

COTTON

Agriwatch
DAILY

COTTON

OCT 01, 2007

SPOT MARKETS:

Domestic cotton prices continued to trade down in North Indian markets on Saturday amidst strong arrivals against weak demand while it remained steady to slight weak in other major markets. Currently, cotton arrivals are getting momentum in the North India. Daily 15000-16000 bales of fresh cotton are arriving in the country. However, concerns over rains damaging and delaying harvest in some parts of the country provided underline support to the cotton market. In addition, a Hindu religious period of mourning is scheduled to start from Thursday, when most of the traders will abstain from commercial transactions. Therefore the supplies and demand are anticipated to remain weak during this period. Demand and market arrivals are likely to pick up from Oct. 10 onwards. Market arrivals are likely to cross at least 45,000 bales after Oct. 10, according to market participants.

Area under cotton rose to 9.09 million hectares, including 5.33 million hectares under BT cotton, compared with a total of 8.75 million hectares last year. Cotton export is estimated to up at 6.5 mln bales in 2007-08 over 5.5 mln bales in 2006-07. 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 Saturday, Shankar-6 for Dec.-Jan. delivery quoted at Rs.19750-900/candy in Gujarat while Nov-Dec delivery offered at Rs.19200-400/candy in M.P. & Maharashtra. In Haryana, the forward bargains for Full September registered weak at Rs.1885-95/maund and Full Oct at Rs.1850-1860/maund. In Punjab, it offered down at Rs.1890-1940/maund & Rs.1860-95/maund. Cotton prices are likely to remain up in the near future as long term on expectation of higher export demand due to lower global production.

INTERNATIONAL MARKET:

ICE cotton futures slipped to one-week lows on Friday. Most-active December cotton tumbled 167 points at 65 cents/pound and traded in the range of 64.70-66.95 cents. Cotlook Cotton Indexes climbed. North Europe A Index (2007-08 Crop) was up by 85 points at 72.60 cents/pound while North Europe B Index (2007-08 Crop) gained 55 points at 70.40 cents/pound. Far Eastern A Index (2007-08 Crop) added 80 points at 71.05 cents/pound. In Karachi, KCA official spot rate was flat at Rs.2875/maund.

FUTURES MARKETS:

MCX Kapas futures continued to trade down on selling interest amidst weak spot market and higher production estimates. Market went up after weak opening but stumbled thereafter and settled up from session's low. Most active April-2008 contract lost Rs.1.40 at Rs.417.30 after weak opening at Rs.417 and traded in the range of Rs.414.60-419.20. Where as NCDEX Most active April 2008 contract opened at Rs.420.70 and lost Rs.1.70 at Rs.419 and traded within Rs.418.40-420.70.

PRICE DRIVERS:

1. Higher production estimates; Weak dollar against rupee
2. Higher arrivals of cotton; Hindu religious period of mourning
3. Weak demand from exporters; Weather concerns

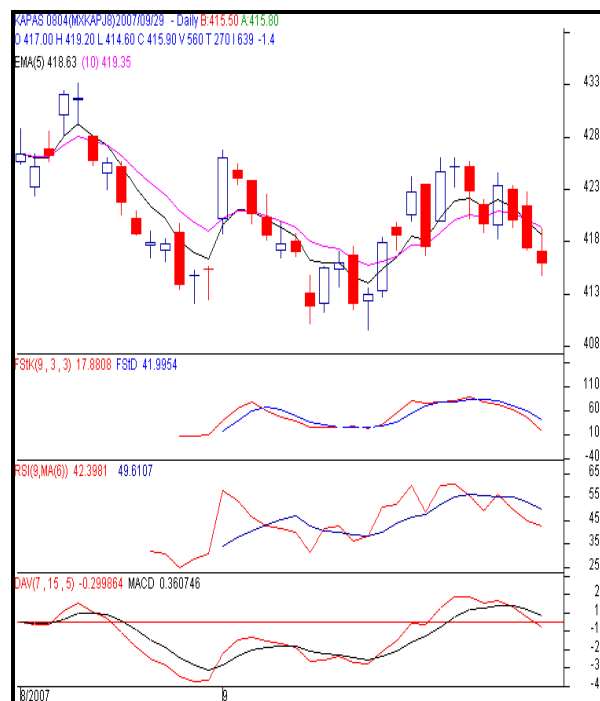
WEATHER:

Southwest monsoon is likely to withdraw from parts of West Rajasthan and northwest India during next 48 hrs. Therefore, it is not likely to impede cotton crop.

TECHNICALS: MCX Kapas APRIL Contract-2008

Candlestick patterns exhibits slight weak market for the next trading day. Prices closed just below short term EMAs, hints bearish market as short term. MACD prevails in the positive zone & moving down. Stochastic and RSI indicates weak market. Volume as well as open interest increased. Kapas is likely to trade down after firm opening with possibility of some upward movement at the later session.

MCX Kapas APRIL Contract-2008



SUPPORT / RESISTANCES:

MCX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	413	410	415.9 0	417	420

TRADE RECOMMENDATION (INTRADAY)

Sell MCX-APRIL-Kapas below Rs.417 with target towards Rs.413 and then Rs.411. Put stop loss strictly above Rs.420. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	416	413	419	421	424

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-APRIL-Kapas below Rs.420.50 with target towards Rs.416.50 and then Rs.414. Put stop loss strictly above Rs.423.50. Do not carry forward the position for the next trading day.

COMMODITIES RESEARCH



VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	29.09.07	28.09.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1895	1950	-55.00
Muktsar-Punjab	J-34	Rs./Maund	1945	1970	-25.00
Abohar- Punjab	J-34	Rs./Maund	1935	1950	-15.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1840	1900	-60.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	20800-21100	20800-21100	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15400-16200	15400-16200	-
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>

© 2007 Indian Agribusiness Systems Pvt Ltd.