

COTTON DAILY

19th MARCH, 2007

SPOT MARKETS:

Mixed sentiment observed in the Indian cotton market on Saturday amidst tug-of-war between the buyers and sellers. The buyers are not interested to buy cotton at that prices level while sellers are expecting that the prices will go up in near future. Arrivals of cotton are reported to be down at around 40,000 bales in the country. The gains have been fueled by unseasonable rain that has been reported over much of the cotton belt in the last few days, which has reduced daily new crop arrivals. Meanwhile, cotton production in the country has been rising since last three years but traders said it is still hardly adequate to meet the demand of local mills and exports. Traders are estimated cotton production at 25-27 million bales in this year. They also reported that several cotton mills are remaining on expanding mood; therefore demand has kept pace with increase in output. About 75% of the estimated sales for export during this marketing year have already been taken place and are projected at finish to 4.0 million bales and may reach a record high of 5.0 million bales. The export offering prices of Indian cotton is currently being at around 60 U.S. cents a pound cost and freight basis for far-east Asian destinations, and buyers are willing to buy cotton at these levels. On Saturday, Shankar-6 (28mm) traded down at Rs.19100-19400/candy in Gujarat with steady arrivals of 22,000 bales. J-34 quoted down at Rs.1900-1955/maund with average arrivals of 1200 bales in Haryana. In Punjab, J-34 prices quoted down at Rs.1925-1975/maund with 1600 bales of arrivals.

INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to up Friday amidst trade buying and a positive technical chart structure. May cotton rose 47 points to settle at 53.91 cents a pound. In Pakistan, the trading activity was remained hectic on Friday as mills resorted to panic buying following the expectation that the prices may go up in the near future. KCA official spot rate remained flat at Rs.2575/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged Friday. North Europe A Index (2006-07 Crop) was flat at 59.80 cents/pound while North Europe B Index (2006-07 Crop) remained steady at 57.25 cents/pound. Far Eastern A Index (2006-07 Crop) was unchanged at 58.20 cents/pound.

FUTURES MARKETS:

MCX Kapas futures settled slight down Saturday on volatile trading. Market traded modestly up after firm opening but slipped thereafter and closed slight up from day's low. NYBOT cotton settled up, which likely added to positive tone at early hour. Most active April contract lost Rs.0.40 at Rs.450.80 after firm opening at Rs.451.50 and traded at Rs.448.40-452.70. NCDEX most active April contract added Rs.0.10 at Rs.465.40 after firm opening at Rs.465.50 and moved at Rs.459-467.20.

PRICE DRIVERS:

1. Steady demand & releasing of unsold stocks
2. Improved arrivals; Strong international market

WEATHER:

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

TECHNICALS:

Candlestick hints indecisive market for the next trading day. %K-line moving up after made bullish cut with %D line at neutral region, hints bullish market. Prices closed just above 9-day and 18-day EMA, slightly supports the bulls while MACD hints bearish market for medium term. Open interest increased but volume of trade significantly decreased. Kapas is likely to remain up after slight 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	448	445	450.80	453	455

TRADE RECOMMENDATION (INTRADAY)

Buy above 448.50 with target towards 452.50, second target near 454. Put stop loss below 445.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	462	458	465.40	467	470

TRADE RECOMMENDATION (INTRADAY)

Buy above 463 with target towards 467, second target near 469. Put stop loss below 460.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	17.03.07	16.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1955	1960	-5.00
Muksar-Punjab	J-34	Rs./Maund	1975	1970	+5.00
Abohar- Punjab	J-34	Rs./Maund	1945	1950	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1860	1845	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19100-19400	19300-19600	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15600-16500	15500-16000	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19200-19500	19200-19500	-
Maharashtra	Y-1	Rs./Candy	17600-17900	17500-17800	+100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19400-19600	-100.00
Madhya Pradesh	Y-1	Rs./Candy	17600-17900	17600-17800	-

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