

SPOT MARKETS:

Cotton prices showed firm trend on Monday in the North Indian market despite higher arrivals but it was mixed in other markets on lack of buying from exporters and millers. Pakistan permitted the import of 5-lakh bales of cotton from India to increase stocks as the current year's crop damaged due to poor weather and pest attacks. This was the leading factor for prices rise. They reported that short-staple cotton has been allowed through land routes via the Wagah border. On the other hand, in Gujarat, the assembly election has negatively impacted in the market and pull down the arrivals. On the export commitments, around 1.5 million bales have already exported to date and have contracts for 2.5-2.6 mln bales, traders said. But, the demand from mills is weak due to rupee appreciation and sluggish demand of yarns, cloth and garments. However, Indian exporters have already contracted to export of 10 lakh bales of cotton.

CCI estimates that cotton production will be around 30 million bales this season over 27 million bales in 2005-06. Out of this, above 6.5 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 quoted steady at Rs.19500-700/candy in Gujarat. In Haryana, J-34 cotton offered up at Rs.1860-1970/maund and Rs.1995-2065/maund in Punjab respectively. In the country, arrivals are reported to be strong at 190,000 bales. Maharashtra contributed around 60000 bales while Gujarat's share was about 55000 bales.

INTERNATIONAL MARKET:

ICE remained closed on Saturday and Sunday for weekend holiday. In Pakistan, the trading activity improved on Saturday in the cotton market because many spinners covered their forward needs in spite of the news of short staple cotton import from India. KCA official spot rate was inert at Rs 3000/maund. In the ready business, the deals were stuck between Rs 2975-3175/maund. Phutti prices in both Punjab and Sindh remained unchanged at Rs at 1350-1425/maund.

FUTURES MARKETS:

MCX Kapas futures tumbled on Monday amidst profit booking coupled with fresh selling pressure due to weak fundamentals. Market went up after firm opening and made new contract high but fell thereafter and settled slight up from the session's low. MCX Most active April contract lost Rs.2.1 at Rs.450.4 after firm opening at Rs.453.2 and traded within Rs.449.5-454.1. NCDEX Most active April contract slid Rs.1.9 at Rs.465 after strong opening at Rs.467.4 and moved within Rs.464.4-469.4.

PRICE DRIVERS:

1. Pak to export 5 lakh bales of cotton from India
2. Lower demand from exporters; Less demand from mills
3. Increased arrivals; Lower global cotton production in 2007-08

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 hints downward 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 favours bears. Volume significantly decreased but open interest considerably increased, did not support the present market's trend. Kapas is to be trade down after firm 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	445	440	450.4	454	458

TRADE RECOMMENDATION (INTRADAY)

Sell MCX-APRIL-Kapas below Rs.452 with target towards Rs.447 and then Rs.445. Put stop loss strictly above Rs.456. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	460	456	465	469	472

TRADE RECOMMENDATION (INTRADAY)

Sell NCDEX-APRIL-Kapas below Rs.467 with target towards Rs.461 and then Rs.459. Put stop loss strictly above Rs.471. Do not carry forward the position for the next trading day.



VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	17.12.07	15.12.07	Change (Rs.)
Sirsa- Haryana	J-34	Rs./Maund	1950	1945	+5.00
Muktsar-Punjab	J-34	Rs./Maund	2060	2050	+10.00
Abohar- Punjab	J-34	Rs./Maund	2010	2005	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1840	1835	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19500-700	19500-700	-
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16200-800	16200-800	-
Maharashtra	Mech-I-29 mm	Rs./Candy	19200-400	19200-400	-
Maharashtra	Mech-I-30 mm	Rs./Candy	19700-20100	19800-20200	-100.00
Madhya Pradesh	Mech-I-29 mm	Rs./Candy	19200-400	19200-400	-
Madhya Pradesh	Mech-I-30 mm	Rs./Candy	19700-20100	19800-20200	-100.00

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