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NEWS

October 2009

For the latest Supima crop and market information, visit our web site at:

www.supima.com

INSIDE

Supima Exports Rebound On Strong New Crop Sales

It wasn't long ago when cotton sales the world-over were slow and demand had all but disappeared as brands and retailers cancelled or delayed orders due to the economic downturn.

That was a year ago, and today the market is beginning to show healthy signs of improvement. The American Pima market is finally showing renewed energy. New inquiries and orders are coming in along with the addition of new product lines featuring Supima cotton.

Export sales of American Pima have shown a marked improvement. The first signs of increasing demand were witnessed during the last two months of the 2008/09 crop year. That momentum has continued into the new 2009/10 crop year with strong sales being reported during the first two months and even better sales for October. The chart below highlights the comparison between the 2008/09 and 2009/10 crop years along with the 10—year average from 1998—2007.

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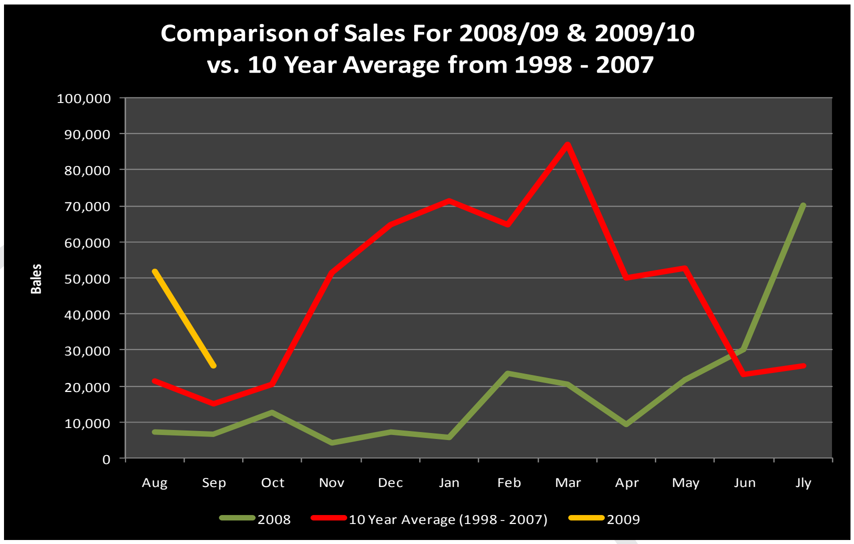

Supima's New Email Newsletters

Supima's email newsletters—yes, there are two—continue to evolve to maximize bringing you the best information in the best and timeliest format.

The images of the newsletter to the right shows the two current version. One newsletter entitled "The Supima Newsletter", provides information on Supima® products and promotional activities along with special features. The other newsletter entitled "Supima Industry Newsletter" will provide production, demand and supply information along with other pertinent news such as the recent activity.

Make sure to sign-up for our email newsletters at http://bit.ly/8fZMs to stay current with all the Supima news and receive special updates or announcements as they are released.

Sign-up Today!


Issue: # 1 May 2008

Supima Industry Newsletter

Dear Marc,

This months newsletter features a quick update on the status of the current farm bill legislation along with some updated supply and demand information. We would also like to invite you to share this newsletter by clicking on the "Forward email" link at the bottom of the newsletter.

Farm Bill Passes Senate Vote 81-15

The 2007 Farm Bill is headed to the President

With a vote of 81 - 15, the U.S. Senate passed the 2007 Farm Bill on May 15, a day after the House passed the bill with a vote of 318 - 106. The 81 votes in favor of the bill exceeded the 67 that were required to "veto-proof" the bill.

The new Farm Bill will be valid through July 31, 2013 and the ELS component of the bill remains unchanged from the previous Farm Bill. Further details including the entire ELS language in section 1208 and a link to the entire Farm Bill document can be found by clicking on this link.

In This Issue

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Final Ginning Report

USDA

Final USDA Ginning Report

The USDA released the final ginning

Supima Exports Rebound On Strong New Crop Sales ... Continued

With October sales so far reporting large weekly sales figures, and another week of reporting to go, this is shaping up to be the strongest start in sales for a new crop year.

Total export sales for the 2009/10 crop year to date is already estimated at 213,500 bales. (See the export sales summary table on Page 4 for reference.) This figure includes carryover sales from the 2008/09 crop year that had not shipped by July 31, 2009.

The table below details a summary of the accumulated monthly export sales by crop year. The table covers twelve years and includes seasonal totals in the last column. Comparing the 2009 crop year to the previous eleven years, the closest resemblance so far is to the 2007 crop year, with very similar export sales figures during the initial months of August and September. In that year, there were a total of 770,700 bales sold. Additionally, October sales have been very strong and by the end of the month, total export sales commitments are expected to exceed total export sales of the previous 2008/09 crop year.

The United States Department of Agriculture (USDA) - World Agricultural Outlook Board (WAOB) reports in their October 9 report (report summarized in the table at the bottom of this page) that exports are forecasted to be 500,000 bales.

