



WEEKLY COTTON REPORT

As of 21 September 2007

Strong debate on seed cotton prices as we are entering the harvesting period

© The most dominant issue lately on the Greek market is the seed cotton prices that ginnerers will pay for the new season. Farmers, following the uptrend of cotton prices as well as the alternative crops (corn, wheat) high prices, are targeting – forcing for about 30% higher levels from last year's prices. Ginnerers, who want to secure following year's cotton acreage, will most likely follow the levels of farmers, even if they sound to be on the high side. We should consider that many farmers will take the option to store their dry seed cotton in order to negotiate a higher price later in the season. We should also note that with the cotton seed prices almost doubled compared to couple years ago, ginnerers are gaining an advantage.

© In terms of quality – quantity of the new season there are not many things to report. Harvesting has started only in selected (less irrigated) fields all over Greek cotton areas, thus we can't get an accurate view of the crop yet. The following 2-3 weeks are very critical for our production. Provided the weather remains sunny as forecasted, we still place our estimate at about 340-350,000 tons of lint cotton. Most cotton fields are in good shape and farmers expect satisfying yields.

© Price wise, ginnerers are more focused on seed cotton prices and prefer to re evaluate things before they continue their new crop offers. So far we estimate maximum 20,000 tons to be committed. The most common level that is being heard lately is the 'even' March 08 for a good new crop quality.

© Lastly, regarding the current (06/07) crop, business remains slow. Of course there are some sales at levels of 63 – 65 c/lb depending on the quality mostly to Turkish or other EU's traditional buyers of Greek.

Best regards,
Yiannis Papadoyiannis



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