

## An e-publication from Cotlook

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For several years, Cotlook has produced a 'Monthly Market Review', pointing to the preceding month's main market features. **Cotlook Monthly** is a new expanded version of that publication. In addition to reviewing market highlights, it contains numerous other features which we trust will be of interest to readers.

'People in the News' is a section to which we invite your contribution. Simply send details of new appointments (including a photograph, if possible) to [editor@cotlook.com](mailto:editor@cotlook.com) and we will consider it for publication.

'Events' is what it says - drawing your attention to immediate past events and to those coming up in the next month or two.

This issue also invites you to make use of our Cotton Marketing Directory, a simple-to-use means of searching for companies by geographical location or trade category.

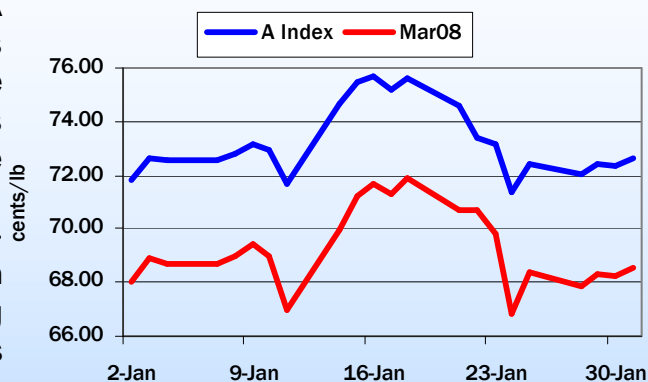
If you have comments or suggestions regarding the content of this publication, please feel free to make them to [editor@cotlook.com](mailto:editor@cotlook.com)!

## Price and market developments

The New Year fireworks lasted well into January. The Cotlook A Index rose by close to four cents per lb during the early part of the month, peaking at 75.70 cents on January 16, its highest value since January 2004. However, the Index subsequently relinquished much of those gains in the second half of the reporting period. The New York futures market experienced its most volatile period since August/September 2004, when prices moved by the daily permissible limit three times in less than a month. In January, two daily limit moves

were recorded, first as prices soared on the back of strong, sustained speculative fund buying, then again as those long positions were liquidated. As money flooded into the cotton futures market from hedge and index funds, open interest in New York futures rose sharply, hitting a new record high of 281,816 contracts on January 18 (57 percent of which comprised speculative long positions), before declining in the latter stages of the reporting period.

**A Index v New York futures**



Visit  
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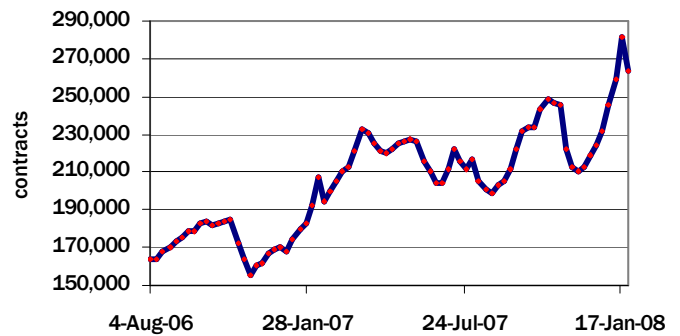
A notable feature of trading in cotton futures was the greater liquidity and volatility witnessed in electronic trading outside of the normal 'open outcry' session.

One of the principal reasons cited for trading patterns in New York was the movement in grains and oilseeds markets. Soybeans in particular moved higher earlier in the reporting period, influenced by concerns over crops in South America. Conjecture continued over a possible shift in US acreage out of cotton into corn, wheat and soybeans for 2008/09.

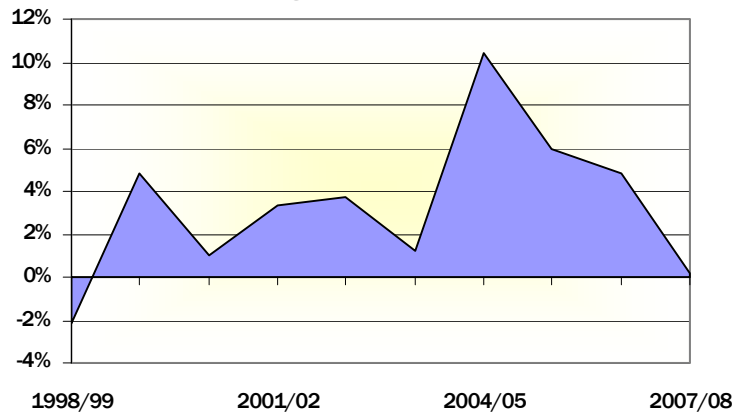
The drop in cotton futures during the second half of the month coincided with sharp losses in commodity and equity markets around the world, as unease grew over the possibility that the US economy will move into recession in the months ahead, and the implications for the global economy.

