

COTTON DAILY

15th MARCH, 2007

SPOT MARKETS:

Cotton traded mixed across the country on Wednesday. The prices improved further in North India due to rainy weather and as a result few arrivals are observed in the North Indian market. However Kapas got up but lint prices remained steady in Gujarat on steady arrivals. In Maharashtra and M.P., prices weakened on lackluster buying demand from South and the local buyers. For now, continued buying demand from the buyers and exporters are triggering prices to get up in North India. Currently, the stocks of unsold new crop J-34 styles are being tightening in the Northern Zone of the country. 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 Consequently, the CCI has withdrawn all export offers for J-34 descriptions.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. Besides, according to Ray Butler, MD of the Liverpool-based independent cotton news information service Cotlook, the world consumption would exceed production in 2007-08, and the surpluses in the last two years would be offset by increase in demand. They also pointed out that the international cotton prices are likely to remain firm in near term. On Wednesday, Shankar-6 (28mm) traded steady at Rs.19500-19700/candy in Gujarat with steady intakes of 23,000 bales. J-34 gained and quoted at Rs.1960-2010/maund due to negligible arrivals in Haryana. In Punjab, J-34 prices have risen to Rs.1940-2000/maund with no arrivals, which represent new highs for the season.

INTERNATIONAL MARKET:

NYBOT cotton futures tumbled Tuesday amidst speculative and fund sales. May cotton slipped 100 points to close at 53.56 cents a pound, and July slid 70 points to 54.50 cents. In Pakistan, the trading activity was nominal in the Karachi cotton market on Tuesday due to lack of leading buyers. KCA official spot rate was flat at Rs 2550/maund, without upcountry expenses. Cotlook Cotton indexes remained unchanged Tuesday. North Europe A Index (2006-07 Crop) was flat at 60.40 cents/pound while North Europe B Index (2006-07 Crop) unchanged at 57.65 cents/pound. Far Eastern A Index (2006-07 Crop) steady at 58.85 cents/pound.

FUTURES MARKETS:

MCX Kapas futures plummeted on Wednesday on profit taking amidst technical selling and a weak NYBOT cotton futures market on Tuesday. Market tumbled after weak opening and settled down. Most active April contract lost Rs.4 at Rs.446.70 after weak opening at Rs.449.10 and traded at Rs.445.40-450.70. However NCDEX most active April contract slid Rs.6.50 at Rs.457.90 after bearish opening at Rs.462.80 and moved between Rs.455.20-463.40.

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 bearish market 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 and MACD also hints slight bullish market for medium term. Open interest significantly declined but volume of trade significantly increased. Kapas is likely to remain weak 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	443	440	446.70	449	451

TRADE RECOMMENDATION (INTRADAY)

Sell below 448 with target towards 444, second target near 442. Put stop loss above 451.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	450	447	457.90	459	463

TRADE RECOMMENDATION (INTRADAY)

Sell below 459 target towards 455, second target near 453. Put stop loss above 462.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	14.03.07	13.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1995	1990	+5.00
Muksar-Punjab	J-34	Rs./Maund	2000	1990	+10.00
Abohar- Punjab	J-34	Rs./Maund	1990	1980	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1890	1880	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19500-19700	19500-19700	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15600-16400	15500-16300	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19400	19300-19600	-200.00
Maharashtra	Y-1	Rs./Candy	17600-18000	17600-18000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19400-19600	19600-19800	-200.00
Madhya Pradesh	Y-1	Rs./Candy	17600-18000	17800-18100	-200.00

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