

COTTON DAILY

18th APRIL, 2007

SPOT MARKETS:

Cotton markets witnessed steady prices all across the board Tuesday. Lack of fresh inputs to the market is keeping the prices in a small range at most of the centres. According to market source, the domestic mills have contracted around 1.5 million bales of cotton imports. On the other hand domestic exports have dried up on account of higher prices as compared to the international prices. The industry experts say that the imports of long staple cotton this year is likely to cross the previous year's import figure on improved domestic demand. Slightly lower arrivals of 21000 bales of cotton were seen on Tuesday as compared to 22000 bales on Monday. The Gujarat market witnessed steady 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 steady at Rs.19500-19800/candy in Gujarat. J-34 prices traded slightly lower at Rs 1965 against 1970 on the previous trading day. The prices for the same in Abohar (Punjab) 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 down on Monday on spec and fund selling. May cotton fell 99 points to settle at 50.38 cents on the New York Board of Trade and July lost 90 points to 52.00 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. China's cotton imports in the first quarter of this year totaled 510,000 metric tons, or 57% of the government's full-year import quota, an official with the Ministry of Commerce said Tuesday.

FUTURES MARKETS:

Cotton futures traded bearish on Tuesday. The most active May contract on MCX opened weak at Rs 453 against previous close of Rs 454.7. The prices then traded in the range of Rs 449.3-453 before finally closing at Rs 450.7. NCDEX May Kapas traded bearish in the range of Rs 465-467.1 before closing at Rs 465.5.

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 bearish picture of cotton. Stochastic is moving down supporting bears however oversold levels warrants some caution on the part of bears. 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	450.7	456	459

TRADE RECOMMENDATION (INTRADAY)

Sell below 452 with target towards 448, second target near 446. Put stop loss below 455.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	460	455	465.5	470	472

TRADE RECOMMENDATION (INTRADAY)

Sell below 467 with target towards 463, second target near 461. Put stop loss below 470.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	17.04.07	16.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1965	1970	-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	19500-19800	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15600-16100	15600-16100	-
Maharashtra	Mech-I-29mm	Rs./Candy	19500-19800	19500-19800	-
Maharashtra	Y-1	Rs./Candy	17600-18000	17700-18000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19800	NA	-
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18200-18300	

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