

COTTON DAILY

20th MARCH, 2007

SPOT MARKETS:

Cotton prices showed a mixed sentiment on Monday in the country amidst tug-of-war continued 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 remained steady at around 40,000 bales in the country. Meanwhile, the cotton output in the world is increasing in 2006/07, with a large rise in China's crop. It is estimated that world production will be at 117 million bales in 2006/07, which is 2.8 million bales higher than 2005/06. Consumption is also higher, up 5.7 million bales to 122 million, largely due to growth in China. But, world trade is estimated lower by 14%, as China's imports shrink by 27%. World ending stocks are expected to slip in 2006/07, largely due to changes in China. However, following an extraordinary upward rush in 2005/06, China's imports are anticipated to linger high by historical standards, but decline by 5.2 million bales in 2006/07 to 14 million bales. China's cotton consumption is likely to surge by 5 million bales, and China will account for 41% of the world's cotton consumption in 2006/07. On the other hand, in India, around 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 Monday, Shankar-6 (28mm) traded slight up at Rs.19200-19400/candy in Gujarat with steady intakes of 22,000 bales. J-34 registered down at Rs.1860-1935/maund with average arrivals of 1000 bales in Haryana. In Punjab, J-34 prices offered down at Rs.1905-1975/maund with 1500 bales of arrivals.

INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday for weekend holiday. In Pakistan, the trading activity for the cotton market was thin Saturday on small business volume due to most of the buyers were on the sidelines amidst prices being higher than their desired level. The Karachi Cotton Association (KCA) official spot remained unchanged at Rs.2575/maund, without upcountry expenses.

FUTURES MARKETS:

MCX Kapas futures declined on Monday amidst selling pressure and lackluster trading activity in the spot market. Market tumbled down after weak opening but profit booking at lower level pushed up at late hour and settled in the negative zone. Most active April contract lost Rs.2.30 at Rs.448.50 after weak opening at Rs.450 and moved between Rs.446.60-450. NCDEX most active April contract slipped Rs.4 at Rs.460.50 after bearish opening at Rs.462.10 and traded between Rs.459-463.

PRICE DRIVERS:

1. Steady demand & releasing of unsold stocks
2. Improved arrivals; Lack of export demand

WEATHER:

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

TECHNICALS:

Candlestick hints bearish market for the next trading day. %K-line moving down after made bearish cut with %D line at neutral region, hints bearish 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 decreased but volume of trade significantly increased. Kapas is expected to trade down after slight firm 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	442	448.50	450	453

TRADE RECOMMENDATION (INTRADAY)

Sell below 449.50 with target towards 445.50, second target near 444. Put stop loss above 452.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	457	455	460.50	463	466

TRADE RECOMMENDATION (INTRADAY)

Sell below 462 with target towards 458, second target near 456. Put stop loss above 465.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	19.03.07	17.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1950	1955	-5.00
Muksar-Punjab	J-34	Rs./Maund	1975	1975	-
Abohar- Punjab	J-34	Rs./Maund	1960	1945	+15.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1850	1860	-10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19400	19100-19400	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15600-16400	15600-16500	-
Maharashtra	Mech-I-29mm	Rs./Candy	19200-19500	19200-19500	-
Maharashtra	Y-1	Rs./Candy	17600-17900	17600-17900	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19300-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17700-18000	17600-17900	+100.00

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