

COTTON DAILY

13th JUNE, 2007

SPOT MARKETS:

Indian cotton prices were flat on Tuesday amidst lacklustre trading activity and weak demand against the dwindle supplies. Reports of good initial sowing in North India like Rajasthan, Punjab and Haryana for the new crop season starting September 2007 has negatively affect on the cotton market. Presently, dwindling stocks at the market yards are providing underline support. The ginneries have only around 1 million bales of cotton so far, which could be sold in the short period of time. Above 26 million bales of cotton have already arrived in the market out of the estimated production of 27-28 million bales in 2006-07. In fact, cotton exports from the country have declined sharply as very few fresh contracts were entered into during the last few weeks due to appreciation of Indian Rupee against the US dollar and increasing demand for the imported long staple cotton by the mills. On Tuesday, Shankar-6 (28mm) quoted stable at Rs.18900-19300/candy in Gujarat on steady intakes of 6,000 bales. However, J-34 prices were flat at Rs.1945-1980/maund in Haryana. In Punjab, it traded steady at Rs.1995-2045/maund with total arrivals are reported to be at around 8,000 bales in the country. Cotton sowing in Northern States like Punjab, Haryana and Rajasthan have already started and in the next one month it will start in Gujarat, Maharashtra and M.P. followed by Southern States like A.P., Karnataka and Tamil Nadu. According to sources, the cotton import by China has declined to 2,01,200 tons in May 2007, down 13,000 tons as compared to last month. The import is also down from 263,000 tons of the same period last year. China imported totalled 1.538 million tons of cotton from September 2006-May 2007. In fact, cotton prices are expected to decline further in near future.

INTERNATIONAL MARKET:

NYBOT cotton futures soared Monday amidst speculative fund buying. Most-active July cotton climbed 50 points at 51.92 cents a pound. Cotlook Cotton Indexes declined. North Europe A Index (2006-07 Crop) slipped 25 points at 60.60 cents/pound. Far Eastern A Index (2006-07 Crop) was down by 25 points at 58.70 cents/pound. Besides, Far Eastern E Index (Forward Quotation) slid 25 points at 62.45 cents/pound. In Karachi, KCA official spot rate remained flat at Rs. 2600/maund.

FUTURES MARKETS:

NCDEX Kapas futures settled down in light volume of trading on Tuesday amidst steady spot prices and lack of trading activity. Most active March contract settled down Rs.0.80 at Rs.421.10 after weak opening at Rs.421.10 against the previous close of Rs.421.90.

PRICE DRIVERS:

1. Lacklustre trading in North Indian market against tight stocks
2. Sowing pressure & higher acreage
3. Heavy import on weakness in dollar; No exports at present

WEATHER:

Improvement in monsoon is enhancing the sowing and providing favourable soil moisture.

TECHNICALS: NCDEX Kapas March Contract-2008

Candlestick is hinting indecisive market for the next trading day. Prices closed between 9-day and 15-day EMA, suggests short term steady market. Open interest marginally decreased but volume of trade significantly decreased. Stochastic and RSI is favouring the bears. Kapas is expected to remain mild bullish after steady to firm opening with possibility of some downwards movement at the later session.

OUTLOOK:

Short Term (1 Week): Rangebound with 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 fresh demand from China, Pakistan as well as domestic market.

NCDEX Kapas March Contract-2008



SUPPORT / RESISTANCES:

NCDEX Kapas MARCH Contract 2008

Month	S1	S2	PCP	R1	R2
MARCH	418	415	421.10	423	425

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-MARCH-Kapas below Rs.422.50 with target towards Rs.419.50 and then Rs.418. Put stop loss strictly above Rs.424.50. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	12.06.07	11.06.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1980	1980	-
Muktsar-Punjab	J-34	Rs./Maund	2045	2045	-
Abohar- Punjab	J-34	Rs./Maund	2025	2025	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1930	1930	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18800-19000	18800-19000	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-16500	15300-16500	-
Maharashtra	Mech-I-29mm	Rs./Candy	19000-19300	19000-19300	-
Maharashtra	Y-1	Rs./Candy	17000-17400	17000-17400	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19200-19400	19200-19400	-
Madhya Pradesh	Y-1	Rs./Candy	17400-17700	17400-17700	-

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.