

SPOT MARKETS:

Cotton prices in the domestic markets continued to increase amidst sluggish processing of raw cotton by mills on growing demand from international buyers. But the traders are expecting that the prices will come down once the mills start processing cotton at full fledged following Diwali in early November, when the entire quantity of raw cotton seeds will be converted to exportable cotton. The demands from the exporters are observing quiet well but the suppliers are unable to process the entire quantity of raw cotton arriving in the open market. With increasing arrivals everyday, the traders are worried that there is very little chance of any long-term bullish trend in prices in spite of demand being good. Meanwhile, the exporters have contracted to export of around 5-6 lakh bales of cotton for delivery in December and January.

Export volumes are expected to witness a significant jump to over 6.5 mln bales in 2007-08 from 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, it is much below than industry's estimate of 31 mln bales. However, the cotton production in 2007/08 is expected to slip below the estimates of 31 million bales as key growing states have been hit by pest attacks and crop disease due to excess rainfall in key cotton growing states like Punjab, Maharashtra and Haryana. Local demand is estimated at close to 24 mln bales while closing stocks at 4.2 mln bales.

On Saturday, Shankar-6 for Nov-Dec. delivery quoted stable at Rs.19800-900/candy in Gujarat while Nov-Dec delivery offered mostly stable at Rs.19000-200/candy in M.P. & Maharashtra. In Haryana, J-34 cotton quoted up at Rs.1835-1890/maund while in Punjab, it offered up at Rs.1895-1940/maund respectively. In the country, arrivals are reported to be at 1,20,000 bales. Northern Zone supplied 35000 bales while Gujarat's share was 27000 bales.

INTERNATIONAL MARKET:

ICE cotton futures rebounded to up on Thursday. December contract climbed 57 points at 64.39 cents/pound and traded in the range of 63.90-64.75 cents. Cotlook Cotton Indexes declined. North Europe A Index (2007-08 Crop) lost 80 points at 70.95 cents/pound while North Europe B Index (2007-08 Crop) lost 100 points at 68.40 cents/pound. Far Eastern A Index (2007-08 Crop) slid 90 points at 69.15 cents/pound. In Karachi, KCA official spot rate has increased by Rs 25/maund to Rs 2900/maund.

FUTURES MARKETS:

MCX Kapas futures soared Saturday amidst strong buying pressure on firm spot market. Futures market went slight down after steady opening but hovered up thereafter and set back from session's high. Most active April-2008 contract climbed Rs.5.6 at Rs.439.6 after steady opening at Rs.434 and traded within Rs.433-440.50. NCDEX Most active April 2008 contract opened down at Rs.437.7 and added Rs.7.6 at Rs.446.3 and hovered within Rs.437.7-446.6.

PRICE DRIVERS:

1. Expectation of less production than earlier estimates
2. Increasing demand from millers and exporters
3. Strong arrivals; International market demand

WEATHER:

North India cotton has become hotter and drier recently. This should favor the crop, after earlier rains. Favorable moisture for the crop in south India is expected.

TECHNICALS: MCX Kapas APRIL Contract-2008

Candlestick chart exhibits strong market for the next trading day. Prices closed above short term EMAs, indicates slight bullish market as short term. MACD prevails in the positive zone. Stochastic and RSI indicates bullish market. Volume as well as open interest significantly increased, supports the present market's trend. Kapas is to be trade up after firm opening with possibility of some downward movement at the later session.

MCX Kapas APRIL Contract-2008**SUPPORT / RESISTANCES:****MCX Kapas APRIL Contract 2008**

Month	S1	S2	PCP	R1	R2
APRIL	435	430	439.6	444	447

TRADE RECOMMENDATION (INTRADAY)

Buy MCX-APRIL-Kapas above Rs.437 with target towards Rs.443 and then Rs.445. Put stop loss strictly below Rs.432. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	443	438	446.3	451	455

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-APRIL-Kapas above Rs.444 with target towards Rs.450 and then Rs.454. Put stop loss strictly below Rs.439. Do not carry forward the position for the next trading day.



VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS:

Markets	Variety	Units	27.10.07	26.10.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1875	1865	+10.00
Muktsar-Punjab	J-34	Rs./Maund	1930	1920	+10.00
Abohar- Punjab	J-34	Rs./Maund	1895	1885	+10.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1810	1795	+15.00
Ahmedabad/Kadi - Gujarat	Shankar-6 Ready	Rs./Candy	19800-900	19800-900	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15200-600	15200-600	-

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