

COTTON DAILY

5th APRIL, 2007

SPOT MARKETS:

Cotton traded weak on Wednesday at the domestic markets in North India due to reduced demand from the spinners and millers despite restricted arrivals. However, it traded steady to up at other markets amidst buying support from the exporters. Increased buying interest by the Southern mills provided underlying support to the Maharashtra market. Southern mills are buying in a big way because of year-end considerations. Currently, the offering prices for Indian cotton are being around 61 cents/pound, which is at par with the international rates, making exports non-lucrative. According to trade estimates, exports of around 4 million bales of cotton have already been taken place during this marketing year and it is likely to hit a record high of 5 million bales. In fact, more than 23 million bales of cotton have already reached in the market since October out of the total production of 25-27 million bales. But, the present conditions of arrivals are sufficient for the markets. On Wednesday, Shankar-6 (28mm) quoted up at Rs.19400-19800/candy in Gujarat on average arrivals of 16,000 bales. J-34 declined at Rs.1950-1985/maund on average arrivals of 600 bales in Haryana. In Punjab, J-34 prices quoted down at Rs.1960-2015/maund with 800 bales of arrivals. Total arrivals were up at around 30,000 bales in the country. Besides, ICAC has forecasted world cotton production in 2007-08 at 25.2 MMt, almost unchanged from 25.3 million tons in 2006-07.

INTERNATIONAL MARKET:

NYBOT cotton futures remained bearish Tuesday amidst spread trading and position rolling in a fairly subdued trading session. May cotton slipped 19 points to close at 53.05 cents, while July slid 34 points to 54.44 cents. The trading activity remained dull in Karachi cotton market because leading buyers and sellers were unwilling to make new deals due to Pakistan PCGA report. KCA official spot rate was flat at Rs.2600/maund, without upcountry expenses. Cotlook Cotton indexes remained weak on Tuesday. North Europe A Index (2006-07 Crop) was down by 20 points at 59.65 cents/pound while North Europe B Index (2006-07 Crop) lost 5 points at 57.60 cents/pound. Far Eastern A Index (2006-07 Crop) slipped 25 points at 58.15 cents/pound.

FUTURES MARKETS:

MCX Kapas futures recovered on Wednesday on late buying support. Futures market opened weak and fell down thereafter on profit taking and selling interest coupled with weak NYBOT cotton market but moved up on buying support at lower level. Most active April contract opened weak at Rs.461 and settled Rs.0.90 up at Rs.462.80 and moved between Rs.459.70-462.80. But NCDEX most active April contract lost Rs.2.90 at Rs.482.70 after weak opening at Rs.485 and traded between Rs.478.30-487 during Wednesday's trading.

PRICE DRIVERS:

1. Weak millers demand; Slow rise in Chinese export demand
2. Increased demand from exporters for Shankar-6; Weak arrivals

WEATHER:

Improving conditions for any early planting in northern India, after earlier rains. Planting begins later elsewhere.

TECHNICALS:

Candlestick favours the bulls for the next trading day. But Stochastic moves down, indicates bearish market. Prices closed just above 9-day and 18-day EMA, hints strong market as medium term but MACD hints slight downward market for medium term. Open interest as well as volume of trade increased. Kapas is likely to trade up following a slight 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	460	457	462.80	465	468

TRADE RECOMMENDATION (INTRADAY)

Buy above 461 with target towards 464.50, second target near 466. Put stop loss below 458.50.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	480	477	482.70	488	492

TRADE RECOMMENDATION (INTRADAY)

Buy above 480 with target towards 486, second target near 488. Put stop loss below 476.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	04.04.07	03.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1985	1985	-
Muksar-Punjab	J-34	Rs./Maund	2015	2045	-30.00
Abohar- Punjab	J-34	Rs./Maund	1995	2025	-30.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1920	1940	-20.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19400-19800	19300-19600	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16100-16700	16000-16700	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19400-19700	19300-19600	+100.00
Maharashtra	Y-1	Rs./Candy	17700-18000	17600-18000	+100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19800	19400-19700	+100.00
Madhya Pradesh	Y-1	Rs./Candy	17700-18000	17600-17900	+100.00

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