

COTTON DAILY

12th APRIL, 2007

SPOT MARKETS:

Cotton traded steady to rangebound across the country on Wednesday amidst stable demand supply scenario. The demand from the southern mills across western Indian domestic market remained positive. Besides, arrivals have been remaining very tight because the main season of cotton harvesting is over and farmers are holding their stocks in expectation of further rise in prices in near future. The traders are estimated cotton production at 25-27 million bales in this current year. Out of the total production, over 23.5 million bales of cotton have already arrived in the market. Daily arrivals of cotton across India are remained down at 25,000 bales. On Wednesday, Shankar-6 (28mm) quoted stable at Rs.19700-20100/candy in Gujarat on average arrivals of 14,000 bales. J-34 prices remained steady at Rs.1935-1980/maund on average arrivals of 300 bales in Haryana. In Punjab, J-34 prices offered down at Rs.1980-2015/ maund with 500 bales of arrivals. Present price levels of Indian cotton represent the most substantial premium of local Indian prices to international values for the season, and have also led to increased purchases of Pakistani cotton and inquiry for a variety of imported descriptions. In addition, world cotton production was virtually unchanged at 116.79 million bales. World consumption is raised slightly as recent data indicate higher use in India and Brazil. Imports are reduced for several countries, including China, India, Korea, and Pakistan; with lower import demand, exports are reduced mainly for the United States and India.

INTERNATIONAL MARKET:

NYBOT cotton futures traded modestly bearish on Tuesday amidst speculative selling and position rolling. May cotton lost 12 points to close at 51.69 cents, and July slipped 13 points to 53.42 cents. In Pakistan, KCA official spot rate remained unchanged at Rs.2725/maund, without upcountry expenses. Cotlook Cotton indexes tumbled mostly on Tuesday. North Europe A Index (2006-07 Crop) was down by 100 points at 58.70 cents/pound while North Europe B Index (2006-07 Crop) lost 65 points at 57.35 cents/pound. Far Eastern A Index (2006-07 Crop) slipped 100 points at 57.15 cents/pound.

FUTURES MARKETS:

MCX Kapas futures continued to close at the negative territory on Wednesday amidst profit taking. Weak NYBOT cotton futures on Tuesday are also provided to bearish tone. Futures market traded strong after weak opening most of the session but slight declined at closing hour. Most active April contract opened weak at Rs.462.10 and lost Rs.0.60 at Rs.462 and moved at Rs.461-463. NCDEX most active April contract slipped Rs.1.80 at Rs.476 and traded at Rs.476-479.80.

PRICE DRIVERS:

1. Strong demand from the Southern mills in Maharashtra market
2. Weak millers demand in North

WEATHER:

Improving conditions for early planting across the irrigated crop regions of northern India, after earlier rains. Planting begins in the rainfed crop region of central and southern India.

TECHNICALS:

Candlestick hints indecisive market for the next trading day. Stochastic moving down, hints weak market. Prices closed just above 9-day and 18-day EMA, indicates slight upward market as medium term but MACD hints bearish market for medium term. Open interest as well as volume of trade decreased. Kapas is likely to trade slight down after weak 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	460	458	462	465	467

TRADE RECOMMENDATION (INTRADAY)

Buy above 460 with target towards 464, second target near 466. Put stop loss below 457.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	473	470	476	483	487

TRADE RECOMMENDATION (INTRADAY)

Buy above 474 with target towards 480, second target near 482. Put stop loss below 466.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	11.04.07	10.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1965	1965	-
Muksar-Punjab	J-34	Rs./Maund	2015	2015	-
Abohar- Punjab	J-34	Rs./Maund	2005	2005	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1955	1955	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19700-20100	19700-20100	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16000-16600	16000-16600	-
Maharashtra	Mech-I-29mm	Rs./Candy	19800-20000	19700-20000	+100.00
Maharashtra	Y-1	Rs./Candy	17800-18200	17800-18200	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20200-20400	20200-20500	-
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18200-18300	-200.00

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