

COTTON DAILY

13th SEPTEMBER, 2007

SPOT MARKETS:

Cotton prices improved on Wednesday in the domestic market amidst fresh mills demand despite higher arrivals of fresh crops. Traders said around 600-7000 bales of cotton have reached in Northern provinces of Punjab, Haryana and Rajasthan. In Gujarat, around 200-250 bales/day are being delivered to gins. In M.P., the arrivals is reporting at around 100-150 bales/day. 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. to arrive in the markets by the middle of September. Besides, the quality and quantity of the new crop will determine further market condition. 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 9.05 Mln Ha as on May 1- Sept 7, up from 8.64 Mln Ha on the same date last year. Bt cotton sowing reached more than 5.33 Mln Ha. Area has risen by 7% in Punjab and by 25% in Rajasthan and 5-8% in Gujarat, Maharashtra and M.P..

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 Wednesday, Shankar-6 (28mm) forward quoted up at Rs.19700-800/candy in Gujarat. In Haryana, the forward bargains for Full September quoted up at Rs.1970-85/maund and Full Oct at Rs.1915-25/maund. In Punjab, it registered up between Rs.1980-2005/maund and Rs.1935-55/maund. Cotton prices are likely to remain steady to up in the near future.

INTERNATIONAL MARKET:

ICE settled up on Tuesday amidst fund buying, technical strength and local short-covering. December cotton climbed 64 points at 61.64 cents/pound and hovered in the range of 60.80-61.70. Cotlook Cotton Indexes climbed. North Europe A Index (2007-08 Crop) gained by 50 points at 67.65 cents/pound. Far Eastern A Index (2007-08 Crop) was up by 55 points at 66.70 cents/pound. In Karachi, KCA official spot rate remained flat at Rs 2775/maund.

FUTURES MARKETS:

NCDEX Kapas futures settled marginally up on Wednesday amidst moderate buying support. Market plunged after slight weak opening but recovered thereafter and settled up. March-2008 contract gained Rs.0.30 at Rs.419. Most active April 2008 contract opened down at Rs.418.30 over the last close of Rs.418.50 and added Rs.0.50 at Rs.419 and traded within Rs.416.20-419.70.

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 exhibit some upward market for the next trading day. Prices closed below short term EMAs, support bears for short term. MACD prevails in the negative zone and moving slight downwards. Stochastic and RSI hinting improvement in prices. Volume declined while 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	416	412	419	421	425

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-APRIL-Kapas above Rs.416.50 with target towards Rs.420.50 and then Rs.422. Put stop loss strictly below Rs.413.50. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	12.09.07	11.09.07	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	20700-20900	20600-20800	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15700-16500	15700-16500	-
Maharashtra	Mech-I-29mm	Rs./Candy	20800-20900	20700-20900	+100.00
Maharashtra	Y-1	Rs./Candy	-	-	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	20600-20800	20600-20800	-
Madhya Pradesh	Y-1	Rs./Candy	-	-	-

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