



WEEKLY COTTON REPORT

As of 9 July 2010

Following NY futures correction, sales have paused.

© Most ginnerers have already committed a considerable part of their new crop production (in total about 40,000 tons) and are not in a hurry to sell some more. We should bear in mind that new crop seed cotton prices are not yet known, so ginnerers are not willing to take higher risk. The NY futures market is also correcting making it hard for potential buyers to offer attractive price levels to ginnerers. Therefore, the sales concluded during the week were not so many.

© Some sellers took advantage of the correcting NY market and sold small quantities on call basis Dec 10. Obviously the basis was improved compared to previous contracts, reaching the 600 pts/lb on Dec 10.

© Regarding the new crop, cotton fields are developing under ideal weather conditions and according to growers the warm days will overcome the small delay right after plantings. There are several optimistic views that the lint production will reach the 300k tons since farmers are targeting for high yields. However, as it is too early to make safe calculations, we maintain our estimate at 260-270,000 tons.

Kind regards
Yiannis Papadoyiannis



HELLENIC COTTON EXPROTS: 4-6 Demokratias Avenue, Neo Psychiko, 15451 Athens, Greece
Tel : + 30 210 67 15 453 FAX: + 30 210 67 47 347 E-mail: hecot@hecot.gr Web-site: www.hecot.gr

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