



WEEKLY COTTON REPORT

As of 6 June 2008

Sales are continuing in rather small volumes

⊙ For the last two weeks several new sales have been done mostly to international merchants basis Dec 08 with shipments till September. The basis is at the levels of 150 off Dec and varies depending on the quality, the current market and the shipment terms. In addition, some Turkish mills seem to have bought small volumes at levels of 158 c/kgs FOT and as usual are finding it hard to follow the offering prices of ginners. The Egyptian market has shown some demand, mostly during the previous week, but most sales were made on behalf of international merchants rather than direct sales by ginners.

⊙ Regarding plantings of new crop the good news is that the weather so far has been beneficial with not any re-plantings reported. However, the bad news is that the systematically cultivated cotton acreage for the coming season is less than expected. The latest estimates calculate about 240,000 Ha which is the lowest level for the last ten years. Under favourable weather conditions this figure may result to max 250,000 tons. Of course we should add the remaining stocks of the current season (up to date about 100,000 Tons) and the reduction in domestic consumption (about 50,000 Tons from 60,000 Tons current season).

⊙ Regarding cotton cultivation in the future, following the proposal of PASEGES (Hellenic Confederation of Agricultural Cooperatives) the E.U. approved the Greek appeal for the reduction of our cotton acreage to 250,000 Ha, with the aim of strengthening grower incomes. Consequently the 35% (coupled with cotton) subsidy will cover the cost of cultivation and will result in higher income (coupled / Ha subsidy) for the 'serious' growers. This decision will likely make cotton cultivation more systematic and will decrease the cases of growers that are cultivating only for the subsidy.

Best regards,
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