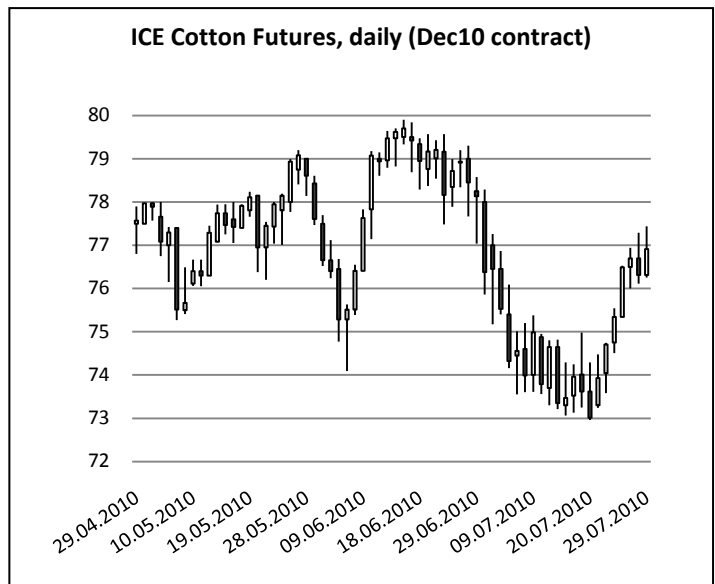
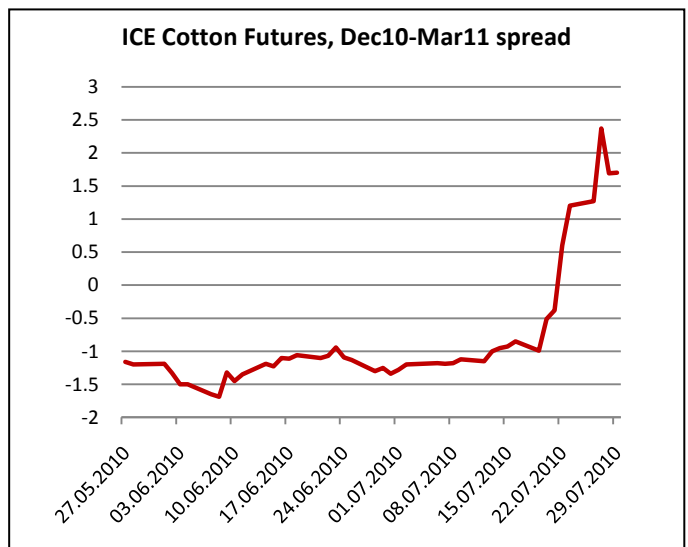
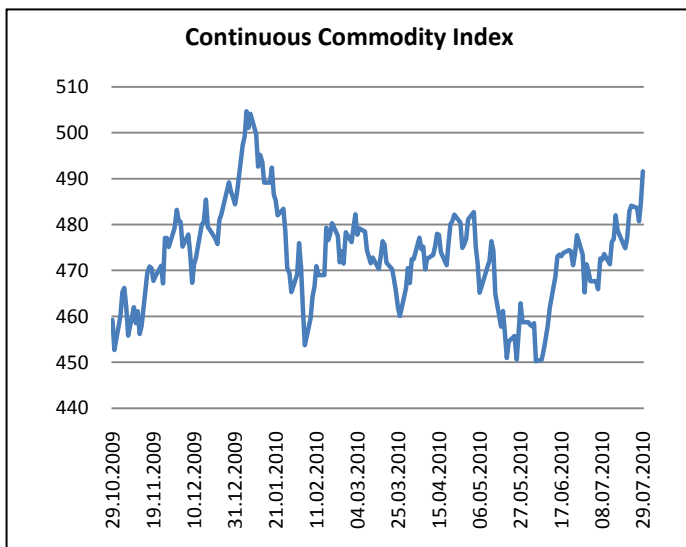


	July29	July22	change	%-change
ICE Cotton No2 Dec10	76.91	74.71	2.20	2.9
March11	75.21	74.11	1.10	1.5
May11	75.80	74.84	0.96	1.3
Total open interest	164826	158960	5866	3.6
Certified stocks	47793	75782	-27989	-58.6
A-Index(FE fwd)	85.00	83.55	1.45	1.7
ZCE Cotton No1 Sep10	18520	18440	80	0.4
Euro/Usdoll	1.3079	1.2893	0.0186	1.4
CRB Index	270.20	263.41	6.79	2.5
AWP (next 7 days)	66.43	65.84	0.59	0.9
CCC loan upland	743200	809131	-65931	-8.9
CCC loan ELS	5300	5535	-235	-4.4
U.S. weekly sales	2300	92700	-90400	-3930.4
U.S. weekly shipments	305800	332600	-26800	-8.8



NYK Futures – Prices have bounced off the key support around 73.00 level (basis Dec10 contract) and rallied strongly breaching the two weeks old sideways range. The Dec10-Mar11 spread inversion has widened further and reached at one moment 2.40 c/lb before correcting a bit. That means a move of 350 pts in the space of just one week.



