

SPOT MARKETS:

Cotton prices were steady to down in the country on Saturday amidst slight lower demand from exporters and millers against the higher 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 Saturday, Shankar-6 28 mm delivery offered steady at Rs.20000-200/candy in Gujarat. J-34 cotton traded slight down at Rs.1910-2000/maund in Haryana and Rs.2020-2060/maund in Punjab respectively. In the country, daily arrivals are reported to be steady at 220,000 bales. Out of this, Maharashtra contributed 60000 bales while Gujarat's share was about 75000 bales.

INTERNATIONAL MARKET:

ICE cotton futures continued to trade bullish on Friday. March futures gained 11 points at 67.89 cents/pound and traded in the range of 67.55-68.08 cents. Cotlook Cotton indexes were up on Friday. North Europe A Index (2007-08 crop) was up by 65 points at 72.60 cents/pound. Far Eastern A Index (2007-08 crop) gained 65 points at 71.60 cents/pound. In Pakistan, KCA official spot rate was inert at Rs 3025/maund.

FUTURES MARKETS:

MCX Kapas futures declined on Saturday amidst short covering due to overbought condition of the market. Market plunged after weak opening but closed up from the session's low. MCX Most active April contract lost Rs.4.4 at Rs.457.1 after weak opening at Rs.460.5 and traded within Rs.456.8-461. NCDEX Most active April contract slid Rs.4.6 at Rs.475.5 after slight weak opening at Rs.480 and moved within Rs.474.1-480.

PRICE DRIVERS:

1. Increasing import demand from neighbouring countries
2. Fabulous demand from exporters; Moderate demand from mills
3. Improved 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 weak market for the next trading day. Prices closed in between short term EMAs, indicates steady to weak market as short term. MACD moving down in the positive zone. Stochastic as well as RSI indicates weakness. Volume improved but open interest declined, did not supports the market's trend. Kapas is to be trade slight weak 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	453	448	457.1	460	465

TRADE RECOMMENDATION (INTRADAY)

Buy MCX-APRIL-Kapas above Rs.454 with target towards Rs.459 and then Rs.462. Put stop loss strictly below Rs.450. Do not carry forward the position for the next trading day.

NCDEX Kapas APRIL Contract 2008

Month	S1	S2	PCP	R1	R2
APRIL	471	467	475.5	479	484

TRADE RECOMMENDATION (INTRADAY)

Buy NCDEX-APRIL-Kapas above Rs.472 with target towards Rs.478 and then Rs.481. Put stop loss strictly below Rs.467. Do not carry forward the position for the next trading day.



VARIETY WISE SPOT PRICES IN MAJOR DOMESTIC MARKETS

Markets	Variety	Units	29.12.07	28.12.07	Change (Rs.)
Sirsa- Haryana	J-34	Rs./Maund	1980	1980	-10.00
Muktsar-Punjab	J-34	Rs./Maund	2060	2060	-10.00
Abohar- Punjab	J-34	Rs./Maund	2015	2015	-5.00
Sri Ganganagar- Rajasthan	J-34	Rs./Maund	1860	1860	-10.00
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	-

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.