

COTTON DAILY

19th JUNE, 2007

SPOT MARKETS:

Market sentiment for cotton prices was steady at most of the trading centre on Monday though some improvement was noticed in the Maharashtra market on some fresh demand. However, market keenly awaited the progress of southwest monsoon over the mainland as the monsoon rains are crucial for the sowing of main cotton. Planting of cotton so far this year has been higher than in the same period last year. The planting from May 1 to June 15 is estimated at 1.52 million hectare 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, more than 26 million bales of cotton have already hit the market out of the totalled production of 27-28 million bales in 2006-07. 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 Monday, 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. Besides, China has released new import quota over 5 million bales. In Pakistan, around 47,500 bales of raw cotton have already arrived in the country whereas more imports under May orders are in the pipeline. In case of cotton lint, India and United States dominated the market's volumes during May 2007, according to sources. In fact, cotton prices are likely to recover for short term on improving international market and dwindle of supplies.

INTERNATIONAL MARKET:

NYBOT remained closed on Saturday and Sunday on weekend holiday. In Pakistan, the trading activity was cool on Saturday in the Karachi cotton market because the ginneres were not looking to require their counterparts following the continued gains in the NY cotton future. KCA official spot rate continued to remain flat at Rs.2600/maund. The spinners were worried about the new taxes, announced last week.

FUTURES MARKETS:

NCDEX Kapas futures traded rangebound with weak on Monday in sluggish trading activity. Market got down after strong opening on mild selling pressure. Most active March contract settled down Rs.1.00 at Rs.418.10 after firm opening at Rs.420 and traded within Rs.418.10-420.

PRICE DRIVERS:

1. Steady demand in North Indian market on tight stocks
2. Higher acreage than last year
3. Strong import on weakness in dollar; No exports at present
4. Strengthening international market

WEATHER:

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

TECHNICALS: NCDEX Kapas March Contract-2008

Candlestick is suggesting weak market for the next trading day. Prices closed just below 9-day and 15-day EMA, hints short term bearish market. Open interest as well as volume of trade remained weak. Stochastic is indicating to recovery in the market. Kapas is to be trade slight down after steady to weak opening with possibility of some upwards movement at the later session.

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



SUPPORT / RESISTANCES:

NCDEX Kapas MARCH Contract 2008

Month	S1	S2	PCP	R1	R2
MARCH	416	414	418.10	420	423

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-MARCH-Kapas above Rs.417 with target towards Rs.419.50 and then Rs.421. Put stop loss strictly below Rs.415.50. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	18.06.07	16.06.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1970	1970	-
Muktsar-Punjab	J-34	Rs./Maund	2035	2035	-
Abohar- Punjab	J-34	Rs./Maund	2015	2015	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1915	1915	-
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	19000-19200	+100.00
Maharashtra	Y-1	Rs./Candy	17100-17400	17000-17400	+100.00
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.