By the end of the first quarter of the 2009/10 crop year, export sales commitments will already be half of the USDA-WAOB export figure. Additionally, when accounting for the new reports adjusted carryover figure of 305,000 bales, along with a production estimate of 367,000 bales, about 40% of the entire supply of American Pima cotton will have already been sold in the export market alone.

As export sales have increased, so have prices as competition for ELS cottons intensifies. The Cotton Outlook CIF Quote price for American Pima on a CNF Far East basis was reported on October 22 to be 120.00 usc/lb. This quotation is up 12.00 usc/lb since the end of the previous month when the last day saw the quote rise by 2.00 usc/lb to 108.00 usc/lb. The Egyptian Giza 88 price has also seen an increase from 107.00 usc/lb on a CNF Far East basis to 116.00 usc/lb, while the Giza 86 quotation has remained relatively unchanged at 97.00 usc/lb.

SUMMARY OF MONTHLY AMERICAN PIMA EXPORT SALES

Season beginning August 1	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jly	Season Total
1998	7,100	8,200	9,200	11,600	21,000	39,900	34,700	38,000	37,600	22,700	24,000	21,400	275,400
1999	13,900	15,500	6,100	19,000	36,500	38,700	37,800	57,000	45,600	48,500	62,800	43,100	424,500
2000	35,400	20,200	29,000	32,200	51,500	36,300	40,800	68,900	29,500	33,200	23,700	13,400	414,100
2001	15,300	17,700	6,900	34,800	31,700	47,500	54,300	26,800	32,400	59,200	21,200	26,700	374,500
2002	17,800	20,800	16,900	43,500	72,300	117,500	69,400	79,800	85,200	45,500	23,600	23,400	615,700
2003	16,800	22,400	32,000	113,700	133,400	42,800	13,100	20,400	13,800	39,700	43,500	29,300	520,900
2004	24,900	4,400	37,800	89,800	134,900	160,800	111,800	165,500	33,000	9,200	11,300	1,600	785,000
2005	6,300	5,300	2,500	65,200	52,100	32,900	115,100	188,400	52,400	21,300	32,000	36,600	610,100
2006	24,700	14,900	40,900	39,600	52,600	65,700	67,400	127,100	92,100	161,900	-40,800	43,200	689,300
2007	52,300	22,600	24,300	64,800	61,200	131,500	102,100	99,800	78,100	84,600	31,600	17,800	770,700
2008	7,400	6,500	12,600	4,300	7,100	5,800	23,600	20,500	9,300	21,600	30,000	70,300	219,000
2009	51,900	25,500											77,400

AMERICAN PIMA SUPPLY/USE ESTIMATE

	2005/06	2006/07	2007/08	2008/09	2009/10 *
Beginning Stocks	13	78	188	156	305
Production	630	765	852	431	367
Imports	19	9	6	0	2
Total Supply	**662**	**852**	**1,046**	**587**	**674**
Domestic Use	51	39	36	29	30
Exports	520	672	833	232	500
Total Use	**571**	**711**	**869**	**261**	**530**
Unaccounted Stocks	-13	47	-21	-21	0
Ending Stocks	**78**	**188**	**156**	**305**	**144**
Stocks to Use Ratio	13.7%	26.4%	18.0%	116.9%	27.2%

Released October 9, 2009 by the USDA World Agricultural Outlook Board (WAOB).
Listed in thousand 480-lb. bales

First Classing Results For The 2009/10 American Pima Crop

All the American Pima cotton will be classed in the Visalia, California Classing office for the 2009/10 crop year. The state of the art facility includes the newest testing and rapid conditioning equipment to ensure prompt and efficient turnaround of classing data on all presented samples along with high degrees of repeatability.

The first bale samples have been delivered to the Visalia Classing office and the results have been released. As it is still early in the season, only a total of 3,567 bales have been classed, of which 3,490 of those bales are identified in the USDA Classing Report—By State as being from California. A summary of the initial classing results for the California bales is presented in the table to the right. The USDA Classing Report—By Office results are virtually identical as a result of only including an additional 77 bales from the other report.

From the initial data, the crop looks to be of a quality with 99.7% of the crop identified as having a color grade of 2 or higher. This compares to last year's crop with 94.9% of the crop having a 2 color grade or better. Micronaire is also quite similar this year with a current average on the initial bales of 4.1.

The staple length is somewhat similar with only 0.7% of the crop having a 1-3/8" staple versus 0.2% last year. There is currently a little more 1-7/16" staple cotton this year with 32.3% versus the 21.2% of last year. For the 1-1/2"+ staple, the current figures is noted as 66.9% of the crop while last year it was 78.7% for the final crop classing estimate.

For the other tested parameters of fiber uniformity and strength, there seem to be some early indications of improvements this year versus last year.

The current averaged uniformity for the 2009/10 crop year is reported to be 86.3 versus 85.6 last year.

