

COTTON DAILY

9th MARCH, 2007

SPOT MARKETS:

The strong rallies are restricted in the cotton market on Thursday and prices plummeted down at most of the trading centre due to sluggish buying demand from the millers and exporters. Stockists are also releasing their unsold stocks, which increased market arrivals as compared to last day. Recent bullish trend was due to reduced stocks, weakness in arrivals and strong demand from the exporters. However the arrivals were remained weak at around 45,000 bales in the country on Thursday as compared to last week of 70,000 bales. Farmers are releasing seed cotton due to season's higher level of prices, which has added to the improvement of arrivals. However, Pakistan will export for some of 3,000 bales of low quality cotton to India at around 48-50 cent/pound and total cost comes to about Rs.35 million. Pakistan's traders are anticipating that more orders will come from Indian buyers, as India is facing acute shortage of cotton. However, Indian cotton is currently being offered for exports at prices around 57 U.S. cents a pound, cost and freight, far-east Asian destinations. Around 75% of the projected sales for export in the current marketing year have already taken place and are estimated at close to 4.0 million bales. Analysts said exports this marketing year may reach a record high 5.0 million bales. On Thursday, Shankar-6 (28mm) remained steady at Rs.19200-19500/candy in Gujarat with steady intakes of 22,000 bales. J-34 slipped at Rs.1890-1950/maund with improved arrivals of 1200 bales in Haryana. In Punjab, it offered down at Rs.1935-1965/maund on higher arrivals of 1,500 bales.

INTERNATIONAL MARKET:

NYBOT cotton futures soared to one-month highs Wednesday on speculative and fund buying. Most-active May cotton climbed 89 points to close at 54.48 cents/pound. Trading activity in the Karachi cotton market came under pressure as millers and spinners prefer to remain on sidelines on Wednesday. KCA official spot rate remained flat at Rs.2525/maund, without upcountry expenses. Cotlook Cotton indexes increased Wednesday. North Europe A Index (2006-07 Crop) was up by 25 points at 59.60 cents/pound while North Europe B Index (2006-07 Crop) gained 35 points at 57.00 cents/pound. Far Eastern A Index (2006-07 Crop) added 25 points at 58.25 cents/pound.

FUTURES MARKETS:

MCX Kapas futures settled modestly up on speculative buying and strong international market aspect. NYBOT cotton futures climbed, which is likely to have positive impact. Most active April contract gained Rs.1.30 at Rs.438.80 after firm opening at Rs.438.50 and traded between Rs.436.80-440. NCDEX most active April contract added Rs.1.20 at Rs.445.80 after strong opening at Rs.446.90 and moved between Rs.444.80-447.70.

PRICE DRIVERS:

1. Reduced demand; Releasing stocks; Imports from Pak
2. Improved arrivals; Weak exporters demand

WEATHER:

Mainly 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 going down and remains below %D line at neutral region, indicates weak market. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term and MACD predicts slight upward market for medium term. Open interest as well as volume of trade declined. Kapas is expected to trade bearish after 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	435	433	438.80	440	443

TRADE RECOMMENDATION (INTRADAY)

Sell below 441 with target towards 437, second target near 435. Put stop loss above 443.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	441	438	445.80	448	451

TRADE RECOMMENDATION (INTRADAY)

Sell below 448 with target towards 444, second target near 442. Put stop loss above 450.50.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	08.03.07	07.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1960	1970	-10.00
Muksar-Punjab	J-34	Rs./Maund	1960	1985	-25.00
Abohar- Punjab	J-34	Rs./Maund	1930	1955	-25.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1870	1875	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19200-19500	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15100-15600	15100-15600	-
Maharashtra	Mech-I-29mm	Rs./Candy	19200-19500	19300-19500	-100.00
Maharashtra	Y-1	Rs./Candy	17400-17600	17500-17700	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19500	19300-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17600-17800	17500-17700	+100.00

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