

COTTON DAILY

30th APRIL, 2007

SPOT MARKETS:

The cotton prices are plummeting on the back of lack of exports and absence of buyers from the domestic mills. The bearish trend in the cotton market is due to the rising rupee against dollar and the domestic mills have put a hold on their buying. Traders are expecting that the bearish trend is likely to continue in the days to come. Besides, it has become difficult to sell Indian cotton in the international market as domestic cotton prices are at par with cotton prices in the US. Buyers from domestic mills are not interested to buy cotton because all the mills have already piled stocks to meet the future requirements. Traders reported, Southern Indian cotton mills have imported around 2,00,000 bales of cotton from overseas markets.. 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 Saturday. Season-to-date deliveries have reached 24.74 million bales. However, industry estimates peg Indian cotton output this year at 25 million-27 million bales. On Saturday, Shankar-6 (28mm) quoted down at Rs.18500-18900/candy in Gujarat on average intakes of 12000 bales. J-34 prices remained weak at Rs.1870-1900 in Haryana. In Punjab, it declined at Rs.1890-1945. 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. For the first time, India's monthly cotton yarn output has exceeded 240,000 tons for three consecutive months.

INTERNATIONAL MARKET:

NYBOT cotton futures got up on Friday amidst short-covering and technical buying. Most-active July cotton gained 1 point to close at 50.00 cents/pound, and May surged 20 points to 47.90 cents. Cotlook Cotton indexes slipped on Friday. North Europe A Index (2006-07 Crop) was down by 95 points at 57.25 cents/pound while North Europe B Index (2006-07 Crop) lost 80 points at 56.60 cents/pound. Far Eastern A Index (2006-07 Crop) declined 95 points at 55.75 cents/pound. Not a single deal was reported in Karachi. KCA official spot rate remained unchanged at Rs 2700/maund, without upcountry expenses.

FUTURES MARKETS:

Kapas futures settled up on Saturday amidst short covering on MCX as well as NCDEX. At NCDEX, futures market opened firm and went to up on buying interest but fell down at late hour on selling pressure. Most active MAY contract on NCDEX opened slight up at Rs 445 and settled Rs.3.70 up at Rs.448 and hovered in the range of Rs.44.10-453.

PRICE DRIVERS:

1. Lack of buyers; No exports at present
2. Weak international market: Higher rupee
3. Strong import by the Southern mills

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 suggesting bearish market for the next trading day. However, Stochastic is going up in oversold regions, hinting upward market. Prices closed far below short term and medium term EMAs, suggesting downward market. MACD is moving up at negative zone and indicating strong market. RSI is going up at oversold region, hinting bullish market. Open interest increased but volume of trade significantly declined. Cotton prices are expected to trade weak initially after weak opening with possibility of late upwards movement as short term.

NCDEX Kapas MAY Contract-2007



SUPPORT / RESISTANCES:

NCDEX Kapas MAY Contract 2007

Month	S1	S2	PCP	R1	R2
MAY	440	436	448	452	457

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-May- Kapas below Rs.448 with target towards Rs.442 and then Rs.440; Put stop loss strictly above Rs.452. Do not carry forward the position next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	28.04.07	27.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1900	1910	-10.00
Muktsar-Punjab	J-34	Rs./Maund	1945	1945	-
Abohar- Punjab	J-34	Rs./Maund	1920	1920	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1855	1845	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18500-18900	18700-19200	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	14500-15000	14500-15000	-
Maharashtra	Mech-I-29mm	Rs./Candy	19000-19200	19000-19200	-
Maharashtra	Y-1	Rs./Candy	17000-17500	17000-17600	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	18900-19100	19100-19400	-100.00
Madhya Pradesh	Y-1	Rs./Candy	17600-17900	17700-18000	-100.00

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