

COTTON DAILY

17th MARCH, 2007

SPOT MARKETS:

Cotton prices tumbled further on Friday amidst higher arrivals and releasing of unsold stocks in North India. However prices remained firm in Gujarat and M.P. while steady market observed in Maharashtra. Recent hike in prices was mainly attributed to strong demand and tight supplies due to bad weather in North India. Arrivals of cotton have increased to around 55000 bales in the country as compared to 50000 bales of last day. Meanwhile, cotton production in the country has been rising since last three years but traders said it is still hardly adequate to meet the demand of local mills and exports. Traders are estimated cotton production at 25-27 million bales in this year. They also reported that several cotton mills are remaining on expanding mood; therefore demand has kept pace with increase in output. About 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 it is likely to reach a record high of 5.0 million bales. In the meantime, 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 the other hand, over 22 million bales of cotton have already been reached in the market since October. On Friday, Shankar-6 (28mm) traded up at Rs.19300-19600/candy in Gujarat with steady arrivals of 23,000 bales. J-34 slipped and quoted at Rs.1910-1965/maund with higher arrivals of 1500 bales in Haryana. In Punjab, J-34 prices quoted down at Rs.1910-1980/maund with 2000 bales of arrivals.

INTERNATIONAL MARKET:

NYBOT cotton futures tumbled Thursday on modest selling following a bullish market much of the session. May cotton slipped 6 points to close at 53.44 cents a pound. In Pakistan, the cotton prices increased to season highs on Thursday due to quality factor. KCA official spot rate has raised by Rs.25 to Rs.2575/maund, without upcountry expenses as the prices again hit the high mark of Rs.2700/maund on March 10. Cotlook Cotton indexes remained unchanged. North Europe A Index (2006-07 Crop) was flat at 59.80 cents/pound while North Europe B Index (2006-07 Crop) remained steady at 57.25 cents/pound. Far Eastern A Index (2006-07 Crop) was unchanged at 58.20 cents/pound.

FUTURES MARKETS:

MCX Kapas futures fell down Friday on selling pressure amidst weak spot and international market. Market crumbled after strong opening. Most active April contract lost Rs.2.70 at Rs.450.70 after firm opening at Rs.454.90 and traded at Rs.449.50-454.90. NCDEX most active April contract slipped Rs.3 at Rs.465 after strong opening at Rs.470.90 and moved between Rs.463-470.90.

PRICE DRIVERS:

1. Weak demand at higher level & improved arrivals
2. Active exporters; Strong international market

WEATHER:

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

TECHNICALS:

Candlestick favours the bears for the next trading day. %K-line moving down and prevails below %D line at neutral region, hints bearish market. Prices closed just above 9-day and 18-day EMA, slightly supports the bulls for medium term while MACD hints steady 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	447	444	450.70	453	455

TRADE RECOMMENDATION (INTRADAY)

Sell below 451.50 with target towards 447, second target near 445. Put stop loss above 454.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	462	458	465	467	470

TRADE RECOMMENDATION (INTRADAY)

Sell below 466 with target towards 462, second target near 460. Put stop loss above 469.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	16.03.07	15.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1960	1970	-10.00
Muksar-Punjab	J-34	Rs./Maund	1970	1985	-15.00
Abohar- Punjab	J-34	Rs./Maund	1950	1960	-10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1845	1860	-15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19300-19600	19200-19500	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15500-16000	15400-16200	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19200-19500	19200-19500	-
Maharashtra	Y-1	Rs./Candy	17500-17800	17500-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19400-19600	19300-19500	+100.00
Madhya Pradesh	Y-1	Rs./Candy	17600-17800	17600-17800	-

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