



WEEKLY COTTON REPORT

As of 15 April 2011

Business slowdown both for current and new crop.

© During the last two weeks demand has been getting weaker. The current crop stocks (about 5,000 tons) used to be sold at 205 usc/lb FOT for the after rain quality and 210-215 usc/lb FOT for the pre rain quality. At that time ginners sold some of their small lots to their traditional clients or to the domestic market in order to receive also VAT. However, recently none of these buyers are following such levels giving the feeling that the physical market can't follow any more so high prices.

© The same scenario applies for the new crop. Lately sales have slowed down a bit as merchants are firstly not comfortable with basis being over 2,000 on Dec 11, claiming that other origins have lowered their asking levels and spinners are not at all following their offers. Secondly, they are targeting to buy only from the top ginners (trustworthy) while ginners, from their side, are not confident yet that this preference (which they appreciate) will turn on their favor, or finally the ones who are not selling as they are not getting bids (small ginners not 100% reliable) will get better prices in October on the spot market.

© In addition so far apart from the rollovers of last crop ginners have started selling small volumes of the next crop. These sales started at basis of 17 up to 23 usc/lb ON Dec 11, while during last two weeks ginners tried to get the 25 usc/lb ON Dec 11 without success.

© Referring new crop quantity estimates, we will definitely going to have an increase in acreage by 25% resulting into about 280-285,000 hectares. Some sources are estimating even higher acreage but it is better to be more conservative...

© Provided we face normal weather conditions our lint production will be about 285,000 tons which is almost 100,000 tons higher than current season.

© The good thing is that growers are aware of high cotton prices and are targeting for higher yields possible. They are buying the most expensive cotton seed and trying to commit all necessary fertilizers for their production. Let's hope that this season the weather will become their ally ...

Kind regards
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