

Cotton Report

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Sucden Research

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Available by 11:30 (UK local time) daily by email or on the web. All prices are from the previous business day's close.

Sources used in this report found at www.sucden.co.uk/researchresources



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Commodities, Financial
Futures and Options

<u>NY cotton futures (cents/lb)</u>						<u>NY Cotton</u>			<u>24-JUL</u>	
	Close	Change	Open	High	Low	Total OI	OI Change	Tot Volume		
OCT8	71.68	0.64	71.23	72.01	70.75	5473	-18	203		
DEC8	74.5	0.64	73.93	74.84	73.45	164089	946	7,686		
MAR9	79.95	0.62	79.47	80.09	78.91	31824	141	461		
MAY9	81.35	0.55	81.22	81.5	80.36	3084	12	114		
JUL9	82.5	0.47	82.35	82.68		6500	-45	55		
OCT9	84.7	-0.15				122	0	1		
DEC9	86.5	0.53	86.04	86.57	85.47	6013	-1	42		
MAR0	88	0.51				50	0	0		
MAY0	89	0.51				20	0	0		
						Options Calls:	4,383	Options Put 3,628		

<u>NY Spreads (Usc)</u>			<u>Outlook</u>			<u>Spec/ Hedge Report</u>						
	Close	Change		Value	Change	As of Jul 18th	Longs	Accounts	%	Short	Accounts	%
OCT8/DEC8	-2.82	0.00	Fareastern A index	78.00	0.00	<u>Spec</u>						
DEC8/MAR9	-5.45	-0.02				<u>Customer</u>	79,160	1,211	36.1	77,220	1,009	35.2
MAR9/MAY9	-1.40	0.07				<u>House</u>	2,859	29	1.3	5,302	27	2.4
MAY9/JUL9	-1.15	0.08	North European A index	79.05	0.00	<u>Hedge</u>						
JUL9/OCT9	-2.20	0.62				<u>Customer</u>	69,132	268	31.5	96,204	224	43.8
OCT9/DEC9	-1.80	-0.68				<u>House</u>	68,244	15	31.1	40,669	13	18.5
DEC9/MAR0	-1.50	0.02				Total	219,395	1,523	100.0	219,395	1,273	100
MAR0/MAY0	-1.00	0.00										

<u>Cotton on Zhengzhou</u>						<u>Other Markets</u>			<u>Currencies</u>			
	Last	Change	Open	High	Low	PDC		Last	% Change		Last	% Change
09/08	13,575	-5	13,610	13,610	13,540	13,580	Soybean	1,389	1.13	GBP	1.9876	-0.18
11/08	13,805	-20	13,830	13,840	13,775	13,825	Corn	577	0.74	EUR	1.57365	0.24
01/09	14,320	-15	14,375	14,380	14,250	14,335	Wheat	811	2.95	JPY	107.695	-0.12
03/09	14,575	-30	14,625	14,625	14,535	14,605	Sugar		#VALUE!	CHF	1.03435	-0.26
05/09	14,855	-20	14,890	14,900	14,810	14,875	Cocoa	2,829	2.20	Yuan	6.83275	0.19
07/09	15,090	-5	15,110	15,135	15,045	15,095	Coffee	137	1.55			

<u>Commitment of Traders</u>					<u>Certified Stocks</u>					
	Non Commercial		Commercial			Stocks	Change	Issued	Awaiting Issue	Decertified
	Net	Weekly	Net	Weekly						
	Position	Net +/-	Position	Net +/-	28-Jul-08	1,737,286	6,164	2,700	9,491	203
Futures Only	6,979	-6,614	-13,171	6,698	25-Jul-08	1,731,122	5,298	5,086	11,779	0
Futures & Options	11,267	-11,240	-18,647	11,281						

Market Commentary

The market settled 57 points higher at 74.50 cents a pound in the most active December contract on Friday. The session reached a 74.84 high and settled slightly lower in a quiet session. Technically the market might break the Friday's high and target the 11th of July 75.20 resistance.

In News, scant rains in India's central, southern parts in July trigger concerns of weak output of cereals, oilseeds, cotton and pulses, which may squeeze GDP growth. African cotton producers, seeking a cut in U.S. subsidies for U.S. cotton producers, voiced frustration on Sunday, as they claimed Washington offered "nothing concrete" during global trade talks underway here. The so-called C4 group of West African cotton producers - Benin, Burkina Faso, Chad and Mali - met U.S. Trade Representative Susan Schwab to discuss domestic cotton subsidies within the overall framework of mammoth talks to secure a new global free trade pact. The C4 group has since 2003 been fighting for the cotton issue to be included in the Doha Round of World Trade Organization negotiations.

The group wants industrialized countries, particularly the US, to lower domestic subsidies that the African nations say weigh down world cotton prices and penalize poorer countries.