

COTTON DAILY

30th MAY, 2007

SPOT MARKETS:

Cotton prices witnessed continued to steady sentiment on Tuesday in Gujarat and Western Markets on the account of slow demand from the South Indian cotton mills against the steady arrivals. However the prices tumbled again in North Indian markets on limited buying. However, lower stocks at the market yards are providing underline support to the market. Therefore, the ginners 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. 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 Tuesday, Shankar-6 (28mm) quoted stable at Rs.18900-19300/candy in Gujarat on steady intakes of 8,000 bales. J-34 prices plunged to Rs.1940-1980/maund in Haryana. In Punjab, it has slipped at Rs.1980-2030/maund with total arrivals are reported to be steady at around 11,000 bales in the country. Cotton planting in India is progressing well under comparatively favourable weather conditions. Monsoon which matter much for cotton season is touched India's southern coast this week and then spread to Maharashtra and Gujarat cotton areas. In the next couple of months prospects of cotton production in prominent countries would affect cotton market. Cotton prices are likely to improve in near future on dwindling supplies and improving international market.

INTERNATIONAL MARKET:

NYBOT remained closed Monday on holiday. In Pakistan, the cotton prices remained standstill on Monday in Karachi market as tug-of-war between ginners and mills continued. KCA official spot rate remained flat at Rs.2650/maund, without upcountry expenses. There was not a single deal observed.

FUTURES MARKETS:

NCDEX Kapas futures settled at the negative territory on Tuesday amidst selling interest at upper level. Therefore futures market opened mostly weak but recovered thereafter. However, Kapas May-2007 contract settled slight down though prices recovered from day's lows. Most active March-2008 contract lost Rs.0.30 at Rs.418 after weak opening at Rs.417.20 and traded in the range of Rs.417-419. Near month May traded in between Rs.447-450 and settled Rs.0.30 down at Rs.450.

PRICE DRIVERS:

1. Slow demand against the steady arrivals
2. Weakening stocks; Sowing pressure
3. Weak demand from exporters as well South India

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 upward market for the next trading day. Prices closed below both 9-day and 12-day EMA, hinting short term bearish market. Open interest as well volume of trade improved as compared to last day, supporting the market's trend. Kapas is likely to remain slight up after steady to weak opening with possibility of some downwards movement at the later session.

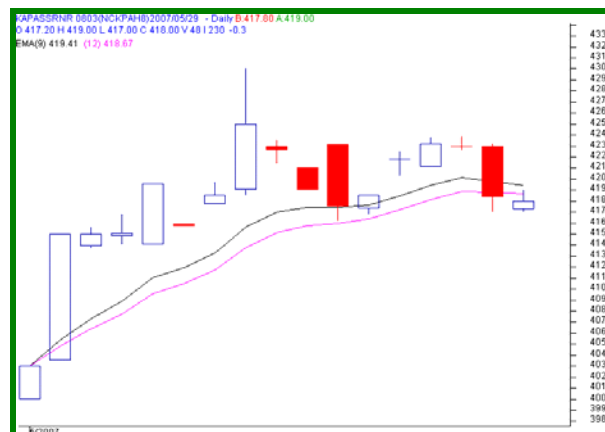
OUTLOOK:

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	415	412	418	421	424

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-MARCH- Kapas below Rs.420 with target towards Rs.416 and then Rs.414. Put stop loss strictly above Rs.423. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	29.05.07	28.05.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1965	1975	-10.00
Muktsar-Punjab	J-34	Rs./Maund	2040	2045	-5.00
Abohar- Punjab	J-34	Rs./Maund	2015	2025	-10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1910	1920	-10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18900-19300	18900-19300	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15200-16000	15200-16000	-
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	19200-19400	-
Madhya Pradesh	Y-1	Rs./Candy	17500-17700	17500-17700	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.