



WEEKLY COTTON REPORT

16 December 2011

Ginners failed to increase prices since NY futures corrected and demand weakened.

- ⊙ In the last days of previous week several ginners tried to increase their offers as demand was getting stronger. Apart from some international and Far East merchants who selectively had bought quantities, few Turkish spinners were buyers at levels of 180 - 182 usc/kgs FOT. Following these sales, the lack of demand together with the sharp drop of futures decreased Greek prices once again.
- ⊙ Especially the ginners who are facing difficulties in selling were offering this week at levels close to 80 usc/lb FOT for immediate shipment and payment. Some ginners need to liquidate a part of their production in December in order to pay farmers for their seed cotton. The levels of 80 usc/lb leave a loss of about 15 usc/lb compared to this season's production cost, so ginners who have not sold a big part of their production are in a very tight position now... Taking into consideration the implications of the economic crisis on banks, it is very likely that our sector will change significantly next season.
- ⊙ Sales so far should have reached the 120k tons of lint so there are still about 140k tons unsold, provided we exclude 20k for the domestic consumption. Quality wise the clear HVI 31 stocks are very scarce and the majority of cotton stands at HVI 41. There is a general feeling in our market that in the beginning of next year Turkish spinners will get more active in our crop, as per previous seasons, and absorb big volumes as they will definitely need machine picked cotton.

Kind regards
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