

COTTON DAILY

27th APRIL, 2007

SPOT MARKETS:

Market sentiment for cotton prices have been remaining dull due to fresh imports from the yarn makers to cash in on the increase in the rupee against the dollar. On Thursday, the dollar settled at INR40.78 from INR40.97 at Wednesday's close, breaching the key support level of INR41. In fact, domestic cotton prices turned down further by Rs. 5-7/maund at North Indian domestic market on limited buying. However it traded steady at other major markets. Traders are expecting that around 1.5-2.0 lakh bales of cotton might be imported at lower rate in the next couple of week. Conversely, domestic exporters are also selling their stocks at the local markets due to falling of international markets, traders said. Steady arrivals of 17000 bales of cotton were seen on Thursday. On Thursday, Shankar-6 (28mm) quoted steady at Rs.19000-19400/candy in Gujarat on steady arrivals of 13000 bales. J-34 prices remained down at Rs.1890-1930 in Haryana. In Punjab, it registered down at Rs.1915-1955. On the other hand, industry estimates peg Indian cotton output this year at 25 million-27 million bales as compared to 24.2 million bales of last year. Traders said India has already exported close to 4 million bales of cotton in the current marketing year ending September. In the view of marginally increased production in the country and shrinking export demand, the cotton prices have not much scope on the higher side as short term.

INTERNATIONAL MARKET:

NYBOT cotton futures rebounded to mostly up on Wednesday. Most-active July cotton climbed 51 points to close at 51.23 cents/pound and May gained 22 points to 48.90 cents. Cotlook Cotton indexes tumbled further on Wednesday. North Europe A Index (2006-07 Crop) was down by 75 points at 57.70 cents/pound while North Europe B Index (2006-07 Crop) lost 75 points at 56.90 cents/pound. Far Eastern A Index (2006-07 Crop) declined 75 points at 56.20 cents/pound. In Pakistan, the trading activity picked up in the Karachi cotton market on Wednesday due to active buying by the needy buyers. KCA official spot rate was flat at Rs.2725/maund, without upcountry expenses.

FUTURES MARKETS:

Kapas futures continued to remain bearish on MCX Thursday amidst selling interest and profit taking. Futures market fell down after weak opening. Most active April contract on MCX opened mostly weak at Rs 428 and settled Rs.6.10 down at Rs.428 and traded in the range of Rs.428-431.70. NCDEX May Kapas lost Rs.4.30 at Rs.450 after weak opening at Rs.453.10 and traded within Rs.450-454.

PRICE DRIVERS:

1. Lack of new export deal; Strong import at low cost
2. Weak international market: Higher rupee

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 favouring the bears. Stochastic is moving down in oversold regions, hinting 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 as well as volume of trade declined. 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	425	422	428	430	433

TRADE RECOMMENDATION (INTRADAY)

Avoid trading.

SUPPORT / RESISTANCES:

NCDEX Kapas May Contract 2007

Month	S1	S2	PCP	R1	R2
May	445	441	450	453	457

TRADE RECOMMENDATION (INTRADAY)

Sell below 452 with target towards 446, second target near 444. Put stop loss above 456.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	26.04.07	25.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1925	1930	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1955	1960	-5.00
Abohar- Punjab	J-34	Rs./Maund	1945	1945	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1855	1860	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19000-19400	19000-19400	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15200-15600	15200-15600	-
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19400	19100-19400	-
Maharashtra	Y-1	Rs./Candy	17200-17800	17200-17800	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19600	19300-19600	-
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18000-18200	-

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