



WEEKLY COTTON REPORT

As of 4 February 2011

Stocks are decreasing & ginner's are thinking about new crop.

© Taking advantage of the strong NY futures in the beginning of the week and the global shortage of lint, ginner's sold some small stocks at levels of 181-185 usc/lb FOT depending on quality. Buyers were international merchants, domestic spinning mills and few Turkish spinners. The unsold stocks are about 15,000 tons out of which sellers are targeting to minimize this season's losses from the low price forward sales.

© The social unrest and uncertainty in Egypt has affected also the Greek cotton market. Several sales to Egyptian spinners are now stuck in ports. Sellers are considering these exports as risky and in some cases will try to cancel the contract, selling the cargo to a third party. Of course everything will be settled in the following days when the situation in Egypt will be clearer and communication with banks and buyers easier.

© As there are not many unsold stocks in our market, ginner's are slowly thinking their strategy for the new crop. It is sure that the cotton acreage will increase by 25%, thus under normal weather conditions the lint production may reach the 340,000 tons. The first new crop sales are actually the rollovers from current crop, as in cases that quantities were not enough to cover ginner's commitments, buyer and seller agreed to roll the balance to the new crop. Apart from these 'sales' ginner's are seriously considering any attractive level basis Dec 11.

Kind regards
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