

COTTON DAILY

17th SEPTEMBER, 2007

SPOT MARKETS:

Cotton prices improved in most of the domestic market on Friday on reports of a delay in new crop arrivals in main cotton growing states of Gujarat and Maharashtra. However, the arrivals from northern India are increasing. Around 4000-6000 bales of cotton are arriving daily in Punjab and Haryana. Prices will find direction once full fledged arrivals start from India's main cotton growing state of Gujarat and Maharashtra. In addition, about 400 bales have arrived in Gujarat and around 200 bales in Maharashtra. In South India, it was at 500 bales/day in A.P. But 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. 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.

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 would rise to about 4.6 million bales in 2007-08 crops. Cotton output is estimated at 31 Mln bales in the country in 2007-08 over 27-28 Mln bales of 2006-07.

On Friday, Shankar-6 (28mm) forward quoted up at Rs.19800-900/candy in Gujarat. In Haryana, the forward bargains for Full September quoted up at Rs.1975-85/maund and Full Oct at Rs.1920-30/maund. In Punjab, it registered up between Rs.1990-2005/maund and Rs.1950-65/maund. Cotton prices are likely to remain steady to up in the near future.

INTERNATIONAL MARKET:

ICE cotton futures settled up on Thursday owing to spec buying. Most active December cotton rose 28 points at 62.85 cents/pound and traded in the range of 62.25-62.90 cents. Cotlook Cotton Indexes soared. North Europe A Index (2007-08 Crop) gained 70 points at 68.80 cents/pound. Far Eastern A Index (2007-08 Crop) was up by 10 points at 67.20 cents/pound. In Karachi, KCA official spot rate remained flat at Rs 2775/maund.

FUTURES MARKETS:

NCDEX Kapas futures settled with marginal changes on Friday amidst profit taking during the weekend as the market will be closed on Saturday for Ganesh Chaturthi. Market dipped after mostly weak opening but set back from session's lows. March-2008 contract lost Rs.0.40 at Rs.415.60. Most active April 2008 contract opened weak at Rs.414.50 over the last close of Rs.415.90 and added Rs.0.20 at Rs.416.10 and traded within Rs.412.50-416.70.

PRICE DRIVERS:

1. Higher production estimates; Volatile international cotton markets
2. Improvement of fresh arrivals in North India
3. Weak 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 improvement in prices of the market for the next trading day. Prices closed below short term EMAs, support bears for short term. MACD prevails in the negative zone. Stochastic and RSI hints steady market. Volume increased while open interest significantly declined. Kapas is likely to trade up after weak 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	414	410	416.10	420	424

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-APRIL-Kapas above Rs.414.50 with target towards Rs.419.50 and then Rs.421. Put stop loss strictly below Rs.410.50. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	14.09.07	13.09.07	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	20800-21000	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16000-16500	15800-16500	+200.00
Maharashtra	Mech-I-29mm	Rs./Candy	20900-21100	20800-20900	+100.00
Maharashtra	Y-1	Rs./Candy	-	-	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20700-20900	20600-20800	+100.00
Madhya Pradesh	Y-1	Rs./Candy	-	-	-

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