

COTTON DAILY

3rd MARCH, 2007

SPOT MARKETS:

Increased off-take by the cotton mills coupled with limited arrivals pushed up the cotton prices at most of the domestic centre on Friday. The other supportive factors were increased demand, higher consumption and expectation of higher exports in near future. Most mills have already replenished their stocks. Arrivals are reported to be around 50,000 bales in the country. According to the sources, over 200 lakh bales cotton have already reached in the market. However, cotton production is expected to be around 255-260 lakh bales during the season. Traders said, the present conditions of arrivals are adequate to meet local demand. Besides, bulks of the export sales have already taken place and it is estimated to close at 40 lakh bales and it may touch a record high of 50 lakh bales. On Friday, Shankar-6 (28mm) quoted firm at Rs.18700-19200/candy in Gujarat with slight higher intakes of 25,000 bales. J-34 traded up at Rs.1815-1870/maund with average inflows of 2,000 bales in Haryana. In Punjab, it registered up at Rs.1860-1900/maund on lower arrivals of 2,500 bales. On the other hand, Pakistan will export raw cotton to India after almost a gap of 16 years, as Indian traders placed order with Pak exporter for some 3,000 bales of low quality cotton. ICAC reported that world cotton production should remain steady at 25.4 MMt in 2007-08. World cotton consumption is forecasted at 26.6 MMt in 2007-08. Both mill use and imports in 2007-08 will be determined by China's consumption, as per the ICAC survey. Global cotton imports are estimated to rise by 7% to 9.2 MMt in 2007-08, the second largest following a record 9.8 MMt in 2005-06.

INTERNATIONAL MARKET:

NYBOT cotton futures settled down on Thursday due to weakness in the Chicago grain markets. Most-active May cotton slipped 12 points at 53.70 cents a pound. In Pakistan, the cotton prices fell Thursday as both the buyers and sellers were not prepared to look ways for a meeting ground. However, the KCA official spot rate remained down by Rs.25 to Rs.2,525/maund, without upcountry expenses. Cotlook Cotton indexes increased on Thursday. North Europe A Index (2006-07 Crop) gained 50 points at 59.75 cents/pound while North Europe B Index (2006-07 Crop) added 25 point at 56.90 cents/pound. Far Eastern A Index (2006-07 Crop) surged 45 points at 58.45 cents/pound.

FUTURES MARKETS:

MCX Kapas futures traded bullish Friday on late speculative buying on strong spot prices. Market tumbled after weak opening on weak international market and profit taking but moved up thereafter on late buying support. Most active April contract gained Rs.1.90 at Rs.433.70 after weak opening at Rs.431 and traded between Rs.429-434.80. NCDEX most active April contract added Rs.2 at Rs.435.70 after bearish opening at Rs.432.90 and hovered between Rs.430.80-436.80.

PRICE DRIVERS:

1. Improved off-take by the mills; Weak arrivals
2. Higher consumption; Stocks replenishing

WEATHER:

Rains in North India may restrict the market arrivals.

TECHNICALS:

Candlestick hints upward market for the next trading day. %K-line going up and prevails above %D line at neutral region, favours the bulls. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term but MACD hints steady to slight up market for medium term. Open interest as well as volume of trade increased. Kapas is likely to remain strong 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	431	429	433.70	436	439

TRADE RECOMMENDATION (INTRADAY)

Buy above 432 with target towards 435.50, second target near 437. Put stop loss below 429.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	432	430	435.70	438	440

TRADE RECOMMENDATION (INTRADAY)

Buy above 434 with target towards 437.50, second target near 439. Put stop loss below 431.50.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	02.03.07	01.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1865	1860	+5.00
Muksar-Punjab	J-34	Rs./Maund	1890	1875	+15.00
Abohar- Punjab	J-34	Rs./Maund	1860	1855	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1770	1765	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18700-19200	18600-19000	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14400-15000	14300-14800	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	18800-19100	18600-19000	+200.00
Maharashtra	Y-1	Rs./Candy	17500-17800	17400-17600	+100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18700-19100	18700-19100	-
Madhya Pradesh	Y-1	Rs./Candy	17400-17800	17400-17600	-

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