

COTTON DAILY

14th MARCH, 2007

SPOT MARKETS:

Cotton prices improved on Tuesday in North India due to murky weather and as a result there were no arrivals in the North Indian market. Market sentiment remained firm also in M.P. However prices were remained soft in Maharashtra. Meanwhile, continued buying demand from the buyers and exporters are triggering prices to get up. Currently, the stocks of unsold new crop J-34 styles are being tightening in the Northern Zone of the country. In Punjab, J-34 prices have risen to Rs.1,930-1,995/ maund with no arrivals on Tuesday, which represent new highs for the season. The other bullish factor is a slight reduction in the original output estimate for the Northern Zone and a significant increase from a year ago in domestic mill demand that has greatly absorbed available supplies. Consequently, the CCI has withdrawn all export offers for J-34 descriptions. Indian mills have also purchased Pakistan low grades, which are the first purchases in sixteen years. Cotton production is estimated at 27.3 million bales in 2007 in the country, according to EICA. Optimistic crop outlooks are maintained for Gujarat at 9.5 million bales and Maharashtra at 5.00 million bales. However consumption is forecasted at 23.5 million bales, exports at 5.0 million bales and ending stocks also at 5.0 million bales. Meanwhile, farmers are withholding seed cotton on expectation of higher prices in near term. On Tuesday, Shankar-6 (28mm) traded steady at Rs.19500-19700/candy in Gujarat with steady intakes of 22,000 bales. J-34 gained and quoted at Rs.1950-2000/maund due to no arrivals in Haryana.

INTERNATIONAL MARKET:

NYBOT cotton futures traded mixed on Monday where May cotton futures rose slightly amidst light speculative buying. Most active May gained 6 points to close at 54.56 cents a pound, while July slid 1 point to 55.20 cents. In Pakistan, the cotton prices plummeted in the Karachi market on Monday as both the buyers and sellers were willing to seal the deals at their desired levels. KCA official spot rate tumbled to Rs.2,550/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged on Monday. North Europe A Index (2006-07 Crop) was flat at 60.40 cents/pound while North Europe B Index (2006-07 Crop) remained unchanged at 57.65 cents/pound. Far Eastern A Index (2006-07 Crop) was steady at 58.85 cents/pound.

FUTURES MARKETS:

MCX Kapas futures settled up on Tuesday on thin trading activity amidst lack of buyers at contract higher level. Market traded up after strong opening but profit taking at contract higher level capped the gains. Most active April contract gained Rs.1.70 at Rs.450.90 after strong opening at Rs.450.90 and traded at Rs.450.20-453.50. However NCDEX most active April contract lost Rs.2.20 at Rs.464 after firm opening at Rs.467 and moved between Rs.463.50-470.90.

PRICE DRIVERS:

1. Lower production estimates; Stockists buying; Lower stocks
2. Stocks holding; Strong international market; Bad weather

WEATHER:

Rainfall at Northern part of the country may hinder in arrivals.

TECHNICALS:

Candlestick hints indecisive market for the next trading day. %K-line moving down after made a bearish cut with %D line from up at neutral region, indicates bearish market. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term and MACD also favours the bulls for medium term. Open interest as well as volume of trade significantly decreased. 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	448	445	450.90	453	458

TRADE RECOMMENDATION (INTRADAY)

Buy above 448 with target towards 452, second target near 455. Put stop loss below 445.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	460	455	464	470	474

TRADE RECOMMENDATION (INTRADAY)

Buy above 461 target towards 465, second target near 467. Put stop loss below 458.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	13.03.07	12.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1990	1980	+10.00
Muksar-Punjab	J-34	Rs./Maund	1990	1985	+5.00
Abohar- Punjab	J-34	Rs./Maund	1980	1965	+15.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1880	1865	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19500-19700	19500-19700	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15500-16300	15500-16300	-
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19400-19700	-100.00
Maharashtra	Y-1	Rs./Candy	17600-18000	17700-18000	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19600-19800	19500-19700	+100.00
Madhya Pradesh	Y-1	Rs./Candy	17800-18100	17700-18000	+100.00

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