### **Investment Research & Analysis Journal**



## WEEKLY COTTON REPORT

### As of 12 September 2008

#### Optimistic feeling on the new crop, pessimistic feeling on prices although the usd is strengthening

- Business wise there are not many things to report for this week. Most ginners are not in a rush to sell as they have committed quantities basis Dec 08 or March 09 (crop 07/08 or 08/09). As a result they have organized well their cash flow strategy and now wait for the new crop to come out before selling more. Most of them don't feel very comfortable in selling new crop 08/09 as there are several uncertainties of their cost and the size of the crop. At the same time they are cautious with the volatility of the market and prefer to wait. Consequently new crop sales so far are few and selective.
- Of course this doesn't mean that sales were absent during the week. In fact some sales of 07/08 stocks,
  mostly due to favorable usd, were reported at levels around 69 c/lb. In addition, some Turkish mills are trying
  to buy on call stocks but without much success so far.
- Regarding the new crop, things are more promising than what we were expecting couple of months ago.
  In general we are waiting for earlier harvesting than the previous years, as the weather conditions during summer were favorable. There is no doubt that the next 20 days are really critical for the new crop and depending on the weather conditions things may change form one day to another. The general feel is that yields are better than last season, since most cotton growers tried to cultivate as effective as possible their cotton and did not count only on the subsidy.
- In more detail going from south to north:
- At Levadia and Lamia area harvesting of few early fields has already been started. In the next two weeks most cotton bolls will be opened and ready to be picked up.
- At Thessaly growers are about to begin harvesting while some early fields have been already harvested with great yields. Provided they don't face rain falls during next week the following two weeks harvest will be in full swing.
- At Macedonia area especially in Serres and Drama cotton bolls are not opened yet and harvesting will start in late September or early October.
- At Komotini Thrace area there is a part of fields with opened bolls however most of them will be ready at the end of September.
- Lastly, price wise merchants are trying to buy at levels around 68,50 69 c/lb (good qualities) while ginners have not decided yet whether to sell on fix price or try the on call.

Best regards, Yiannis Papadoyiannis



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