

SPOT MARKETS:

Cotton prices continued to rise in the Indian domestic market on Tuesday despite increasing trend of arrivals due to fabulous demand from exporters and millers. 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. They reported that short-staple cotton has been allowed through land routes via the Wagah border. But, the demand from the textile mills are remaining weak as compared to last year due to rising rupee over US dollar and weak 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 1.5 million bales have already exported to date and have contracts for 2.5-2.6 mln bales, traders said. But, 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 Tuesday, Shankar-6 28 mm delivery quoted up at Rs.19600-800/candy in Gujarat. J-34 cotton registered strong at Rs.1885-1970/maund in Haryana and Rs.1965-2040/maund in Punjab respectively. In the country, the total arrivals are reported to be strong at 215,000 bales. Out of this, Maharashtra contributed around 50000 bales while Gujarat's share was about 75000 bales.

INTERNATIONAL MARKET:

ICE cotton futures slipped on Monday. March cotton slid 20 points at 65.65 cents/pound and traded in the range of 65.25-66.10 cents. Cotlook Cotton indexes soared on Monday. North Europe A Index (2007-08 crop) climbed 50 points at 70.90 cents/pound. Far Eastern A Index (2007-08 crop) gained 50 points at 69.90 cents/pound. In Pakistan, KCA official spot rate was inert at Rs 3000/maund.

FUTURES MARKETS:

MCX Kapas futures rebounded to up on Tuesday amidst strong buying support at late hour on firm spot market. Market slipped after slight firm opening but got up thereafter on fresh buying and finally closed near the session's high. MCX Most active April contract gained Rs.2.5 at Rs.452.7 after firm opening at Rs.450.4 and traded within Rs.449.3-452.8. NCDEX Most active April contract rose Rs.3.5 at Rs.468.5 after steady opening at Rs.465 and moved within Rs.463.3-468.5.

PRICE DRIVERS:

1. Strong import demand from neighbouring countries
2. Improved demand from exporters; Moderate demand from mills
3. Strong arrivals; Lower global cotton production in 2007-08

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 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 favours bulls. Volume significantly decreased but open interest considerably increased, did not support 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	445	440	452.7	457	462

TRADE RECOMMENDATION (INTRADAY)

Buy MCX-APRIL-Kapas above Rs.450 with target towards Rs.456 and then Rs.459. Put stop loss strictly below Rs.445. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	463	458	468.5	472	477

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-APRIL-Kapas above Rs.465 with target towards Rs.471 and then Rs.474. Put stop loss strictly below Rs.460. Do not carry forward the position for the next trading day.



VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	18.12.07	17.12.07	Change (Rs.)
Sirsa- Haryana	J-34	Rs./Maund	1945	1945	-
Muktsar-Punjab	J-34	Rs./Maund	2030	2025	+5.00
Abohar- Punjab	J-34	Rs./Maund	1990	1985	+5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1825	1820	+5.00
Ahmedabad/Kadi - Gujarat	S-6 28 mm	Rs./Candy	19600-800	19500-700	+100.00
Ahmedabad/Kadi - Gujarat	V-797 Kapas	Rs./Candy	16500-17000	16200-800	+300.00
Maharashtra	Mech-I-29 mm	Rs./Candy	19200-300	19100-300	+100.00
Maharashtra	Mech-I-30 mm	Rs./Candy	19500-800	19500-700	-
Madhya Pradesh	Mech-I-29 mm	Rs./Candy	19200-300	19100-200	+100.00
Madhya Pradesh	Mech-I-30 mm	Rs./Candy	19500-700	19500-700	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt Ltd.