

WEEK IN BRIEF

Upland **offering rates** have fluctuated in an unclear direction this week, but ended higher on balance. Nearby ICE futures advanced strongly early in the period, before reversing direction to partly offset the initial gains. July's premium relative to December has widened to over five cents. Volume was considerably lighter than last week, and on March 14 was placed at its lowest level since December... Prices on China's ZCE futures market, meanwhile, have risen sharply across the board. Volume has declined modestly. Participation in the first week of the 2018 State Reserve auction began on a strong note, but daily transaction rates have declined... The sixteenth annual meeting of the African Cotton Association is being held this week in Abuja, Nigeria.

In the United States, **fields** in West Texas remain in severe need of soaking moisture ahead of planting. Conditions are somewhat better in the rest of the cotton belt. A dry, sunny spell would be welcome in the Delta, to facilitate the application of fertilizers. USDA's March supply and demand figures imply lower output in the current season... The volume of seed cotton inspected in Egypt stands considerably ahead of the same point last year... The Cotton Association of India has further lowered its expectation of domestic output in the current season. Almost 70 percent of the crop has been delivered to gins... In Pakistan, arrivals are virtually finished. Attention is turning to new crop planting, which has begun. Early reports are positive... *Beijing Cotton Outlook's* March estimates of domestic supply and demand imply the lowest ending stocks for almost a decade... Crop prospects in Brazil remain positive. ABRAPA (the national cotton producers' association) predicts an increase in planted area of over 25 percent... Beneficial rain is forecast over fields in Argentina.

Mill demand has remained fairly routine in the face of persistently firm asking rates. Sentiment is gradually shifting further forward. Mills in Bangladesh have sought shipment from April onwards, for a range of growths. Competitive Indian lots have continued to find buyers. Some discounted US lots have continued to move off, to the customary markets... During the week ended March 15, US upland export sales registrations for shipment in the current season rose by a net 321,400 running bales. Shipments were 414,400 bales... Bangladesh was the major destination for Indian raw cotton exports during December... Cumulative raw cotton imports to Vietnam in the season to February were 22 percent ahead of the previous season... Australia's raw cotton exports during January were considerably below the volume in the same month last year.

In Pakistan, the cotton **yarn** market has continued in a similar vein to recent weeks. Local demand is moderate, and spinners are tight sellers. Export demand remains limited... Ready-made garment exports from Bangladesh during the first eight months of this year have increased by around 7.4 percent... Textile manufacturers in Egypt have complained of very firm import prices... US textile and apparel imports during January showed an increase of 2.6 percent over the corresponding month in 2017.



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¹Hall & Partners, (2017), Global Perceptions of U.S. Cotton

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INTERNATIONAL COTTON PRICES

Last week's volatility in New York futures has given way to a period of somewhat more orderly trading, with prices generally in decline since their latest rally on March 8. The May contract has ended with a net gain of 58 cent points. In similar fashion, the A Index has risen by 65 points over the week.

The mood of mill buyers has been somewhat hesitant this week since, despite moderate falls for the nearby contracts in recent days, prices remain at a higher level than is considered workable in many markets. The exception to this is in India where both the trade and mills have been active buyers, attracted by the recent advantageous basis relative to New York. Local spinners are able to book domestic cotton for forward delivery at a price point that promises to be far more profitable than that which can be currently obtained by many of their overseas counterparts. The resultant competitive advantage is cited by the Cotton Association of India as one reason underlying their decision to increase their estimate of 2017/18 consumption by one million bales (170 kilos) to 33 million. International traders are also taking advantage of the low prices for Indian cotton; many are reported to be buying and holding supplies for resale at an expedient moment. Other business confirmed during the past week has typically involved Indian cotton moving into the neighbouring markets of Pakistan (where domestic prices are now higher than for Indian imports) and Bangladesh. It should be noted, however, that the bulk of Pakistani mill requirements were covered some time ago from the domestic 2017/18 crop at prices which must now look highly attractive.

