

COTTON DAILY

11th APRIL, 2007

SPOT MARKETS:

Cotton prices were weak in North Indian and Gujarat markets on Tuesday on the back of lower demand from the millers and exporters despite weak arrivals. However, cotton got firmer modestly on the improved demand from the southern mills across western Indian domestic market along with persistent local demand. 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, traders said. 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. The country has already exported nearly to 4 million bales of cotton during the current marketing year ending September and it is likely to hit 5 million bales. Daily arrivals of cotton across India are remained down at 25,000 bales. On Tuesday, Shankar-6 (28mm) quoted down at Rs.19700-20100/candy in Gujarat on average arrivals of 14,000 bales. J-34 prices remained down 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.

INTERNATIONAL MARKET:

NYBOT cotton futures traded bearish on Monday amidst speculative selling and position rolling as traders rolled positions out of the nearby May and into the July and December contracts. May cotton futures slipped 110 points to settle at 51.81 cents a pound and July slid 100 points to 53.55 cents. In Pakistan, the cotton prices were steady at upper level on Monday in process of lean business. KCA official spot rate remained flat at Rs.2725/maund, without upcountry expenses.

FUTURES MARKETS:

MCX Kapas futures closed at the negative territory on Tuesday amidst profit taking and weak spot market in North India. Weak NYBOT cotton futures on Tuesday are also provided to bearish tone. Futures market traded weak after weak opening through out the session on thin trading activity. Most active April contract opened weak at Rs.462.70 and lost Rs.0.80 at Rs.462.80 and moved at Rs.461-463. NCDEX most active April contract slipped Rs.4.40 at Rs.478 and traded at Rs.475-482.50.

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 later this spring across Pakistan and 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 remain bearish 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	461	459	462.80	465	467

TRADE RECOMMENDATION (INTRADAY)

Buy above 461 with target towards 464, second target near 466. Put stop loss below 458.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	473	470	478	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	10.04.07	09.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1965	1980	-15.00
Muksar-Punjab	J-34	Rs./Maund	2015	2030	-15.00
Abohar- Punjab	J-34	Rs./Maund	2005	2020	-15.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1955	1960	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19700-20100	19800-20200	-100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16000-16600	16100-16500	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19700-20000	19400-19700	+300.00
Maharashtra	Y-1	Rs./Candy	17800-18200	17800-18200	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20200-20500	20100-20400	+100.00
Madhya Pradesh	Y-1	Rs./Candy	18200-18300	18100-18300	+100.00

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