

COTTON DAILY

23rd APRIL, 2007

SPOT MARKETS:

Bearish sentiment for cotton prices continued in the domestic cotton market on the back of sluggish demand from the exporters and mills as they are importing cotton at much lower rate. Traders said the rupee has surged to a nine-year high against the dollar in this week; therefore imports have suddenly become cheaper for yarn makers. 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. Arrivals of 21000 bales of cotton were seen on Saturday. Total arrivals have touched 24.37 million bales, reflecting a 15.6% year-on-year increase, where as Industry estimates peg Indian cotton output this year at 25.0 million-27.0 million 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 Saturday, Shankar-6 (28mm) quoted steady at Rs.19200-19500/candy in Gujarat on improved arrivals of 15000 bales. J-34 prices traded down at Rs.1910-1940 in Haryana. In Punjab, it declined at Rs.1930-1980. 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 rebounded to up Wednesday amidst short covering and good buying in the most-active July contract. July cotton surged 64 points to close at 52.24 cents/pound. Cotlook Cotton indexes remained down. North Europe A Index (2006-07 Crop) was down by 35 points at 58.40 cents/pound while North Europe B Index (2006-07 Crop) lost 25 points at 57.10 cents/pound. Far Eastern A Index (2006-07 Crop) slipped 20 points at 56.90 cents/pound. In Karachi, the cotton prices remained strong because the prices did not show any weakness in process of lean business. KCA official spot rate was flat at Rs.2725/maund, without upcountry expenses.

FUTURES MARKETS:

MCX Kapas futures moved up on Saturday amidst increased buying support coupled with profit taking. Positive NYBOT cotton market also added to bullish tone. The most active May contract on MCX opened firm at Rs 447.50 against previous close of Rs.446.40. The prices settled Rs.1.50 up at Rs.447.90 and traded in the range of Rs.446.30-448.90. But NCDEX May Kapas settled slight down Rs.0.60 at Rs.450.70 after firm opening at Rs.451.50 and traded within Rs.450.20-452.30.

PRICE DRIVERS:

1. Dried up export consignment; Higher import at low cost
2. Weak international rate over domestic cotton prices
3. Declining stocks; Sluggish arrivals

WEATHER:

Weather is suitable for early planting across the irrigated crop regions of northern India.

TECHNICALS:

Candlesticks charts are indicating indecisive market. Stochastic is going up in oversold regions, suggesting upward market. But prices closed far below short term EMAs, hints for bearish sentiment in the market. MACD is trying to recovery at negative zone. Open interest decreased where as volume of trade increased. Cotton prices are expected to remain firm after slight 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	445	442	447.90	450	454

TRADE RECOMMENDATION (INTRADAY)

Risk lovers can **Buy** above 445.50 with target towards 449, second target near 452. Put stop loss below 443.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	447	444	450.70	457	462

TRADE RECOMMENDATION (INTRADAY)

Risk lovers can **Buy** above 448 with target towards 452, second target near 455. Put stop loss below 445.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	21.04.07	20.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1935	1940	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1980	1985	-5.00
Abohar- Punjab	J-34	Rs./Maund	1950	1970	-20.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1870	1870	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19200-19500	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-15800	15200-15700	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19400-19700	-100.00
Maharashtra	Y-1	Rs./Candy	17400-18000	17500-18000	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19800	19500-19800	-
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18000-18200	-

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