

COTTON DAILY

26th APRIL, 2007

SPOT MARKETS:

Cotton prices retained the lower quotes on Wednesday at most of the domestic markets across western and central states. The main market influencing factors are importing of cotton at much lower rate and weakness in dollars against the rupee. It is witnessed that the rupee has surged to a nine-year high against the dollar, which encouraged imports. Traders are expecting that around 1.5 million bales of cotton have contracted for importing at lower rate by the domestic mills during this marketing year. Conversely, domestic exports remained nil at that time due to higher prices over the international prices. Currently, the export offering prices for Indian cotton is being around 61-64 U.S. cents/pound, c&f basis to Southeast Asia, while international prices are near 57-62 U.S. cents/pound, making exports non-lucrative. In addition, lower arrivals of 17000 bales of cotton were seen on Wednesday. On Wednesday, 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.1900-1935 in Haryana. In Punjab, it registered down at Rs.1920-1960. On the other hand, commenting on the lean business these days dealers said that falling prices in the world markets, tough competition and high production costs discouraged the local exporters, but it is expected that after the slight increase in the exports, buying interest might rise among the spinners and exporters. However, the cotton prices have not much scope on the higher side as short term due to marginally increased production in the country and shrinking export demand.

INTERNATIONAL MARKET:

NYBOT cotton futures continued to remain bearish on Tuesday. Most-active July cotton slipped 79 points to close at 50.72 cents a pound, and May slid 42 points to 42.68 cents. Cotlook Cotton indexes moved down. North Europe A Index (2006-07 Crop) was down by 40 points at 58.45 cents/pound while North Europe B Index (2006-07 Crop) lost 45 points at 57.65 cents/pound. Far Eastern A Index (2006-07 Crop) declined 40 points at 56.95 cents/pound. KCA official spot rate remained unchanged at Rs.2725/maund, without upcountry expenses.

FUTURES MARKETS:

Kapas futures showed a bearish trend on Wednesday. Futures market traded weak after mostly weak opening but profit taking pushed up the prices at closing time. Most active April contract on MCX opened weak at Rs 432.50 and settled Rs.3.70 down at Rs.434 and traded in the range of Rs.430.20-434.50. NCDEX May Kapas lost Rs.5.10 at Rs.453.80 after weak opening at Rs.456 and traded within Rs.453-456.20.

PRICE DRIVERS:

1. Lack of new export deal; Strong import at low cost
2. Weak international market: Feeble buyer's demand

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 exhibiting slight upward market. Stochastic is moving down in oversold regions, suggesting bearish 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 slight up after 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	430	425	434	437	440

TRADE RECOMMENDATION (INTRADAY)

Risk lovers can **Sell** below 436 with target towards 432, second target near 430. Put stop loss above 439.

SUPPORT / RESISTANCES:

NCDEX Kapas May Contract 2007

Month	S1	S2	PCP	R1	R2
May	448	445	453.80	459	463

TRADE RECOMMENDATION (INTRADAY)

Sell below 455 with target towards 450, second target near 447. Put stop loss above 459.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	25.04.07	24.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1930	1935	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1960	1970	-10.00
Abohar- Punjab	J-34	Rs./Maund	1945	1950	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1860	1870	-10.00
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	19200-19500	-100.00
Maharashtra	Y-1	Rs./Candy	17200-17800	17300-17900	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19300-19600	19400-19700	-100.00
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18000-18200	-

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