



WEIL BROTHERS COTTON (AUST.) PTY. LIMITED

# WEEKLY COTTON MARKET REPORT

Sunday, 11 January 2009



## SUMMARY TABLES

AUD/USD Exch Rate		
Spot	-	0.7052
Jan 09	-	0.7052
June 09	-	0.6982
June 10	-	0.6872
June 11	-	0.6737

NY Cotton Exchange		
Contract	Close	Weekly Change
MAR 09	49.32	1.01
MAY 09	49.85	1.13
DEC 09	55.67	1.25
MAY 10	59.97	1.35

International Indices		
Cotlook A	58.05	N/A
Yarn Index	-	-
AWP	-	-
Imp Hedge	-	-

## WEEKLY MARKET COMMENTARY

**HAPPY NEW YEAR!!!**  
Over the last few weeks, cotton has followed the rest of the commodities boat higher – with the March 09 contract gaining some 6 US c/lb (14pc) report since our last report in the middle of December!

The Aussie Dollar has also rallied strongly – up around 6pc to, 0.7052....with the net result being that Aussie growers are now looking at close to A\$400/bale for 2009 crop production. It is worth noting that since its early December lows, cotton futures have gained around 25pc. This compares with around 33pc for both wheat and corn!

From a physical market perspective, it is even more impressive to note that

China's CC index (a measure of Chinese domestic physical prices) has increased every single day since November 25. And it was heartening to note relatively strong US export sales of 226,000 bales last week despite the higher physical prices on offer.

And it looks as though production will be further curtailed in 2009, with beer talk at the US Beltwide conference suggesting US acreage could drop to between 7.6 and 8million acres (from 9.4 million acres last year).

Whatever the reason, the collective agricultural commodity world appears to be saying "stick it" to 2008 – and I, for one am happy to join in the chorus.

That said, traders are becoming increasingly wary of the potential for sharp moves in futures prices away from physical market reality. It certainly feels as if there is a bit more speculative money looking for a home – I guess time will tell.

Energy markets are also exerting a strong influence on the ag-sector.....and there have been plenty of fundamentals affecting the crude market over the last few weeks. First OPEC's decision to "surprise" the market with a 4.2 million barrel per day cut to production (well ahead of upper end) 2 million BPD expectations, then the Israeli/Hamas conflict in Gaza and finally the Russia

## COTTON CHART - MARCH 09 ICE FUTRES



## WEEKLY HUMOUR

I HOPE you all had a fantastic Christmas and New Year. Kit, Sophie, Emma, Hamish and I made the big road trip south to Sydney and Newcastle for the break – and it was an absolute rip-snorter. Plenty of time on the beach with the cousins in Newcastle, a few jogs on the sand with my 15 year old god son/nephew, Tooheys Old on the verandah with Dad and more sausages, ham and prawns than you could poke a stick at.

Thank god the Aussies won the last test, and after being at the game, I honestly think I played a pretty big part in that. Thanks to everyone who called to say they saw me on the news.

In case you were wondering, I think me and my mates finished the session at 3 for 150 (ie. Kicked out of 3 pubs, 150 beers consumed!)

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