

COTTON DAILY

25th APRIL, 2007

SPOT MARKETS:

Cotton prices have been remaining bearish at the domestic spot market on account of sluggish exporters demand and millers demand as they are importing cotton at much lower rate. The spot prices fell down on Tuesday despite lower arrivals. Traders said, the demand from the buyers remained almost nil at this time as the millers have sufficient stocks. 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. 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 18000 bales of cotton were seen on Tuesday. 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 Tuesday, Shankar-6 (28mm) quoted down at Rs.19000-19400/candy in Gujarat on steady arrivals of 13000 bales. J-34 prices remained stable at Rs.1910-1940 in Haryana. In Punjab, it registered stable 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 cotton futures slipped Monday. Most-active July cotton lost 58 points to finish at 51.51 cents a pound, and May slipped 54 points to 49.10 cents. Cotlook Cotton indexes remained higher. North Europe A Index (2006-07 Crop) was up by 50 points at 58.85 cents/pound while North Europe B Index (2006-07 Crop) gained 45 points at 58.10 cents/pound. Far Eastern A Index (2006-07 Crop) surged 60 points at 57.35 cents/pound. In Pakistan, KCA official spot rate remained unchanged at Rs 2725/maund, without upcountry expenses.

FUTURES MARKETS:

Kapas futures quoted mostly a bearish inclination at the MCX on Tuesday on weak advice from the spot market and international market. Futures market fell down after mostly weak opening on increased selling. Most active May contract on MCX opened weak at Rs 443.30 against previous close of Rs.445.40. The prices settled Rs.8.80 down at Rs.436.60 and traded in the range of Rs.436.10-443.30. NCDEX April Kapas lost Rs.9.50 at Rs.438.50 after weak opening at Rs.446 and traded within Rs.438-446.

PRICE DRIVERS:

1. No new export deal; Strong import at low cost
2. Strong rupee as compared to dollar: Feeble demand

WEATHER:

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

TECHNICALS:

Candlesticks charts are exhibiting strong bearish market. Stochastic is moving down after making a bearish cut in oversold 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 soft 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	433	430	436.60	439	441

TRADE RECOMMENDATION (INTRADAY)

Sell below 437.50 with target towards 434, second target near 432. Put stop loss above 439.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	435	430	438.50	441	446

TRADE RECOMMENDATION (INTRADAY)

Sell below 440 with target towards 436, second target near 432. Put stop loss above 443.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	24.04.07	23.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1935	1935	-
Muktsar-Punjab	J-34	Rs./Maund	1970	1970	-
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	19000-19400	19200-19500	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15200-15600	15300-15800	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19200-19500	19300-19600	-100.00
Maharashtra	Y-1	Rs./Candy	17300-17900	17400-18000	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19400-19700	19500-19800	-100.00
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18000-18200	-

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