

COTTON DAILY

19th SEPTEMBER, 2007

SPOT MARKETS:

Cotton traded almost steady to rangebound on Monday despite strong arrivals of fresh crops in North India due to improved demand from the mills. Around 8000-9000 bales of cotton were arrived at the gins in Punjab, Rajasthan and Haryana. In addition, about 4000-4500 bales of cotton have arrived in other major markets. However, most of the exporters and big buyers remained inactive and waiting for the strong arrivals of new crop from the main growing states of Gujarat, Maharashtra and A.P. In addition, Maharashtra State cabinet approved the proposal to buy cotton from farmers at M.S.P of Rs 2070/quintal and they will buy cotton from 2nd October and it is estimated that they will purchase about Rs 50 lakh quintals. Besides, cotton lint production during 2007-08 is expected to fall to 104,000 Mt due to dry weather in key growing areas of Australia. Uzbekistan is likely to reduce cotton fibre exports in 2007-08 to 7-7.5 lakh Mt over 8.8 lakh Mt in 2006-07.

Cotton acreage is estimated at 9.06 Mln Ha as on May 1- Sept 14, up from 8.68 Mln Ha on the same date last year. Bt cotton sowing reached more than 5.33 Mln Ha.

Indian cotton export is estimated to up at 5.5 million bales in 2007-08 over 4.7 mln bales in 2006-07. Cotton output is projected at 31 Mln bales in the country in 2007-08 over 27-28 Mln bales of 2006-07.

On Tuesday, Shankar-6 (28mm) forward quoted steady at Rs.19700-800/candy in Gujarat. In Haryana, the forward bargains for Full September quoted stable at Rs.1945-55/maund and Full Oct at Rs.1865-80/maund. In Punjab, it remained stable at Rs.1965-85/maund and Rs.1865-1930/maund. Cotton prices are likely to remain steady to up in the near future.

INTERNATIONAL MARKET:

ICE cotton futures climbed to new six-week highs on Monday. Most-active December cotton soared 82 points at 64.43 cents/pound and hovered in the range of 63.35-64.63 cents. Cotlook Cotton Indexes climbed. North Europe A Index (2007-08 Crop) gained 55 points at 69.40 cents/pound while North Europe B Index (2007-08 Crop) increased 60 points at 67.50 cents/pound. Far Eastern A Index (2007-08 Crop) was up by 60 points at 67.90 cents/pound. In Karachi, KCA official spot rate remained unchanged at Rs 2800/maund.

FUTURES MARKETS:

NCDEX Kapas futures settled marginally up on Monday amidst late buying support. Market went slight up following firm opening but slipped thereafter and settled slight up from session's low. March-2008 contract lost Rs.0.70 at Rs.419.30. Most active April 2008 contract opened up at Rs.421.60 over the last close of Rs.420.50 and added Rs.0.70 at Rs.421.20 and traded within Rs.419.30-422.

PRICE DRIVERS:

1. Higher production estimates; Strong international cotton markets
2. Increasing of fresh cotton arrivals in North India
3. Moderate demand from exporters; Higher acreage

WEATHER:

Areas of the North India cotton belts have seen only isolated thunderstorms recently. This will help improve the condition of this crop after earlier heavy storms.

TECHNICALS: NCDEX Kapas APRIL Contract-2008

Candlesticks patterns exhibits slight upward market for the next trading day. Prices closed just above short term EMAs, hints steady to bearish market as short term. MACD prevails in the negative zone. Stochastic and RSI supports the bulls. Volume as well as open interest significantly increased. Kapas is likely to trade slight up after firm opening with possibility of some downward movement at the later session.

OUTLOOK:

Short Term (1 Week): Steady to down on weak domestic demand and expectation of higher output.

Medium Term (1 Month): Up likely on good domestic demand from the exporters and millers.

Long Term (3 Months): Bullish likely on higher export demand and expectation of higher international markets.

NCDEX Kapas APRIL Contract-2008



SUPPORT / RESISTANCES:

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	417	412	421.20	423	426

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-APRIL-Kapas below Rs.422.50 with target towards Rs.417.50 and then Rs.415. Put stop loss strictly above Rs.426. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	18.09.07	17.09.07	Change
Sirsa- Haryana	J-34	Rs./Maund	-	-	-
Muktsar-Punjab	J-34	Rs./Maund	-	-	-
Abohar- Punjab	J-34	Rs./Maund	-	-	-
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	-	-	-
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	20900-21100	20900-21100	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16000-16500	16000-16500	-
Maharashtra	Mech-I-29mm	Rs./Candy	20900-21100	20900-21100	-
Maharashtra	Y-1	Rs./Candy	-	-	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20700-20900	20700-20900	-
Madhya Pradesh	Y-1	Rs./Candy	-	-	-

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.