

COTTON DAILY

23rd MARCH, 2007

SPOT MARKETS:

Cotton prices remained almost steady on Thursday because of a slowdown in export demand and lackluster local trade. The other supportive factors were improved arrivals and reduced demand from the exporters and local buyers. Cotton prices had increased in the previous few weeks because of reduced market arrivals, increase in local demand and buying interest from exporters. Currently, the export offering prices for Indian cotton is being offered around 61 U.S. cents a pound, which is higher than the international prices. Therefore export demand slackened. According to the trader's estimation, the cotton production in the country vary between 25-27 million bales this year as compared to 24.2 million bales of the last year. In fact, nearly 75% of the estimated sales for export during the current marketing year have already taken place and are estimated at finish to 4 million bales. Experts reported that the exports are likely to reach a record high of 5 million bales this marketing year. More than 22 million bales of cotton have already reached in the market since October. Traders said, the present conditions of arrivals are sufficient for the markets. On Thursday, Shankar-6 (28mm) traded steady at Rs.19200-19400/candy in Gujarat with steady arrivals of 22,000 bales. J-34 traded stable at Rs.1880-1915/maund with stable arrivals of 1000 bales in Haryana. In Punjab, J-34 prices offered slight up at Rs.1900-1950/ maund with 1500 bales of arrivals. Total arrivals were up at around 44,000 bales in the country.

INTERNATIONAL MARKET:

NYBOT cotton futures continued to remain bearish Wednesday due to speculative and local selling. Most-active May lost 19 points to close at 53.11 cents/pound, while July gained 4 points to 54.24 cents. In Pakistan, the trading activity observed modest in the Karachi cotton market because some mills made urgent buying to meet their urgent requirement. However the KCA official spot remained flat at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes remained steady to down. North Europe A Index (2006-07 Crop) was down by 15 points at 59.85 cents/pound while North Europe B Index (2006-07 Crop) remained unchanged at 57.35 cents/pound. Far Eastern A Index (2006-07 Crop) lost 10 points at 58.30 cents/pound.

FUTURES MARKETS:

MCX Kapas futures remained bullish on Thursday amidst speculative buying. NYBOT cotton futures tumbled on Wednesday, which is likely to have bearish impact on Indian cotton futures market at early hour. Most active April contract gained Rs.3.20 at Rs.455.10 after firm opening at Rs.452.40 and hovered between Rs.451.60-455.90. NCDEX most active April contract added Rs.2.10 at Rs.465.20 after weak opening at Rs.463 and traded at Rs.461-466.80.

PRICE DRIVERS:

1. Sluggish demand & releasing of unsold stocks
2. Improved arrivals; Lower estimation of China's import

WEATHER:

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

TECHNICALS:

Candlestick favours the bulls for the next trading day. %K-line moving up after made a bullish cut with %D line at neutral region, hints bullish market. Prices closed above 9-day and 18-day EMA, favours the bulls while MACD favours the bears for medium term. Open interest steady but volume of trade significantly increased. Kapas is likely to remain strong after firm 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	453.50	451	455.10	458.50	461

TRADE RECOMMENDATION (INTRADAY)

Buy above 454 with target towards 458, second target near 460. Put stop loss below 451.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	463	461	465.20	469	471

TRADE RECOMMENDATION (INTRADAY)

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

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	22.03.07	21.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1915	1920	-5.00
Muksar-Punjab	J-34	Rs./Maund	1950	1950	-
Abohar- Punjab	J-34	Rs./Maund	1935	1935	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1815	1815	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19400	19200-19400	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15500-16300	15400-16300	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19400	19100-19400	-
Maharashtra	Y-1	Rs./Candy	17400-17700	17400-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19300-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17700-18000	17700-18000	-

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