Another depressive influence has been the continued lacklustre demand forthcoming from mills, which has been exacerbated by price volatility. Import purchasing in the major Asian markets has been largely restricted to the covering of urgent requirements on dips in futures, or some 'on call' transactions for forward shipment, with spinners gambling that futures will decline at some later date.

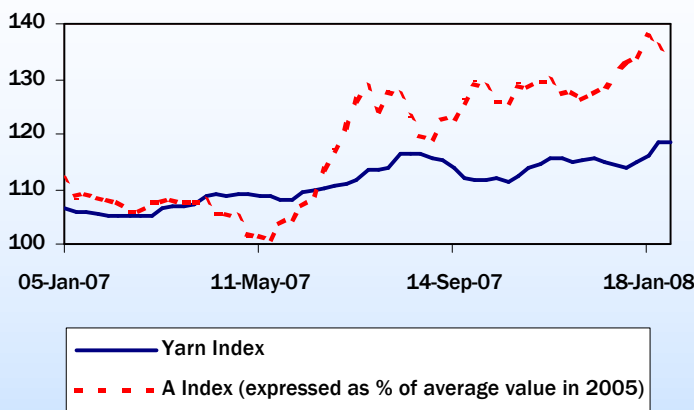
Open interest in New York futures



Changes in consumption



Cotlook Yarn Index v A Index



Cotlook reduced its global consumption estimate sharply during January, reflecting the challenging market climate faced by spinners in many parts of the world. Growth in mill use is expected to rise this season by its smallest margin, since a downturn was recorded in 1998/99. Reports of mills curtailing yarn output have become increasingly frequent and widespread, with rising raw material replacement costs and pressure on retail prices for textiles and clothing eating into spinners' profit margins.

What is the Cotlook Yarn Index? For an explanation click on the chart.

## What's new at Cotlook

Since Cotlook's annual review of the long staple market was published in our **Long Staple Special Feature** in August of last year, some noteworthy developments have occurred that have persuaded us that a more frequent focus on this sector of the global cotton trade might be of interest. The first of a regular series of quarterly bulletins will shortly be made available to Cotlook subscribers by e-mail or via our website ([www.cotlook.com](http://www.cotlook.com)).



Cotlook will be releasing its initial **global production and consumption forecasts** for the 2008/09 season in the February 22 issue of the Cotton Outlook weekly magazine. With competition for arable land increasing and the global economic outlook scarcely appearing conducive to robust growth in consumption, will our estimates point to a further drawdown in stocks for the coming season?

Cotlook's Cottonquotes service (a daily download of all our prices, including the A Index) now includes our **World Indices and Price Indicators** - a wider range of prices indications for cotton and other soft commodities.

## End to open outcry futures trading in New York

Intercontinental Exchange, the Atlanta-based company, which operates the cotton futures contract in New York, has announced that 'open outcry' trading of the No. 2 cotton futures contract would cease at the end of February, leaving only the electronic trading system. 'Open outcry' trading has constituted an increasingly smaller proportion of daily turnover since ICE acquired the New York Board of Trade early last year. Options trading will continue on the floor of the Exchange.

## People in the News

### ICA appoints managing director

In a departure from long-standing practice, the International Cotton Association is to appoint a managing director, which will combine the two previous roles of director general and general manager with the purpose of streamlining the ICA Secretariat's functions.

Kai Hughes held the post of general manager of the ICA's forerunner, the *Liverpool Cotton Association*, between 2000 and 2003. During the intervening period, Kai has held senior administrative posts, firstly at the new University of Bolton and, during the past four years, at Manchester Metropolitan University, which is the UK's second largest university, having some 35,000 students and 5,000 staff. Kai will take up the reins at the ICA as from March 3.



**Kai Hughes**

John Beck, the ICA's director general for the past three years, is to take up a senior administrative position in the Manchester diocese of the Church of England in early February.



**Marek Dominiak**

### A new president for Gdynia

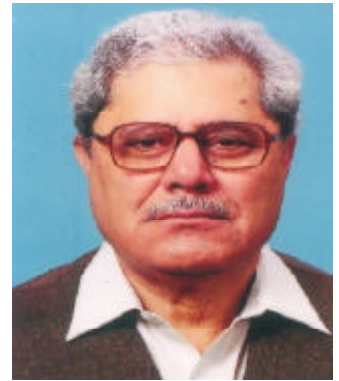
On the 11th of January 2008, the Board of Directors of the Gdynia Cotton Association elected Mr Marek Dominiak as the Association's new President. Mr Dominiak has been involved in the cotton trade for 30 years.

