

SPOT MARKETS:

Cotton prices followed current bearish trend in the spot as well as futures market on Saturday. The governing factors were robust arrivals of fresh cotton crop coupled with lethargic demand from the exporters as well as millers. Actually, they are expecting that the prices to go down further as arrival pace picks up in the coming weeks. In addition, a Hindu religious period of mourning had started 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. However, the Indian exporters have already contracted to export of around 1.5 million bales of cotton for delivery in December and January, according to trade sources. Nearly 50% of the export contracts are for cotton being harvested in Gujarat.

In the prices front, the outlook is unlikely to bearish on higher output as 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. Local demand is estimated at close to 24 mln bales while closing stocks at 4.2 mln bales.

On Saturday, Shankar-6 for Dec.-Jan. delivery offered down at Rs.18900-200/candy in Gujarat while Nov-Dec delivery registered weak at Rs.18600-18800/candy in M.P. & Maharashtra. In Haryana, J-34 cotton prices traded down in the range of Rs.1755-1810/maund while in Punjab, it quoted weak at Rs.1810-1850/maund respectively. In the country, the arrivals have risen to 75000 bales as compared to 72000 bales of last day. Northern Zone contributed 28,000-30,000 bales. In Gujarat, daily arrivals reached more than 16,000 bales for the first time.

INTERNATIONAL MARKET:

ICE cotton futures closed down on Friday in a light-volume of trading. Most active December cotton slipped 27 points at 63.22 cents/pound and traded in the range of 62.70-63.43 cents. Cotlook Cotton Indexes was unchanged. North Europe A Index (2007-08 Crop) was stable at 70.20 cents/pound while North Europe B Index (2007-08 Crop) was steady at 67.85 cents/pound. Far Eastern A Index (2007-08 Crop) remained unchanged at 68.40 cents/pound. In Karachi, KCA official spot rate was flat at Rs 2850/maund.

FUTURES MARKETS:

MCX Kapas futures sharply declined on Saturday and made new contract low on strong selling pressure due to weak fundamentals. Market tumbled mostly after strong opening and closed near the session low. Most active April-2008 contract lost Rs.5.90 at Rs.406 after firm opening at Rs.412.40 and traded in the range of Rs.405.80-412.50. Besides, NCDEX Most active April 2008 contract opened weak at Rs.415.10 over the last close of Rs.415.90 and shed Rs.5.10 at Rs.410.80 and traded within Rs.410-415.80.

PRICE DRIVERS:

1. Higher production estimates; Weak dollar against rupee
2. Strong arrivals of fresh cotton; Hindu religious period of mourning
3. Sluggish demand from exporters and mills

WEATHER:

North India cotton areas had experienced some thunderstorm activity last week, but it has turned drier the past couple days. Favorable moisture for the crop in south India is expected.

TECHNICALS: MCX Kapas APRIL Contract-2008

Candlestick charts shows sharply downward market for the next trading day. Prices closed below short term EMAs, indicates bearish market as short term. MACD moving down in the negative zone. Stochastic and RSI hints weak market. Volume as well as open interest significantly increased. Kapas is to be trade soft after weak 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	401	396	406	410	415

TRADE RECOMMENDATION (INTRADAY)

Sell MCX-APRIL-Kapas below Rs.408 with target towards Rs.402 and then Rs.398. Put stop loss strictly above Rs.413. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	406	402	410.8	414	418

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-APRIL-Kapas below Rs.412 with target towards Rs.407 and then Rs.404. Put stop loss strictly above Rs.416. Do not carry forward the position for the next trading day.



VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	06.10.07	05.10.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1810	1820	-10.00
Muktsar-Punjab	J-34	Rs./Maund	1845	1855	-10.00
Abohar- Punjab	J-34	Rs./Maund	1800	1825	-25.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1770	1775	-5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	-	-	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15100-15600	15200-15700	-100.00
Maharashtra	Mech-I-29mm	Rs./Candy	-	-	-
Maharashtra	Y-1	Rs./Candy	-	-	-
Madhya Pradesh	Mech-I-29mm	Rs./Candy	-	-	-
Madhya Pradesh	Y-1	Rs./Candy	-	-	-

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