

COTTON DAILY

6th MARCH, 2007

SPOT MARKETS:

Cotton traded mostly bullish at most of the trading centre on weakness in arrivals and declining in stocks on the market yards. Other supportive factors were increased demand, higher consumption and expectation of higher exports in near future. Arrivals are reported to be around 40,000 bales in the country. Over 200 lakh bales cotton have already reached in the market. Traders said, the present conditions of arrivals are adequate to meet local demand. However, Pakistan will export for some of 3,000 bales of low quality cotton to India. The deal has been finalised on the average rate of 48-50 cent per pound for the low grade raw cotton and total cost comes to about Rs 35 million. Pakistan's traders are expecting that more orders will come from Indian buyers, as India are facing acute shortage of cotton because of huge quantity cotton export, which is around 4.5 million bales in 2006-07 and now fell short of 1-million bales. India's current season cotton production is around 27 million bales against the consumption of 23.5 million bales, a surplus of 3.5 million bales but they have exported 4.5 million bales, which have create some shortage. On Monday, Shankar-6 (28mm) quoted steady at Rs.18800-19200/candy in Gujarat with steady intakes of 22,000 bales. J-34 traded mostly up at Rs.1800-1900/maund with average inflows of 1,000 bales in Haryana. In Punjab, it offered bullish at Rs.1885-1945/maund on lower arrivals of 1,500 bales. In January 2007, China imported only 123,092 tons of cotton, a decline of around 59.1% year-on-year as compared to last year. India was the top import origin, with cotton imports of 46,474 tons.

INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday. In Pakistan, the trading activity was subdued on Saturday in the Karachi cotton market following release of PCGA report. The KCA official spot rate continued to remain flat at Rs.2,525/maund, without upcountry expenses. As per the report of PCGA, the arrivals declined at 12.23 million bales of cotton as compared with 12.30 million bales of last year. Cotlook Cotton indexes remained unchanged on Friday. North Europe A Index (2006-07 Crop) was unchanged at 59.75 cents/pound while North Europe B Index (2006-07 Crop) was flat at 56.90 cents/pound. Far Eastern A Index (2006-07 Crop) was unchanged at 58.45 cents/pound.

FUTURES MARKETS:

MCX Kapas futures maintained bullish trend on Monday amidst late buying support. Market tumbled after mostly firm opening on profit taking but moved up at late hour and made new contract high on strong buying support. Most active April contract climbed Rs.4.30 at Rs.441.80 after firm opening at Rs.438.50 and hovered between Rs.434.60-443.20. NCDEX most active April contract added Rs.5.60 at Rs.445.80 after strong opening at Rs.440.90 and soared between Rs.437.50-446.90.

PRICE DRIVERS:

1. Over export than estimation; Higher consumption
2. Restricted arrivals; Declining stocks

WEATHER:

Out of season crop. Arrivals may not affect as no rainfall.

TECHNICALS:

Candlestick indicates bullish market for the next trading day. %K-line prevails above %D line at mostly overbought region, favours the bulls but technical reversal near. Prices closed above 9-day and 18-day EMA, favours the bulls for medium term and MACD hints upward market for medium term. Open interest decreased but volume of trade significantly increased. Kapas is likely to remain volatile with up 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	438	435	441.80	445	448

TRADE RECOMMENDATION (INTRADAY)

Buy above 438.50 with target towards 444, second target near 447. Put stop loss below 434.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	441	438	445.80	449	453

TRADE RECOMMENDATION (INTRADAY)

Buy above 441.50 with target towards 447, second target near 450. Put stop loss below 437.50.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	05.03.07	03.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1910	1880	+30.00
Muksar-Punjab	J-34	Rs./Maund	1945	1915	+30.00
Abohar- Punjab	J-34	Rs./Maund	1890	1890	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1840	1800	+40.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18800-19200	18800-19200	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14900-15500	14700-15300	+200.00
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19400	18900-19200	+200.00
Maharashtra	Y-1	Rs./Candy	17400-17700	17400-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19200-19500	19000-19300	+200.00
Madhya Pradesh	Y-1	Rs./Candy	17500-17700	17400-17800	+100.00

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