For the strength average, there seems to be an even larger increase with the 2009/10 cop preliminary data indicating an average of 43.8 GPT. For the 2008/09 crop year the average strength was 41.6 GPT, which was already a significant increase over previous year's with the 2007/08 crop that had an average strength of 40.6 GPT

Percentage of High Grades:
(Color Grade 2 and above)

California 99.7%

Staple Length Percentages:

California	1-3/8"	0.7%
	1-7/16"	32.3%
	1-1/2"+	66.9%

Strength Averages in GPT:

California 43.8

Uniformity Averages:

California 86.3

Micronaire Averages:

California 4.1

As reported by USDA-AMS, October 15, 2009

Important Web Links—American Pima Crop Information

USDA—AMS Pima Spot Price (Daily):
http://www.ams.usda.gov/mnreports/MP_CN011.txt
U.S. ELS Competitiveness Payment Report (Weekly):
http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=fta-el
USDA—NASS U.S. Production Estimates (Monthly):
http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1046

USDA—FAS Export Sales Report (Weekly):
http://www.fas.usda.gov/export-sales/cottfax.htm
USDA—NASS Cotton Reports:
http://www.usda.gov/nass/pubs/estindx1.htm#cotton

USDA CLASSING INFORMATION

By Classing Office: http://www.ams.usda.gov/mnreports/MP_CN104.txt
By State: http://www.ams.usda.gov/mnreports/MP_CN110.txt

AMERICAN PIMA SPOT QUOTATIONS

Staple	Color and Leaf Grade					
	01-1	02-2	03-3	04-4	05-5	06-6
48	98.25	97.75	86.00	67.50	57.00	47.75
46	98.00	97.00	84.00	67.50	57.00	47.75
44	93.00	92.00	79.00	62.00	55.75	47.50

Mike Range	Differences	Strength Range	Differences	Ext. Matter	Differences
2.6 & Below	-1350	35.4 & Below	-1050	Prep 1:	-610
2.7-2.9	-945	35.5—36.4	-800	Prep 2:	-895
3.0-3.2	-550	36.5—37.4	-550	Prep 3:	-515
3.3-3.4	-395	37.5 & Above	0	Prep 4:	-835

USDA daily report, October 21, 2009 (2009/10 crop)
Net weights in mixed lots, uncompressed, UD Free, FOB warehouse

AMERICAN PIMA EXPORTS

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10 *
Belgium	7.8	8.2	14.5	7.1	4.6	6.3	0.2	1.5
Germany	31.6	18.0	5.7	18.3	20.4	16.8	14.5	2.0
Italy	34.0	16.6	6.9	11.2	14.3	10.6	2.1	1.4
Portugal	3.4	2.7	1.6	1.4	4.7	8.6	0.1	0.0
Switzerland	10.1	10.3	6.8	5.6	7.4	8.9	2.2	1.1
Turkey	9.9	1.9	21.5	24.9	6.4	16.5	8.2	0.3
Other	0.2	0.6	0.6	0.6	1.0	4.4	1.0	0.0
Europe Totals—	**97.0**	**58.3**	**57.6**	**69.1**	**58.8**	**72.1**	**27.3**	**6.3**
Bangladesh	33.4	20.9	16.2	2.2	11.8	13.7	9.0	5.1
China	63.5	81.9	128.1	246.3	163.6	176.4	57.5	91.7
India	67.1	43.2	76.0	75.0	91.6	146.7	27.2	46.8
Indonesia	68.2	60.4	47.6	41.3	59.4	68.0	20.3	12.0
Japan	82.6	62.5	73.2	44.0	49.8	53.3	14.8	4.8
Korea Republic	7.2	9.3	24.7	10.8	21.8	22.5	4.7	8.1
Pakistan	101.8	93.4	182.6	55.9	113.6	159.0	26.8	15.9
Taiwan	46.3	20.2	59.9	7.6	31.3	29.8	2.9	2.9
Thailand	25.3	17.0	21.1	15.3	22.1	24.1	8.8	4.9
Other	9.4	6.9	21.1	4.2	6.7	18.4	17.1	0.5
Asia Totals —	**504.8**	**415.7**	**650.5**	**502.6**	**571.7**	**711.9**	**189.1**	**192.7**
Brazil	1.6	3.1	2.3	3.0	5.5	5.3	2.0	0.8
Canada	0.0	12.1	4.4	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.1	0.3	0.1	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Guatemala	0.0	0.1	1.9	0.5	0.0	0.1	0.8	0.0
Mexico	1.2	2.9	0.9	2.4	0.5	0.3	1.2	1.0
Peru	31.2	28.8	50.2	1.9	13.6	28.2	2.4	7.2
Salvador	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0
W. Hemi Totals—	**34.0**	**47.1**	**60.0**	**10.1**	**19.6**	**33.9**	**6.6**	**9.2**
Rest of World	0.1	0.0	0.0	0.0	2.4	14.6	3.8	5.0
World Totals	**635.9**	**521.1**	**768.1**	**581.8**	**652.5**	**832.5**	**226.8**	**213.5**

*Source—USDA/FAS U.S. Export Sales—October 15, 2009 - Sales listed in thousand 480-lb. bales - * Listed in running bales through October 8, 2009*

Supima® WORLD'S FINEST COTTONS
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