



WEEKLY COTTON REPORT

As of 17 July 2009

Demand still coming from all traditional Greek buyers.

© The current crop stocks are getting really limited (about 30,000 tons) and demand is still active. In the beginning of the week buyers were hardly paying ginner's offers, however later on as NY futures remained strong they followed these levels and purchased some quantities.

© As a result, during the week several new sales were reported to all usual destinations of Greek cotton. Egyptian spinners and international merchants bought the lower qualities at levels of 60.50 usc/lb FOT. Turkish spinners who were hunting for middling type accepted to pay about 2 usc/lb more in order to cover their nearby needs.

© The main reasons for ginner's to insist on their asking prices are the following:

- Stocks are limited and in the hands of few and financially strong ginner's.
- The usd/eur rate is not in favor of the ginner.
- Strong demand from all channels (direct & indirect).

© Regarding new crop sales, we are a bit late compared to previous years. There are still discussions around the levels of 'even' Dec 09 but not any new sale reported. On the one hand merchants look reluctant to buy at these levels and on the other hand ginner's know that the new crop will be lower in quantity so they do not want to rush and commit quantities, unless they get a really attractive basis.

© The new crop cultivation is developing ideal, in some areas we are a bit late but the good news is that we won't face any irrigation problem this year. Cotton growers are taking good care of their fields as in order to get the 35% of the subsidy they will need to reach a minimum yield on their fields. The cotton acreage should be around 180-190,000 hectares which means that under normal weather conditions our new crop production will reach 185-190,000 tons of lint. Thus the balance sheet for next season will be as follows:

| | |
|---------------------------|--------------|
| Transferred stocks..... | 15,000 tons |
| New crop production..... | 185,000 tons |
| Domestic consumption..... | 35,000 tons |
| New crop sales..... | 7,000 tons |
| ----- | |
| Balance for exports..... | 158,000 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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