

## COTTON DAILY

31<sup>st</sup> MAY, 2007

### SPOT MARKETS:

Cotton prices continued to steady sentiment on Wednesday in Gujarat and Western Markets on the account of slow demand from the South Indian cotton mills against the lower arrivals. However the prices slipped again in North Indian markets on limited buying. However, lower stocks at the market yards are providing underline support to the market. Therefore, the ginneres 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 Wednesday, Shankar-6 (28mm) quoted stable at Rs.18900-19300/candy in Gujarat on lower intakes of 7,000 bales. J-34 prices plunged to Rs.1935-1970/maund in Haryana. In Punjab, it traded steady at Rs.1990-2030/maund with total arrivals are reported to be lower at around 10,000 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 cotton futures backpedaled on Tuesday and settled near the session lows. May cotton futures slipped 103 points to close at 50.11 cents/pound. Cotlook Cotton Indexes increased on Tuesday. North Europe A Index (2006-07 Crop) gained 80 points at 58.95 cents/pound. Far Eastern A Index (2006-07 Crop) was up by 70 points at 57.15 cents/pound. Far Eastern E Index (Forward Quotation) climbed 90 points at 61.15 cents/pound.

### FUTURES MARKETS:

NCDEX Kapas futures rebounded to up on Wednesday amidst buying interest. Futures market traded up after mostly firm opening. Most active March-2008 contract gained Rs.2.40 at Rs.420.50 after strong opening at Rs.419 and traded in the range of Rs.419-421. Near month May traded in between Rs.448.80-450 and settled Rs.1.90 up at Rs.449.90.

### PRICE DRIVERS:

1. Steady 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 upward market for the next trading day. Prices closed above both 9-day and 12-day EMA, hinting short term bullish 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.

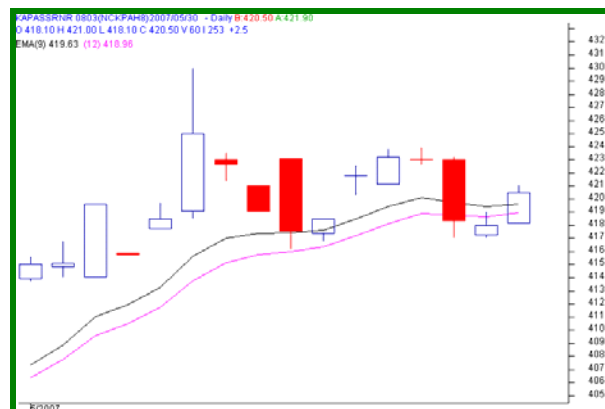
### OUTLOOK:

**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	418	415	420.50	423	426

### TRADE RECOMMENDATION (INTRADAY)

**Buy** NCDEX-MARCH- Kapas above Rs.419 with target towards Rs.422 and then Rs.424. Put stop loss strictly below Rs.417. Do not carry forward the position for the next trading day.

## VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	30.05.07	29.05.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1970	1965	+5.00
Muktsar-Punjab	J-34	Rs./Maund	2030	2040	-10.00
Abohar- Punjab	J-34	Rs./Maund	2010	2015	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1930	1910	+20.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18900-19300	18900-19300	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15200-16200	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	19200-19500	19200-19400	-
Madhya Pradesh	Y-1	Rs./Candy	17600-17800	17500-17700	+100.00

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