

COTTON DAILY

7th APRIL, 2007

SPOT MARKETS:

Domestic cotton prices remained bullish on Friday in North India and Gujarat on the back of tight local supply along with strong demand from the millers. Traders said, arrivals are very tight because the main season of cotton harvesting is completed and farmers are holding their stocks in expectation of further rise in prices. Currently, the traders are pegged 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 at 30,000 bales. On Friday, Shankar-6 (28mm) quoted up at Rs.19800-20100/candy in Gujarat on average arrivals of 16,000 bales. J-34 surged at Rs.1960-1990/maund on average arrivals of 500 bales in Haryana. In Punjab, J-34 prices offered up at Rs.1965-2020/maund with 700 bales of arrivals. Besides, ICAC has forecasted world cotton production in 2007-08 at 25.2 MMt, almost unchanged from 25.3 million tons in 2006-07. Production in China for 2007-08 is likely to remain down at 6.5 million tons, still the second-largest to date. Production is expected to increase slightly in India to a record 4.7 million tons. Production in the United States is forecast to be down by 10% to 4.3 million tonnes.

INTERNATIONAL MARKET:

NYBOT cotton futures cotton futures slipped Thursday on the back of speculative and local selling. Most-active May cotton slipped 35 points to finish at 52.91 cents a pound while July slid 19 points to 54.55 cents. In Karachi market, the cotton prices are expected to rise further on the back of reduced supplies sharp increase in the imported cotton rates. KCA official spot rate has increased by Rs.50/maund to Rs.2650/maund, without upcountry expenses. Cotlook Cotton indexes recovered on Thursday. North Europe A Index (2006-07 Crop) was up by 20 points at 59.70 cents/pound while North Europe B Index (2006-07 Crop) gained 50 points at 58.00 cents/pound. Far Eastern A Index (2006-07 Crop) added 20 points at 58.15 cents/pound.

FUTURES MARKETS:

MCX Kapas futures settled up on Friday due to buying support and strong spot prices. Futures market opened firm and went up at early hour but profit taking at higher level pulled down the prices. Most active April contract opened strong at Rs.463.20 and settled Rs.0.60 up at Rs.463.50 and traded at Rs.462.60-466. NCDEX most active May contract gained Rs.3.60 at Rs.496.50 after steady opening at Rs.492.90 and traded at Rs.493-500.

PRICE DRIVERS:

1. Fresh buying demand from the millers; Weak arrivals
2. Expectation of additional Chinese export demand

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 turning up, hints bullish market. Prices closed above 9-day and 18-day EMA, indicates upward market as medium term but MACD hints slight bearish market for medium term. Open interest as well as volume of trade decreased. Kapas is likely to trade up after 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	461	459	463.50	466	468

TRADE RECOMMENDATION (INTRADAY)

Buy above 462.50 with target towards 465.50, second target near 467. Put stop loss below 460.50.

SUPPORT / RESISTANCES:

NCDEX Kapas MAY Contract 2007

Month	S1	S2	PCP	R1	R2
April	492	487	496.50	501	505

TRADE RECOMMENDATION (INTRADAY)

Buy above 494 with target towards 500, second target near 502. Put stop loss below 490.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	06.04.07	05.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1970	1960	+10.00
Muksar-Punjab	J-34	Rs./Maund	2020	2010	+10.00
Abohar- Punjab	J-34	Rs./Maund	2000	1990	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1940	1925	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19800-20100	19700-20000	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16100-16400	16000-16400	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19300-19600	-
Maharashtra	Y-1	Rs./Candy	17800-18100	17800-18100	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19800-20200	19800-20200	-
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18000-18200	-

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