

COTTON DAILY

13th MARCH, 2007

SPOT MARKETS:

Cotton prices got warmer on Monday at most of the domestic centres due to murky weather in North India and as a result there were no arrivals in the North Indian market. In addition to, continued buying demand from the buyers and exporters are triggering prices to get up. Currently, the stocks of unsold new crop J-34 styles are being tightening in the Northern Zone of the country. In Punjab, J-34 prices have risen to Rs.1,920-1,985/maund with no arrivals on Monday, which represent new highs for the season. The other bullish factor is a slight reduction in the original output estimate for the Northern Zone and a significant increase from a year ago in domestic mill demand that has greatly absorbed available supplies. Consequently, the CCI has withdrawn all export offers for J-34 descriptions. Indian mills have also purchased Pakistan low grades, which are the first purchases in sixteen years. According to the latest report of the East India Cotton Association (EICA), cotton production is estimated at 27.3 million bales in 2007 in the country. This estimate will be forwarded to the CAB. Optimistic crop outlooks are maintained for Gujarat at 9.5 million bales and Maharashtra at 5.00 million bales. However consumption is forecasted at 23.5 million bales, exports at 5.0 million bales and ending stocks also at 5.0 million bales. Meanwhile, 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. On Monday, Shankar-6 (28mm) climbed at Rs.19500-19700/candy in Gujarat with steady intakes of 22,000 bales. J-34 climbed at Rs.1940-1990/maund due to no arrivals in Haryana.

INTERNATIONAL MARKET:

NYBOT remained closed. Cotton prices soared on Saturday in the Karachi market due to strong buying by the mills on expectation of further rise in near terms. KCA official spot rate was increased by Rs.50/maund at Rs.2,575/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged on Friday.

FUTURES MARKETS:

MCX Kapas futures tumbled after hitting a new contract high on Monday amidst profit taking, triggered by selling pressure. Market hovered up after mostly strong opening on early buying support but plummeted on short covering. Most active April contract lost Rs.3.40 at Rs.449 after strong opening at Rs.454 and hovered at Rs.448-458.50. NCDEX most active April contract slipped Rs.1.80 at Rs.465.50 after bullish opening at Rs.468.50 and moved between Rs.462-474.70.

PRICE DRIVERS:

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

WEATHER:

Rainfall forecasting at most part of the country may hinder in arrivals.

TECHNICALS:

Candlestick hints bearish market for the next trading day. %K-line moving down to cut %D line from up at overbought region, indicates weak 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 as well as volume of trade significantly increased. Kapas is likely to remain bearish after 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	445	440	449	452	457

TRADE RECOMMENDATION (INTRADAY)

Buy above 445.50 with target towards 449.50, second target near 451. Put stop loss below 442.50

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	460	455	465.50	469	474

TRADE RECOMMENDATION (INTRADAY)

Buy above 460.50 target towards 464.50, second target near 466. Put stop loss below 457.50.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	12.03.07	10.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1980	1950	+30.00
Muksar-Punjab	J-34	Rs./Maund	1985	1970	+15.00
Abohar- Punjab	J-34	Rs./Maund	1965	1945	+20.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1865	1850	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19500-19700	19100-19400	+400.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15500-16300	15100-15600	+400.00
Maharashtra	Mech-I-29mm	Rs./Candy	19400-19700	19200-19500	+200.00
Maharashtra	Y-1	Rs./Candy	17700-18000	17500-17700	+200.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19700	19300-19500	+200.00
Madhya Pradesh	Y-1	Rs./Candy	17700-18000	17600-17800	+100.00

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