

COTTON DAILY

12th SEPTEMBER, 2007

SPOT MARKETS:

Even as mills demand continued, spot cotton traded weak in North India markets Tuesday on climbing arrivals of fresh crops however it was remained steady in other major markets. Traders said around 5000-7000 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 Tuesday, Shankar-6 (28mm) forward quoted flat at Rs.19600-700/candy in Gujarat. In Haryana, the forward bargains for Full September quoted down at Rs.1965-80/maund and Full Oct at Rs.1910-20/maund. In Punjab, it offered between Rs.1975-2000/maund and Rs.1925-50/maund. Cotton prices are likely to remain steady to up in the near future.

INTERNATIONAL MARKET:

ICE cotton futures hovered up on Monday. Most active December cotton climbed 75 points at 61 cents/pound. Cotlook Cotton Indexes slightly declined on Monday. North Europe A Index (2007-08 Crop) slipped by 5 points at 67.15 cents/pound. Far Eastern A Index (2007-08 Crop) was down by 10 points at 66.15 cents/pound. In Karachi, KCA official spot rate remained flat at Rs 2775/maund.

FUTURES MARKETS:

NCDEX Kapas futures recovered on Tuesday amidst fresh buying support at session's low and higher international markets. Market slid after mostly firm opening but settled nearer the day's high. March-2008 contract gained Rs.3.60 at Rs.418.80. Most active April 2008 contract opened mostly up at Rs.418 over the last close of Rs.415.20 and added Rs.3.40 at Rs.418.60 and traded within Rs.414.70-418.70.

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 chart shows slight strong market for the next trading day. Prices closed below short term EMAs, hints short term weak market. MACD prevails in the negative zone and moving downwards. Stochastic and RSI showing 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	415	412	418.60	421	425

TRADE RECOMMENDATION (INTRADAY)

Risk lovers can Sell NCDEX-APRIL-Kapas below Rs.420 with target towards Rs.416 and then Rs.414. Put stop loss strictly above Rs.423. Do not carry forward the position for the next trading day.

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	11.09.07	10.09.07	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	20600-20800	20600-20800	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15700-16500	15700-16500	-
Maharashtra	Mech-I-29mm	Rs./Candy	20700-20900	20700-20900	-
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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