

COTTON DAILY

21st JUNE, 2007

SPOT MARKETS:

Cotton prices remained almost steady to slight up on Wednesday at most of the trading centre on stable demand supply and tight stocks. Market is keenly watching the progress of southwest monsoon over the mainland and also eyeing on the sowing progress. Sowing of cotton so far this year has been higher than in the same period last year. Planting is estimated at 1.52 million hectare from May 1 to June 15 as compared to 1.46 mln ha in the same period last year. In case of Bt cotton, the area has increased to 868,000 hectare during the same period. On the other hand, the stockists have only around 0.50 to 1 million bales of cotton, which will be sold in the short period of time. Besides, cotton exports from the country have virtually blocked due to appreciation of Indian Rupee against the US dollar and increasing demand for the imported long staple cotton by the mills. On Wednesday, Shankar-6 (28mm) quoted steady at Rs.18800-19000/candy in Gujarat on steady intakes of 6,000 bales. J-34 prices were flat at Rs.1925-1980/maund in Haryana. In Punjab, it traded stable at Rs.1970-2035/maund with total arrivals are reported to be at around 8,000 bales in the country. Presently, China has released new import quota over 5 million bales. In addition, Pakistan has allowed the import of long staple cotton through land route from India, said a commerce ministry notification. On Tuesday, Pakistan's Commerce Ministry has permitted the import of 3 million bales of cotton from India via road. It would reduce the cost of import and help the local textile industry to enhance its production. In fact, cotton prices are likely to recover for short term on improving international market and dwindle of supplies.

INTERNATIONAL MARKET:

NYBOT cotton futures settled at the negative territory Tuesday. July cotton slipped 45 points at 54.30 cents a pound. December cotton slid 8 points at 59.10 cents. Cotlook Cotton Indexes fell. North Europe A Index (2006-07 Crop) lost 25 points at 63.20 cents/pound. Far Eastern A Index (2006-07 Crop) slipped 20 points at 61.20 cents/pound. Far Eastern E Index (Forward Quotation) lost 50 points at 64.15 cents/pound. In Karachi, KCA official spot rate remained flat at Rs.2600/maund.

FUTURES MARKETS:

NCDEX Kapas futures settled at the negative territory on Wednesday. However market recovered from previous day's weakness on some buying interest at lower levels. Most active March contract settled marginally down by 0.19% at Rs.418.60 after mostly weak opening at Rs.417.60 and traded within Rs.417.60-419.10.

PRICE DRIVERS:

1. Steady demand in North Indian market on tight stocks
2. Higher acreage than last year
3. No exports at present; Strengthening international market
4. Pakistan allows import of cotton by road from India

WEATHER:

Improvement in monsoon is enhancing the sowing and

TECHNICALS: NCDEX Kapas March Contract-2008

Candlestick is indicating slightly firm sentiments, bulls dominates the markets at lower levels. Prices closed below 9-day and 15-day EMA, reflecting some weakness. Open interest slight increased but volume of trade declined significantly. Stochastic as well as RSI is indicating weak market. Kapas likely to trade range bound with firm inclination.

OUTLOOK:

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

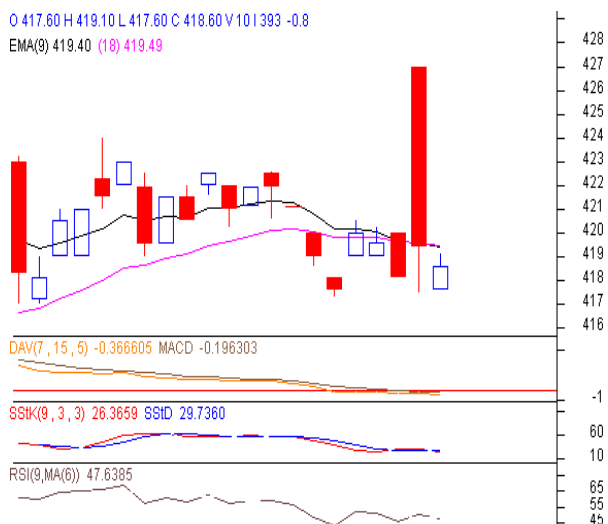
Medium Term (1 Month): Recover likely on dwindle supplies and improving international market.

Long Term (3 Months): Steady to up possible on fresh demand from China, Pakistan as well as domestic market.

NCDEX Kapas March Contract-2008

O 417.60 H 419.10 L 417.60 C 418.60 V 101393 -0.8

EMA(9) 419.40 (18) 419.49



SUPPORT / RESISTANCES:

NCDEX Kapas MARCH Contract 2008

Month	S1	S2	PCP	R1	R2
MARCH	415	417	418.60	422	425

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-MARCH-Kapas above Rs.418 with target towards Rs.421 and then Rs.422. Put stop loss strictly below Rs.416.50. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	20.06.07	19.06.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1975	1970	+5.00
Muktsar-Punjab	J-34	Rs./Maund	2045	2035	+10.00
Abohar- Punjab	J-34	Rs./Maund	2015	2015	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1925	1915	+10.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	18800-19000	18800-19000	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-15600	15300-15600	-
Maharashtra	Mech-I-29mm	Rs./Candy	19100-19300	19100-19300	-
Maharashtra	Y-1	Rs./Candy	17100-17400	17100-17400	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	19200-19400	19200-19400	-
Madhya Pradesh	Y-1	Rs./Candy	17500-17800	17500-17800	-

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.