

COTTON DAILY

24th APRIL, 2007

SPOT MARKETS:

Sentiment for cotton prices have been remaining weak at the domestic spot market on account of sluggish exporters demand and millers demand as they are importing cotton at much lower rate. However the spot prices prevailed steady at lower level on Monday amidst lower arrivals. Traders reported that the rupee has increased to a nine-year high against the dollar, which raised imports. Around 1.5 million bales of cotton have contracted for importing at lower rate by the domestic mills during this marketing year, traders said. Conversely, domestic exports remained nil at that time due to higher prices over the international prices. Besides, the cotton exports by CCI have tumbled by 25% to 150,000 bales during the first six months of the 2006-07 due to strong local demand and a higher domestic price as compared to international prices. But currently, the export offering prices for Indian cotton is being around 61-64 U.S. cents/pound, c&f basis to Southeast Asia, while international prices are near 57-62 U.S. cents/pound, making exports non-lucrative. On the other hand, lower arrivals of 19000 bales of cotton were seen on Monday. Total arrivals have been touched 24.37 million bales where as Industry estimates peg Indian cotton output this year at 25-27 million bales. On Monday, Shankar-6 (28mm) quoted steady at Rs.19200-19500/candy in Gujarat on lower arrivals of 13000 bales. J-34 prices remained stable at Rs.1910-1940 in Haryana. In Punjab, it registered down at Rs.1925-1970. The cotton prices have not much scope on the higher side due to marginally increased production in the country and shrinking export demand.

INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday on weekend holiday. The trading activity remained modest in the Karachi cotton market on Saturday as leading buyers were conspicuous by their absence. KCA official spot rate remained unchanged at Rs.2725/maund, without upcountry expenses. Deals were stuck between Rs.2775-2800/maund. Exporters are selling cotton to the mills as the global prices of cotton are not stabilizing.

FUTURES MARKETS:

MCX Kapas futures showed a bearish movement on Monday on weak advice from the spot market. Futures market opened weak and tried to recover but fell down on short covering and selling interest. Most active May contract on MCX opened weak at Rs 447 against previous close of Rs.447.90. The prices settled Rs.2.20 down at Rs.445.70 and traded in the range of Rs.445-447.80. NCDEX May Kapas lost Rs.2.80 at Rs.448 after weak opening at Rs.450 and traded within Rs.447-451.80.

PRICE DRIVERS:

1. No new export deal; Strong import at low cost
2. Weak international rate over domestic cotton prices
3. Strong rupee as compared to dollar

WEATHER:

Weather is suitable for early planting across the irrigated crop regions of northern India.

TECHNICALS:

Candlesticks charts are exhibiting bearish market. Stochastic is moving down to make a bearish cut in just neutral regions, suggesting downward market. Prices closed far below short term EMAs, hints for bearish sentiment in the market. MACD is also indicating medium term weakness at negative zone. Open interest decreased where as volume of trade increased. Cotton prices are likely to trade weak after steady 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	442	438	445.70	447	450

TRADE RECOMMENDATION (INTRADAY)

Sell below 447 with target towards 443, second target near 442. Put stop loss above 450.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	445	442	448	450	453

TRADE RECOMMENDATION (INTRADAY)

Sell below 450 with target towards 446, second target near 444. Put stop loss above 453.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	23.04.07	21.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1935	1935	-
Muktsar-Punjab	J-34	Rs./Maund	1970	1980	-10.00
Abohar- Punjab	J-34	Rs./Maund	1950	1950	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1870	1870	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19200-19500	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-15800	15300-15800	-
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19300-19600	-
Maharashtra	Y-1	Rs./Candy	17400-18000	17400-18000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19800	19500-19800	-
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18000-18200	-

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