

COTTON DAILY

9th APRIL, 2007

SPOT MARKETS:

Indian cotton prices turned up on Saturday at most of the domestic centre on the back of rising demand and weakness in arrivals coupled with higher consumption by the local mills. Strong demand from South Indian mills triggered the prices mostly up in Gujarat and Western India despite weak arrivals. Traders said, arrivals are very tight because the main season of cotton harvesting is completed and farmers are holding their stocks in expectation of further rise in prices. Currently, the traders are pegged cotton production at 25-27 million bales in this current year. Out of the total production, over 23.5 million bales of cotton have already arrived in the market. The country has already exported nearly to 4 million bales of cotton during the current marketing year ending September and it is likely to hit 5 million bales. Daily arrivals of cotton across India are remained at 28,000 bales. On Saturday, Shankar-6 (28mm) quoted up at Rs.20100-20400/candy in Gujarat on average arrivals of 15,000 bales. J-34 climbed at Rs.1970-2015/maund on average arrivals of 500 bales in Haryana. In Punjab, J-34 prices offered up at Rs.1975-2030/maund with 700 bales of arrivals. In addition, the South India Small Spinners Association has blamed that the Cotton Corporation of India has increased cotton prices by Rs.1,000/candy, which were higher than the prevailing rates of cotton. It would encourage the private traders to increase their prices. Besides, ICAC has forecasted world cotton production in 2007-08 at 25.2 MMt over 25.3 MMt in 2006-07. Production in China for 2007-08 is likely to remain down at 6.5 MMt. Production is expected to increase slightly in India to a record 4.7 MMt.

INTERNATIONAL MARKET:

NYBOT remained closed on Thursday for Good Friday. In Karachi cotton market, the bullish trend continued on Friday amidst fresh buying by the millers. KCA official spot rate rose Rs.25/maund at Rs.2675/maund, without upcountry expenses. In the ready business, the deals were stuck between Rs.2750-2800/maund. The overall trend in the market was firm and it is expected that decreasing cotton stock with ginners may induce them to raise the asking prices.

FUTURES MARKETS:

MCX Kapas futures moved down Saturday amidst profit taking on increased selling at higher level. Strong spot market prices supported the futures market at early hour. Market traded up after weak opening but tumbled thereafter. Most active April contract opened weak at Rs.463.30 and lost Rs.1.80 at Rs.461.70 and traded at Rs.461-464.30. But NCDEX most active May contract gained Rs.0.70 at Rs.490 and traded at Rs.488.50-496.

PRICE DRIVERS:

1. Fresh buying demand from the millers; Weak arrivals
2. Expectation of additional Chinese export demand

WEATHER:

Improving conditions for early planting across the irrigated crop regions of northern India, after earlier rains. Planting begins later this spring across Pakistan and the rainfed crop region of central and southern India.

TECHNICALS:

Candlestick hints bearish market for the next trading day. Stochastic turning down, hints bearish market. Prices closed just above 9-day and 18-day EMA, hints slight upward market as medium term but MACD hints slight bearish market for medium term. Open interest increased but volume of trade decreased. Kapas is likely to trade slight down after 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	459	457	461.70	465	468

TRADE RECOMMENDATION (INTRADAY)

Buy above 460 with target towards 464, second target near 466. Put stop loss below 457.

SUPPORT / RESISTANCES:

NCDEX Kapas MAY Contract 2007

Month	S1	S2	PCP	R1	R2
April	486	482	490	494	500

TRADE RECOMMENDATION (INTRADAY)

Buy above 487 with target towards 493, second target near 497. Put stop loss below 483.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	07.04.07	06.04.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1985	1970	+15.00
Muksar-Punjab	J-34	Rs./Maund	2030	2020	+10.00
Abohar- Punjab	J-34	Rs./Maund	2010	2000	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1955	1940	+15.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	20100-20400	19800-20100	+300.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16200-16500	16100-16400	+100.00
Maharashtra	Mech-I-29mm	Rs./Candy	19500-19700	19300-19600	+200.00
Maharashtra	Y-1	Rs./Candy	17900-18200	17800-18100	+100.00
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19900-20300	19800-20200	+100.00
Madhya Pradesh	Y-1	Rs./Candy	18100-18300	18000-18200	+100.00

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