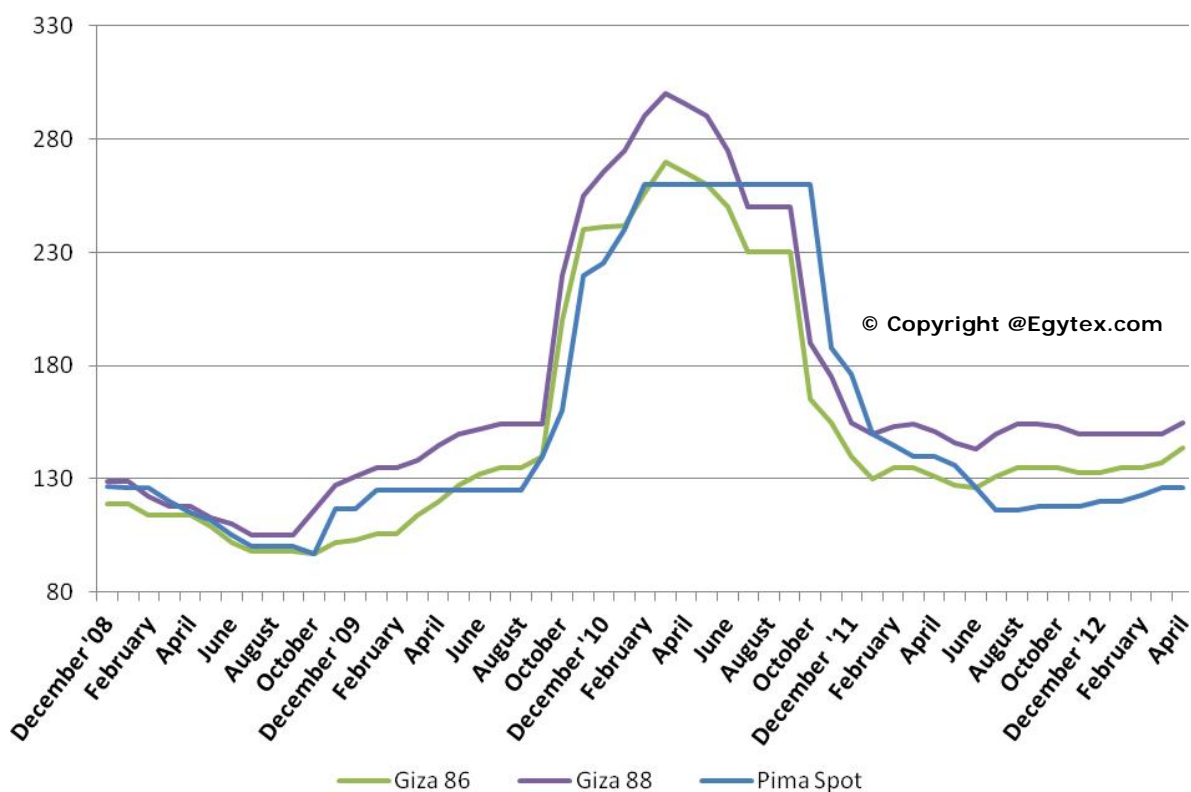


Egyptian cotton prices rally to its highest in 16 months as low production expected next season

The Egyptian cotton price has surged by 10% in the last 3 months to reach its highest since November, 2011. The export commitments of Egyptian cotton in the past few weeks have also increased dramatically to reach 60K Tons, which is still far behind exports of the US Pima cotton that exceeded 170K Tons this season. Further surge in prices are expected as Egyptian cotton production is expected to be low next season, with less than 22K Feddans planted till end of March, 2013.

Comparison of Egyptian and US Pima Price index in the period 2008 to 2012



India is main market for Egyptian cotton export commitments for season 2012/2013 as it reached 20K Tons, with a 66% increase compared to Egyptian cotton exports to India last season. Meanwhile, the US Pima exports to the India market have 25K Tons.

The domestic deliveries of Egyptian cotton has reached 47K Tons, which is not expected to increase dramatically as Egypt have lifted the ban on imports of cotton, which would positively improve the Egyptian textile supply chain competitiveness despite the recent devaluation of the Egyptian Pound and difficulty to acquire Foreign Currency to import raw materials.