

COTTON DAILY

28th MAY, 2007

SPOT MARKETS:

Cotton witnessed steady to slight weak market at most of the domestic centre on Saturday amidst dull trading activity despite lower selling interest by the sellers. However there was no demand from the South Indian market. Currently, lower stocks at the market yards kept pressure on cotton prices, traders said. Therefore, the ginnerers were not hurry to sell their unsold stock as they have only 1.5-2 million bales of cotton, which could be sold in the short period of time. In addition, above 25.93 million bales of cotton have reached so far in the market against the estimated production of 27-28 million bales. At present, the export was virtually blocked due to weak dollar and lower international market as compared to Indian market. Traders said, millers have contracted to import of around 50,000 metric tonnes of cotton for delivery in June, July and August at the nominal levy of 10%. On Saturday, Shankar-6 (28mm) quoted down at Rs.18900-19300/candy in Gujarat on steady intakes of 8,000 bales. J-34 prices slipped to Rs.1955-1995/maund in Haryana. In Punjab, it has slight increased at Rs.2000-2050/maund with total arrivals are reported to be around 11,000 bales in the country. However, an early monsoon will cause growers to move quickly to destroy old crop stocks and plant new crops. Besides, Pakistan's cotton import from India is projected to be at about 3.5 million bales during this marketing year on the back of strong demand from the textile and spinning sectors. Thus, cotton prices are likely to improve in near future on dwindling supplies and improving international market.

INTERNATIONAL MARKET:

NYBOT cotton futures soared on Friday and settled at the weekly highs and made a fresh four-week high. July cotton climbed 105 points at 51.14 cents/pound. Cotlook Cotton indexes rebounded to up. North Europe A Index (2006-07 Crop) gained 60 points at 58.15 cents/pound. Far Eastern A Index (2006-07 Crop) was up by 60 points at 56.45 cents/pound. Besides, Far Eastern E Index (Forward Quotation) climbed 65 points at 60.25 cents/pound. The KCA official spot rate was flat at Rs 2650/maund, without upcountry expenses in Karachi.

FUTURES MARKETS:

NCDEX Kapas futures traded up on Saturday on thin trading activity. Futures market opened mostly up and got down thereafter and settled at the positive territory. Most active March contract gained Rs.0.40 at Rs.423 after firm opening at Rs.423 and traded in the range of Rs.422.60-423.90. Near month May traded in between Rs.446.50-448.50 and settled Rs.0.20 up at Rs.447.90.

PRICE DRIVERS:

1. Dull trading against the steady arrivals
2. World cotton market continue to improving
3. Poor unsold stocks

WEATHER:

Late winter rain in north India has provided favourable soil moisture and irrigation for cotton now being planted in this area.

TECHNICALS: NCDEX Kapas March Contract-2008

Candlestick is hinting slight downward market for the next trading day. Open interest has increased where as volume of trade significantly declined. Kapas is likely to trade slight up following a steady to firm opening with possibility of some downwards movement at the later session.

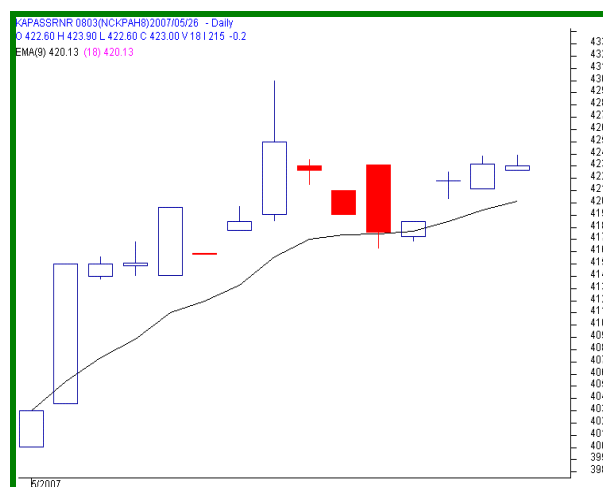
OUTLOOK:

Short Term (1 Week): Steady to slight up on improving demand and declining stocks.

Medium Term (1 Month): Recover likely on dwindles supplies and expectation of improve international market.

Long Term (3 Months): Steady to slight up possible on growing demand from China, Pakistan.

NCDEX Kapas March Contract-2008



SUPPORT / RESISTANCES:

NCDEX Kapas MARCH Contract 2008

Month	S1	S2	PCP	R1	R2
MARCH	421	419	423	425	428

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-MARCH- Kapas above Rs.421 with target towards Rs.424 and then Rs.426. Put stop loss strictly below Rs.419. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	26.05.07	25.05.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1980	1990	-10.00
Muktsar-Punjab	J-34	Rs./Maund	2055	2060	-5.00
Abohar- Punjab	J-34	Rs./Maund	2035	2045	-10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1930	1925	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18900-19300	19100-19400	-200.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15200-16000	15200-15600	-
Maharashtra	Mech-I-29mm	Rs./Candy	19000-19300	19000-19300	-
Maharashtra	Y-1	Rs./Candy	17000-17500	17000-17500	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19200-19400	19200-19500	-
Madhya Pradesh	Y-1	Rs./Candy	17500-17700	17600-17800	-100.00

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