

COTTON DAILY

3rd APRIL, 2007

SPOT MARKETS:

Indian cotton prices moved up on Monday at the domestic markets in North India on the back of restricted arrivals and buying interest by the spinning mills. Shankar-6 has traded firm Gujarat on weak arrivals and good demand from the exporters. On the other hand, cotton traded almost stable in the other major markets. Mahafed has raised cotton rates by Rs.200 per candy for the second time, according to sources. It will be effective from 5th April, 2007 mainly on H-4, H-6 and MECH varieties (for old and new crop). Traders said, the cotton prices have been remaining firm in Maharashtra this year owing to higher demand from exporters and increased buying interest by the Southern mills. Southern mills are buying in a big way because of year-end considerations. Currently, the offering prices for Indian cotton are being around 61 cents/pound, which is at par with the international rates, making exports non-lucrative. According to trade estimates, exports of around 4 million bales of cotton have already been taken place during this marketing year and it is likely to hit a record high of 5 million bales. In fact, more than 23 million bales of cotton have already reached in the market since October out of the total production of 25-27 million bales. But, the present conditions of arrivals are sufficient for the markets. On Monday, Shankar-6 (28mm) quoted up at Rs.19300-19600/candy in Gujarat on steady arrivals of 15,000 bales over last day. J-34 offered up at Rs.2000-2020/maund on average arrivals of 700 bales in Haryana. In Punjab, J-34 prices increased at Rs.1990-2060/maund with 1000 bales of arrivals. Total arrivals were stood at around 28000 bales in the country.

INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday for weekend holiday. In Pakistan, cotton prices strengthened again in the Karachi cotton market on Saturday amidst millers demand as mills were active to cover their immediate needs. KCA official spot rate remained steady at Rs.2600/maund, without upcountry expenses. In the ready business, the deals were stuck between Rs.2650-2700/maund.

FUTURES MARKETS:

MCX Kapas futures backpedaled on Monday amidst profit taking on technically overbought market. Futures market opened mostly firm and traded bullish and made a new contract high at early hour on buying support but tumbled thereafter on technical selling, which induced short covering. Most active April Most opened strong at Rs.466.90 and settled Rs.1.10 down at Rs.464 and moved between Rs.463.80-468.50. NCDEX most active April contract lost Rs.5.10 at Rs.492.10 after bearish opening at Rs.495 and traded between Rs.491.20-501.

PRICE DRIVERS:

1. Strong millers demand; Slow rise in Chinese export demand
2. Steady demand from exporters for Shankar-6; Weak arrivals
3. China expected to issue import allocate quota

WEATHER:

Improving conditions for any early planting in northern India, after earlier rains. Planting begins later elsewhere.

TECHNICALS:

Candlestick favours the bears for the next trading day. Stochastic made bearish cut at mostly overbought region, hints weak market. Prices closed far above 9-day and 18-day EMA, hints bullish market as medium term and MACD also hints upward market for medium term. Open interest as well as volume of trade significantly decreased. Kapas is likely to trade weak following a 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	460	458	464	467	469

TRADE RECOMMENDATION (INTRADAY)

Sell below 466 with target towards 461, second target near 459. Put stop loss above 470.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	484	480	492.10	495	500

TRADE RECOMMENDATION (INTRADAY)

Sell below 494.50 with target towards 487.50, second target near 485.50. Put stop loss above 500.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	02.04.07	31.03.07	Change
Sirsa- Haryana	J-34	Rs./Maund	2000	2000	-
Muksar-Punjab	J-34	Rs./Maund	2055	2040	+15.00
Abohar- Punjab	J-34	Rs./Maund	2035	2035	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1945	1935	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19300-19600	19200-19500	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16100-16800	16100-16800	-
Maharashtra	Mech-I-29mm	Rs./Candy	19300-19600	19300-19600	-
Maharashtra	Y-1	Rs./Candy	17600-18000	17600-18000	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19700	19500-19700	-
Madhya Pradesh	Y-1	Rs./Candy	17600-17900	17600-17900	-

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