Outlook – The market, with this week’s action, has voided the mid-term negative outlook and is back in neutral to bullish mode. Prices have reached their upside objective around 77.50 (basis Dec10) and we may see them consolidating in the short term. However, strong outside markets and a weaker US dollar might provide support for a further move to the upside. Commodities in general are enjoying at this moment a good rally which can be seen at the Continuous Commodity Index chart (above left), breaking a six months long sideways range between 450 and 485, and heading back towards the January highs.

The next upside objective for Dec10 contract would be around 80.00 if key resistance at 77.50-78.00 is broken. On the other hand, a close below 76.00 would void the positive short-term outlook.

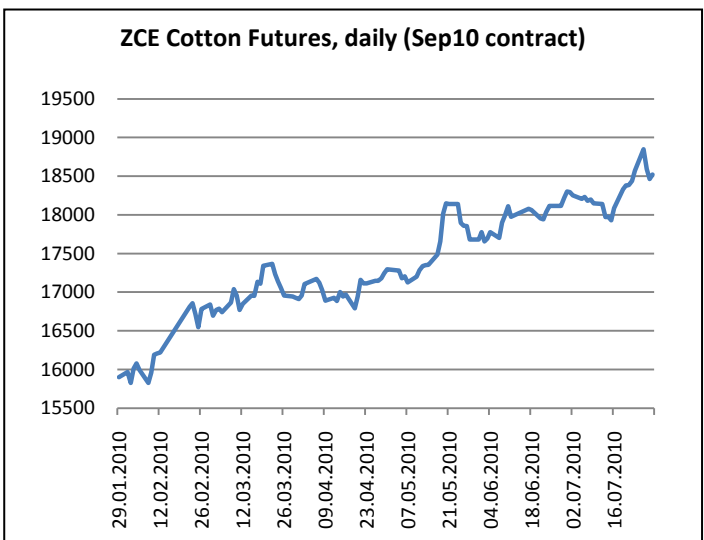
USA - By all indications the U.S. crop continues to progress on schedule, if not slightly early. According to weekly USDA updates, plus numerous other reliable sources, all indications point to a bumper crop. The latter part of the growing season is now approaching, which means that the chances of any major problems or potential disasters will be lessened. This is good news because demand for cotton continues at an almost feverish pace, and any delays certainly would not be welcomed. Inquiries for shipment and delivery of the forthcoming crop have been well documented; however the major portion of the harvest is still another two months away, and growers are more focused on seeing their cotton crop through to the finish before selling additional quantities. As best as we can ascertain there is hardly any grower to merchant business taking place, and barring a significant rise in the market price before harvest time the uncommitted portion of the crop will be sold post harvest.

Tanzania - The official buying season which allows the ginnings to buy seed cotton has started on 28.6.2010. The "indicative price" for the seed cotton which ginnings have to pay to producers was fixed at Tsh 600.00/kg, rather at the high end of expectations. This again had an impact on the inflow of seed cotton to the buying centers, as farmers so far delivered limited quantities hoping of higher prices. It is expected that as from beginning August deliveries will increase as farmers need cash to pay school-fees as well as for the farmers day on 8.8.2010. There is still a wide range of estimates regarding crop size. The board has reduced its estimate from 90'000 tons to abt. 80'000 tons.

Zambia - The inflow of seed cotton has slowed down, and it is expected that by mid August all seed cotton will be sold to the ginnings. The final outturn is expected to be between 40-45'000 tons of lint, slightly higher than in the previous season.

Zimbabwe - It seems that the system which was introduced by the Cotton Ginnings Association, whereby only those ginnings who had participated in the input-scheme were allowed to buy see-cotton has worked well, and legitimate seed cotton buyers could secure their share. Buying of seed cotton is still going on, as there are other farmers who haven't participated in this scheme and are free to sell to anybody. The crop size is still unknown, but it won't reach the initial target of at least 120'000 tons of lint. The estimates are ranging between 90-100'000 tons.

China – ZCE Sep10 contract managed to make new highs, almost reaching 19000 RMB/ton, and is now consolidating just above new key support around 18400 RMB/ton. However, despite the recent gains, open interest on Sep 10 decreased considerably during this week, which is suggesting that the rally was rather due to short covering and we might see a correction very soon. The trigger for such a correction could be the long awaited start of fresh auctions of "reserve" cotton, which now seems to become reality next week. The government's intention is to sell 600'000 tons of 2008 crop cotton through CNCE. Only textile mills are allowed to participate. In the meantime mills complain about a further erosion of yarn prices. Growing conditions in the main cotton areas show a mixed picture. While they show a normal pattern in Xinjiang and the Yellow River areas, the abnormally wet weather seems having taken its toll on yields in the Yangtze River areas.



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