

SPOT MARKETS:

Cotton lint prices continued to maintain a firm to steady trend in the domestic markets amidst weak arrivals against the strong demand from the exporters and millers. 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 Monday, Shankar-6 for Nov-Dec. delivery quoted up at Rs.19900-20100/candy in Gujarat while Nov-Dec delivery offered stable at Rs.19000-200/candy in M.P. & Maharashtra. In Haryana, J-34 cotton quoted up at Rs.1840-1900/maund while in Punjab, it offered up at Rs.1900-1950/maund respectively. In the country, arrivals are reported to be down at 1,00,000 bales. Northern Zone supplied 30000 bales while Gujarat's share was 25000 bales.

INTERNATIONAL MARKET:

ICE cotton futures remained closed on weekend holiday. In Pakistan, the cotton prices maintained bullish trend on Saturday also in the Karachi cotton market because good demand from the spinners and higher KCA official spot rate. KCA official spot rate was sharply increased by Rs 50/maund at Rs 2950/maund. Phutti prices have increased by Rs 25/maund in Sindh at Rs 1500-1550/maund and in Punjab to Rs 1550-1600/maund.

FUTURES MARKETS:

MCX Kapas futures closed up on Monday amidst early buying support on firm spot market. Futures market went up after mostly strong opening but profit booking capped the early gains. Most active April-2008 contract added Rs.2.6 at Rs.442.2 after firm opening at Rs.442.5 and made contract high at Rs.444.9 with traded within Rs.441.5-444.9. NCDEX Most active April 2008 contract opened up at Rs.446.8 and gained Rs.5 at Rs.450.6 and hovered within Rs.446.8-453.5.

PRICE DRIVERS:

1. Expectation of less production than earlier estimates
2. Strong demand from millers and exporters
3. Weak 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 slight weak market for the next trading day. Prices closed above short term EMAs, indicates bullish market as short term. MACD prevails in the positive zone. Stochastic and RSI indicates bullish market. Volume significantly increased but open interest declined, did not support the present market's trend. Kapas is to be trade steady to down 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	439	435	442.2	445	448

TRADE RECOMMENDATION (INTRADAY)

Buy MCX-APRIL-Kapas above Rs.439.5 with target towards Rs.444.5 and then Rs.447. Put stop loss strictly below Rs.435. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	446	442	450.6	455	460

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-APRIL-Kapas above Rs.448 with target towards Rs.454 and then Rs.457. Put stop loss strictly below Rs.444. Do not carry forward the position for the next trading day.

COTTON

Agriwatch
DAILY

■ COTTON

■ OCT 30, 2007

VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS:

Markets	Variety	Units	29.10.07	27.10.07	Change
Sirsa- Haryana	J-34	Rs./Maund	1885	1875	+10.00
Muktsar-Punjab	J-34	Rs./Maund	1940	1930	+10.00
Abohar- Punjab	J-34	Rs./Maund	1900	1895	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1815	1810	+5.00
Ahmedabad/Kadi - Gujarat	Shankar-6 Ready	Rs./Candy	19900-20100	19800-900	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	15300-700	15200-600	+100.00

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