

COTTON DAILY

20th APRIL, 2007

SPOT MARKETS:

Indian cotton prices were weak on Thursday in the domestic market owing to fresh imports by the cotton yarn traders. 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. According to market sources, the domestic mills have contracted to import of around 1.5 million bales of cotton during this year. Conversely, domestic exports have dried up due to higher prices over the international prices. Arrivals of 20000 bales of cotton were seen on Thursday. Overall arrivals have touched 24.370 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 Thursday, Shankar-6 (28mm) quoted down at Rs.19200-19500/candy in Gujarat on lower arrivals of 12000 bales. J-34 prices traded down at Rs.1930-1960 in Haryana with average arrivals of 200 bales. In Punjab, it declined at Rs.1940-1995 on steady arrivals of 200 bales. In the view of marginally increased production in the country and shrinking export demand, the prices have not much scope on the higher side.

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:

Following the weak opening, cotton futures managed to closed little positive on Thursday in MCX amidst short-covering and increased buying. The most active May contract on MCX opened slight weak at Rs 445.70 against previous close of Rs.445.90. The prices settled Rs.1.70 up at Rs.447.60 and traded in the range of Rs.444.00-448.50. NCDEX May Kapas settled slight up Rs.0.50 at Rs.452.40 after firm opening at Rs.454 and traded in the range of Rs.448-454.

PRICE DRIVERS:

1. Weak export demand; Higher import at low cost
2. Higher domestic prices as compared to international prices
3. Declining stocks; Weak arrivals

WEATHER:

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

TECHNICALS:

Candlesticks charts are favouring for the bulls. Stochastic is going up after made a bullish cut from down in oversold regions, hinting upward market. But prices closed far below short term EMAs hints for bearish sentiment in the market. MACD is also hinting continued fall in bullish momentum. Open interest increased where as volume of trade decreased. Cotton prices are likely to trade up 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	442	437	447.60	451	455

TRADE RECOMMENDATION (INTRADAY)

Risk lovers can **Buy** above 443 with target towards 449, second target near 452. Put stop loss below 439.

SUPPORT / RESISTANCES:

NCDEX Kapas April Contract 2007

Month	S1	S2	PCP	R1	R2
April	445	440	452.40	458	462

TRADE RECOMMENDATION (INTRADAY)

Risk lovers can **Buy** above 446 with target towards 452, second target near 455. Put stop loss below 442.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	19.04.07	18.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1955	1960	-5.00
Muktsar-Punjab	J-34	Rs./Maund	1995	2000	-5.00
Abohar- Punjab	J-34	Rs./Maund	1980	1995	-15.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1900	1920	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19200-19500	19400-19700	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-15700	15600-16100	-300.00
Maharashtra	Mech-I-29mm	Rs./Candy	19400-19700	19400-19700	-
Maharashtra	Y-1	Rs./Candy	17500-18000	17600-18000	-100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19500-19800	19400-19800	+100.00
Madhya Pradesh	Y-1	Rs./Candy	18000-18200	18000-18200	-

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