



WEEKLY COTTON REPORT

As of 19 October 2007

Ginners focused on seed cotton, sales continue at a very slow pace

© For one more week ginners remain 100% focused on seed cotton prices & deliveries, leaving their sales aside. Very little business to report on behalf of Turkish spinners, who appeared to be paying levels of 69 c/lb FOT. Following yesterday's strong performance of cotton, sellers would like first to evaluate the market and then proceed to new offers. Although cotton prices where up the eur / dollar rate is an obstacle for new sales.

© Additionally, this lack and unwillingness of many offers can be also justified by the way seed cotton purchases are made by ginners. In few words, ginners are trying to bring farmers in the volatile cotton market by updating prices depending on the NYF trend. Thus, they are paying an open price to the grower and giving quotes periodically that growers would get in case they were fixing their seed cotton sales. In this way ginners are aiming to bring growers up to date with the international cotton market. Also in this system ginners are having a better control of their cost and later on will be more confident of their sales, the drawback of course is that offers will remain limited until growers fix their seed cotton. Latest date for growers to fix their seed cotton is expected to be the 31st of December.

© Regarding harvesting, in Thessaly area we are almost finished, Levadia is heading to its end while some late areas of Macedonia (Serres, Drama) should be around 40%. The cotton produced so far is really promising. The biggest percentage stands on the HVI 31 and very good 41 (41-1/-3). All the other specs are fair apart from some small areas where the mic is on the high side. Lastly, quantity wise as growers are warehousing their seed cotton ginners cannot predict accurately the volume of lint cotton to be produced. Several sources estimate a production of 320-330,000 tons.

Best regards,
Yiannis Papadoyiannis



HELLENIC COTTON EXPORTS : 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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