rs./Maund	2025	2010	+15.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1930	1895	+35.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19200-19500	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16100-16800	16000-16700	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19300-19600	-
Maharashtra	Y-1	Rs./Candy	17600-18000	17600-18000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19700	19500-19700	-
Madhya Pradesh	Y-1	Rs./Candy	17600-17900	17600-17900	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.