

COTTON DAILY

17th APRIL, 2007

SPOT MARKETS:

Cotton witnessed mixed actions on the first trading day of the week. The prices dipped in southern markets, whereas the prices remained mostly calm in northern markets. Lack of fresh inputs to the market kept the prices in a small range at lost of the centres. Export demand continues to remain subdued at this stage. Higher domestic prices as compared to the international prices has not only dampened the export demand for the Indian cotton, it is inducing domestic millers to consider the possibility of cheaper imports to obtain parity. Steady arrivals of 22000 bales of cotton were seen on Saturday. The Gujarat market witnessed highest arrivals of 13000 bales. Production of cotton in the country is sufficient for the domestic consumption, however if export demand picks up the prices might find some support. Around 4 million bales of cotton have been exported so far and traders expect export to touch 5 million bales this year. On Monday, Shankar-6 (28mm) quoted slightly lower at Rs.19500-19800/candy in Gujarat. J-34 prices traded steady at Rs 1965, the prices for the same in Abohar (Punjab) also remained calm at Rs 1995/maund. In the view of marginally increased production in the country and shrinking export demand, the prices have not much scope on the higher side.

INTERNATIONAL MARKET:

NYBOT cotton futures edged marginally higher on Friday as traders adjusted positions on the final day of Goldman Roll. The prices remained mostly range bound in the absence of fresh inputs to the market. May cotton on the New York Board of Trade rose 25 points to settle at 51.37 cents and July added 9 points to 52.9 cents a pound. In Pakistan, KCA official spot rate continues to remain standstill at previous levels of 2725/maund as buyers are keeping themselves away from the market due to higher prices. Cotlook Cotton indexes slipped lower Friday. North Europe A Index (2006-07 Crop) dipped 20 points to 58.75 cents/pound while North Europe B Index (2006-07 Crop) slipped 25 points to 57.35 cents/pound.

FUTURES MARKETS:

Cotton futures traded volatile on the first trading day of the week. The most active May contract on MCX opened weak at Rs 453.20 against previous close of Rs 454.4. The prices then traded in the range of Rs 452-460 before finally closing with marginal gains at Rs 455.

PRICE DRIVERS:

1. Sluggish export demand
2. Higher domestic prices as compared to international prices
3. Weak demand from millers in North

WEATHER:

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

TECHNICALS:

Charts are projecting indecision at higher levels as depicted by long upper shadow of the candlestick. Stochastic moving down supporting bears however overbought levels warrants some caution on the part of bulls. Prices closed below short term EMAs hints for weakness in the market. MACD is also showing continued fall in bullish momentum. The prices are likely to remain on the softer side.

NCDEX Kapas April Contract-2007



SUPPORT / RESISTANCES:

MCX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	446	443	455	461	463

TRADE RECOMMENDATION (INTRADAY)

Sell below 458 with target towards 452, second target near 449. Put stop loss below 462.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	460	455	467.9	475	478

TRADE RECOMMENDATION (INTRADAY)

Sell below 471 with target towards 464, second target near 461. Put stop loss below 475.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	16.04.07	14.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1970	1965	+5
Muktsar-Punjab	J-34	Rs./Maund	2005	2005	-
Abohar- Punjab	J-34	Rs./Maund	1995	1995	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1925	1925	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19500-19800	19600-19900	-100
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15600-16100	15700-16300	-200
Maharashtra	Mech-I-29mm	Rs./Candy	19500-19800	19600-19900	-100
Maharashtra	Y-1	Rs./Candy	17700-18000	17800-18100	-100
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19900-20200	19800-20000	+100
Madhya Pradesh	Y-1	Rs./Candy	18200-18300	18000-18200	+100

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