



WEEKLY COTTON REPORT

As of 24 April 2008

About 25% drop in cotton acreage for the new season in favor of wheat and lately corn

⊙ The rally of grains has forced many farmers in Greece to change their cultivations. Some months ago the drop was calculated at about 15 - 20 % depending on the area. Recently, most cotton sources predict approximately 25% less cotton acreage (260,000 he. seriously cultivated) mostly in favor of wheat (lower production cost - less work) and secondly corn. The good thing in such scenario is that growers who are cultivating cotton are targeting for higher yields and not just taking the subsidy without taking care of their fields. Thus, under favorable weather conditions and usual yields we can make a very early estimate of about 250,000 tons lint in the coming season.

⊙ Regarding the current season, it seems that many ginners will keep a serious percentage of their production into the new season. The current usd rate is making sales unprofitable and unless the usd strengthens or NY futures go higher, we will hardly see many sales in our market. Turkish spinners are still hesitating to buy big volumes and only some Egyptian tenders are giving a sense of demand in our market.

⊙ Lastly, some selected demand is also noticed from international merchants who are taking new position on Greek cotton with preference in basis Dec 08 contracts.

Best regards,
Yiannis Papadoyiannis



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