



WEEKLY COTTON REPORT

As of 29 May 2009

Business slow down due to NY futures correction.

- ⊙ For a second week in a row sales are not as aggressive as they used to be in the past weeks. The correction in NY futures made spinners step back and wait till the market stabilizes. We should bear in mind that during April and first half of May most spinning mills covered their needs for the coming months. These sales reduced the current crop stocks at the levels of 50-60,000 tons which means that ginnerers are not in a hurry to sell more at lower levels. In addition, the remaining stocks are in the hands of few and financially strong ginnerers who would hardly follow any NY futures drop, especially when dollar is so weak.
- ⊙ Despite the failing demand, during the week few new sales of small volumes were reported at levels of 57-59 usc/lb FOT depending on quality. Buyers were either international merchants or Turkish spinners. From the Egyptian market we commonly hear problems in shipments of Greek cotton and not any new sales.
- ⊙ Regarding new crop production combining several trustworthy sources (cotton seed companies, ginnerers, etc) we maintain our estimate of 200,000 Hectares planted which will result to about 190-200,000 tons of lint under normal weather conditions.
- ⊙ Lastly, as far as new crop sales is concerned we calculate about 5-10,000 tons already sold at levels of even Dec 09. Spot business has slowed down and ginnerers are getting more interested in new crop sales.

Kind regards
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