

SPOT MARKETS:

Cotton prices skyrocketed on Monday in Northern Indian markets on mostly weak arrivals of 33000 bales against fabulous demand from the exporters and moderate demand from the millers while the prices quoted almost steady in Western markets on steady to weak arrivals. At present, Pakistan, China, Bangladesh and other countries are favouring Indian cotton due to lower rate and good quality. Recently, Pakistan permitted the import of 5-lakh bales of cotton from India, which is the leading factor for prices rise. But, fresh shipments of Indian cotton to Pakistan may be delayed following turbulence after assassination of former Pakistani Prime Minister Benazir Bhutto. Besides, demand from the textile mills are observing sluggish as compared to last year due to rising rupee over US dollar and lethargic demand for yarns and other cotton made products, traders said. Besides, in Gujarat, the assembly election has negatively impacted in the market, which pulled down the arrivals. On the export front, around 2 million bales have already exported to date and have contracts for 2.5-2.6 mln bales. India's cotton exports are likely to total around cotton 7 million bales in 2007-08, which is exceeding an earlier government estimate of around 6 million bales.

CCI estimates that cotton production will be around 30 million bales this season over 27 million bales in 2005-06. Out of this, above 7.0 million bales are estimated to be export to China, Bangladesh, Pakistan, Indonesia and other countries. Local demand is estimated at close to 24 mln bales while closing stocks at 4.2 mln bales. USDA put world production at 118.76 mln bales in 2007-08, 0.60 mln bales lower than November due to lower crop in U.S, Pakistan and China.

On Monday, Shankar-6 28 mm delivery offered steady at Rs.20000-200/candy in Gujarat. J-34 cotton traded mostly up at Rs.2010-2050/maund in Haryana and Rs.2040-2100/maund in Punjab respectively. In the country, daily arrivals are reported to be steady at 175,000 bales. Out of this, Maharashtra contributed 50000 bales while Gujarat's share was about 60000 bales.

INTERNATIONAL MARKET:

ICE remained closed on Saturday and Sunday for weekend holiday. In Pakistan, KCA official spot rate was inert at Rs 3025/maund.

FUTURES MARKETS:

MCX Kapas futures soared on Monday amidst strong fresh buying on firm spot market. Market hovered up after mostly strong opening and made new contract high and finally closed near the contracts high. MCX Most active April contract climbed Rs.7.7 at Rs.464.8 after strong gapped opening at Rs.462 and hovered within Rs.461-465. NCDEX Most active April contract rocked Rs.9.1 at Rs.484.2 after strong opening at Rs.477 and hovered within Rs.477-484.5.

PRICE DRIVERS:

1. Increasing import demand from neighbouring countries
2. Fabulous demand from exporters; Moderate demand from mills
3. Mostly weak arrivals; Lower global cotton production

WEATHER:

Recent shower activity northwest India may be unfavorable, if there is still some harvesting left to do.

TECHNICALS: MCX Kapas APRIL Contract-2008

Candlestick chart hints sharply bullish market for the next trading day. Prices closed above short term EMAs, indicates strong market as short term. MACD moving up in the positive zone. Stochastic as well as RSI indicates bullishness. Volume as well as open interest significantly increased, supports the market's trend. Kapas is to be trade bullish 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	461	455	464.8	469	475

TRADE RECOMMENDATION (INTRADAY)

Buy MCX-APRIL-Kapas above Rs.462 with target towards Rs.468 and then Rs.471. Put stop loss strictly below Rs.457. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	480	475	484.2	490	495

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-APRIL-Kapas above Rs.482 with target towards Rs.488 and then Rs.491. Put stop loss strictly below Rs.477. Do not carry forward the position for the next trading day.



VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	31.12.07	29.12.07	Change (Rs.)
Sirsa- Haryana	J-34	Rs./Maund	2000	1980	+20.00
Muktsar-Punjab	J-34	Rs./Maund	2090	2060	+30.00
Abohar- Punjab	J-34	Rs./Maund	2045	2015	+30.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1890	1860	+30.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	20000-200	20000-200	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	17000-300	17000-300	-
Maharashtra	Mech-I-29 mm	Rs./Candy	19300-500	19300-500	-
Maharashtra	Mech-I-30 mm	Rs./Candy	19500-800	19500-800	-
Madhya Pradesh	Mech-I-29 mm	Rs./Candy	19300-500	19300-500	-
Madhya Pradesh	Mech-I-30 mm	Rs./Candy	19500-800	19500-800	-

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