

COTTON DAILY

27th SEPTEMBER, 2007

SPOT MARKETS:

The cotton prices sharply declined in the North Indian market on Wednesday amidst robust arrivals of fresh crop while it was almost steady to up in other major markets on weather concerns. The fresh spell of rains in Saurashtra and south Gujarat province is likely to affect standing cotton crop in the territory. Incessant rains for last three-four days over several parts were damaged the standing cotton crop, traders reported. Therefore the prices rose in Gujarat. However, demand from the large buyers are observing weak as they are still waiting for the new arrivals to start in full strength in Maharashtra and Gujarat, before they make any firm buying commitments. Around 15000 bales of cotton arrived at the gins in the country.

Acreage is estimated at 9.06 Mln Ha as on May 1- Sept 14 over 8.68 Mln Ha of last year. Cotton export is estimated to up at 6.5 mln bales in 2007-08 over 5.5 mln bales in 2006-07. Cotton production in Gujarat is unlikely to exceed 9 mln bales over 9.3 mln bales in 2006-07. Punjab is likely to achieve 2.69 mln bales of cotton this fiscal year. Government has pegged cotton production at 22.94 mln bales in 2007-08 over 22.7 mln bales of last year in their first advance estimate, it is much below than industry estimates of 31 mln bales.

On Wednesday, Shankar-6 for Oct. delivery quoted up at Rs.20200-20400/candy in Gujarat but it down at Rs.19300-500/candy in M.P. & Maharashtra for Nov-Dec delivery. In Haryana, the forward bargains for Full September offered down at Rs.1960-70/maund and Full Oct at Rs.1900-1910/maund. In Punjab, it traded down at Rs.1965-90/maund & Rs.1915-50/maund. Cotton prices are likely to remain steady to up in the near future as short term on late harvesting in major cotton belts.

INTERNATIONAL MARKET:

ICE cotton futures cotton futures slid on Tuesday. Most-active December cotton slid 15 points at 66.08 cents/pound and traded in the range of 65.15-66.43 cents. Cotlook Cotton Indexes slight increased. North Europe A Index (2007-08 Crop) gained 10 points at 71.80 cents/pound while North Europe B Index (2007-08 Crop) added 15 points at 69.90 cents/pound. Far Eastern A Index (2007-08 Crop) was up by 10 points at 70.30 cents/pound. In Karachi, KCA official spot rate was flat at Rs 2850/maund.

FUTURES MARKETS:

NCDEX Kapas futures rebounded to up on strong buying support and weather concerns. Market hovered up after weak opening and set back from session's high. March-2008 contract gained Rs.1.50 at Rs.422. Most active April 2008 contract opened down at Rs.421.50 over the last close of Rs.422.60 and added Rs.2.60 at Rs.425.20 and traded within Rs.421.10-426.50.

PRICE DRIVERS:

1. Higher production estimates; Strong international cotton markets
2. New cotton arrivals picking up; Weak dollar against rupee
3. Moderate demand from exporters; Weather concerns

WEATHER:

Isolated heavy to very heavy rainfall is likely over North Konkan, Saurashtra and south Gujarat region. Rain/thundershowers are likely at a few places over north Coastal Andhra Pradesh &, Karnataka.

TECHNICALS: NCDEX Kapas APRIL Contract-2008

Candlestick charts shows slight upward movement of the market for the next trading day. Prices closed just above short term EMAs, hints steady market as short term. MACD enters in the positive zone & moving up. Stochastic hints weak market but RSI hints strong market. Volume as well as open interest significantly increased. Kapas is likely to trade up after firm opening with possibility of some downward movement at the later session.

OUTLOOK:

Short Term (1 Week): Steady on worries of late harvesting in Maharashtra and Gujarat.

Medium Term (1 Month): Down likely on expectation of higher output and strong arrivals.

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	422	418	425.20	428	431

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-APRIL-Kapas below Rs.427 with target towards Rs.423 and then Rs.421. Put stop loss strictly above Rs.430. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	26.09.07	25.09.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1970	2000	-30.00
Muktsar-Punjab	J-34	Rs./Maund	1990	2020	-30.00
Abohar- Punjab	J-34	Rs./Maund	1975	2010	-35.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1925	1945	-20.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	20800-21100	20800-21100	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15500-16200	15500-16200	-
Maharashtra	Mech-I-29mm	Rs./Candy	-	-	-
Maharashtra	Y-1	Rs./Candy	-	-	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	-	-	-
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.