Since 1991, he has been running his own company, TEXIM Marek Dominiak Registered Partnership, which is agent for cotton trading companies such as Weil Brothers & Stern, Société d'Importation et de Commission, Pagysa SA, as well for companies from India and Turkey trading cotton yarn and products.

### KCA chairman elected

At a meeting on January 5, the Karachi Cotton Association's board of directors elected Mr. Iqbal Umer as their new chairman.

Mr. Umer was born into a well-respected cotton trading family - his father late Haji Amir Umer was one of the pioneers of the local cotton trade and was a previous chairman of the KCA. He has been associated with the cotton trade since 1965 and is currently Chief Executive Officer of M/s Khudabux Industries Ltd. and Director of M/s Haji Khudabux Amir Umar Ltd. He has also held various other official positions, including Vice Chairman of the Pakistan Towel Manufacturing and Commercial Exporters Association and has travelled widely in the US, Europe and Asia. Mr. Umer is married with four children. He is a keen sportsman and continues to play cricket to this day.



**Iqbal Umer**

## How to find cotton companies

**Cotton on the Net**, a website operated by Cotlook, includes a free-to-use Cotton Marketing Directory (<http://www.cotton-net.com/directory/>). The Directory, which has been in operation for more than ten years, contains more than 1,650 entries and is growing constantly. If your company want to be 'found', why not apply to join, at no cost? Simply provide your details at [http://www.cotton-net.com/directory/add\\_contact.php](http://www.cotton-net.com/directory/add_contact.php).

## Events

January witnessed a **domestic Chinese industry meeting** at which Mr. Shi Jianwei, executive vice-president of the China Cotton Association, gave his views on China's cotton situation. Mr. Shi referred to the possibility of production this season exceeding previous estimates, a position since adopted formally by the Association. The latest estimate is a record 7,800,000 tonnes.

In February, an important event in the cotton calendar will be the **National Cotton Council** of America's Annual Meeting, to be held this year in Memphis. From an international perspective, eyes will be focused more than usually on the Council's survey of US farmers' planting intentions, given the conjecture that has prevailed in recent months as to how much cotton land might be diverted to other crops.

The **African Cotton Association** will gather in Lusaka, Zambia in mid-March for its sixth annual meeting. This will be the first occasion the event will be held in Southern Africa, and marks a further step towards fulfilment of the Association's mission to represent cotton interests throughout the continent of Africa.

*Advertising opportunity – Cotton Outlook, our weekly trade journal, will be widely circulated at the meeting (as well as being sent to subscribers around the world) – if your company wishes to reach potential customers who have interests in cotton in Africa this might be an ideal vehicle for your company's advertisement. For more details, please contact [advertising@cotlook.com](mailto:advertising@cotlook.com)*



**Shi Jianwei**



The **29th International Cotton Conference Bremen** will be held from April 2 to April 5 in Bremen's town hall and, as usual, an attendance of several hundred people is anticipated. The conference focuses on technical analysis and the determination of fibre properties but other topics, including sustainable cotton production and standardization of cotton testing methods will also be discussed.

The International Cotton Association (ICA) has announced that its **Annual Trade Seminar** is to be held between April 20 and May 2. Those attending the Seminar will hear presentations from prominent industry figures on key aspects of international cotton trading and the role of the ICA.



Also, contact [advertising@cotlook.com](mailto:advertising@cotlook.com) to advertise in the China Insert in the Cotton Outlook weekly magazine on May 2, which will be circulated at the following week's China Cotton Trade Seminar and Cotton Summit in Hangzhou, China.

For a fuller calendar of this year's main cotton events please visit [www.cotlook.com](http://www.cotlook.com) and click on 'Information'.

## Fact of the month

Modern Chinese units of measurement include the *mu*, a unit of area equivalent to 666.66 square metres, which therefore makes 15 mu equal to one hectare and about 6 mu equal to one acre. China's cotton area in 2007 was officially put at 82,500,000 mu, or 5,500,000 hectares.

### For those that don't know...

Cotlook Limited has earned its reputation as the most reliable source of **independent** and **impartial** information for the world's raw cotton industry, with 85 years of experience. Cotlook publishes the renowned A Index, widely considered the benchmark price for the global cotton market. For further information regarding any of our other services, please visit [www.cotlook.com](http://www.cotlook.com).

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