Shortly after publication of last week's issue, USDA released its March supply and demand estimates. The Department trimmed its estimate of output from the 2017/18 US crop by just over 230,000 bales (480 lbs), and raised its export forecast to 14.8 million bales, reversing the reduction of 300,000 bales that was made in the February report. Rather than any weakness in the pace of export sales, that adjustment reflected the poor pace of US shipments. Washington must therefore take a rather less pessimistic view of the logistical situation across the belt. As if to vindicate that confidence, last week's export report (released only a few hours before the WASDE report) included the highest shipment total of the season so far, of 551,300 running bales (all cotton).

This week's export report shows a continuation of the healthy marketing performance of the US crop this season, with net sales of upland cotton for shipment during the current season amounting to 321,400 running bales. Sales for 2018/19 totalled 199,200 running bales. Meanwhile, export shipments of 414,400 running bales were registered primarily for Vietnam, China and Pakistan.

The running total for upland sales in the season to March 8 therefore stands about 20 percent ahead of the corresponding total in 2017.

China State Reserve auctions

This week has seen the long-awaited commencement of China's 2018 State Reserve auctions. The early sessions have been characterised by active procurement of cotton produced in Xinjiang, the catalogue for which has sold out in every daily session, whereas lots from eastern provinces have attracted less interest. Traders have been considerably more active participants than domestic mills; the latter have approached purchases with caution, appearing content to await further

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price developments for the time being. Premiums paid relative to the base price have declined sharply from the opening level seen on Monday, when the average paid (adjusted to a Type 3128 price) was over 700 yuan per tonne more than the base price. By the time of writing, average premiums had dropped to less than 400 yuan over the base price.

The trajectory of State Reserve prices is in inverse correlation to that of the spot market and ZCE values, the last having appreciated sharply during the past week. At the time of publication, the ZCE May contract stands some 522 yuan below the equivalent 3128 price at auction, compared with 677 on the first day of the auction series.

From an international perspective, the strength of demand revealed at the auctions over the next few months will arguably be of still greater significance than the outcome of the 2016 and 2017 series, which saw the disposal of an impressive 2.6 and 3.2 million tonnes, respectively. Were government-held stocks to be reduced by a further two million tonnes or more this year (from the balance of 5.3 million estimated at the close of last year's auction series), the received wisdom is that the stage would be set for a liberalisation of import policy at some point in 2019. In this context, the continuation of forward import buying by domestic traders is perhaps worthy of note. A measure of the tempo of such buying is sales commitments of upland cotton from the United States to China for the 2018/19 season, which by the beginning of March were more than four times as large as those recorded for 2017/18 by the same date last year.

The government might also purchase supplies for the Reserve, perhaps including some imported lots, so as to facilitate the disposal of additional quantities of older cotton, whilst being mindful of a need to avoid a repeat of the situation that prevailed prior to the temporary procurement plan, when government-controlled stocks were virtually depleted. BCO's latest supply and demand forecasts, which already presume a moderate increase in imports in 2018/19, conclude that ending stocks (i.e. commercial/industrial and State Reserves) by the end of that season will fall to their lowest since 2010/11.

Production outlook

Prospects for the two major Southern Hemisphere crops appear favourable at present. Early yields in Australia suggest a modest bias to the upside from our current estimate of 1,000,000 tonnes. Similarly, in Brazil, CONAB has raised its forecast by more than 150,000 tonnes since January, but the latest figure remains below some private projections. International trade buying of both crops has been active: according to trade estimates, perhaps 70 percent of the Brazilian crop has been committed from first hands, and over three million bales (70 percent) of Australian output. Trade purchasers at both origins will no doubt be monitoring the evolution of the July/December spread in New York, which has seen significant fluctuations in recent weeks. On March 14, December closed at a discount of 518 cent points in relation to July.

In the Northern Hemisphere, the principal focus of attention remains the chronic drought that has affected the key West Texas growing region in the United States. During the past week, no measurable rain has fallen in West Texas and none is forecast for the next 10 days at

least. In contrast, sowing is proceeding without difficulty in the south of the state, a fact that augurs well for the earliest shipments from the 2018/19 crop.

In India, the CAI has reduced its forecast for the current season by a further 500,000 bales, bringing projected output to 36.2 million bales. With reference to this and other like-minded estimates, Cotton Outlook has adjusted its projection for 2017/18 to 36.5 million bales, or 6.205 million tonnes. With lower production and increased consumption, India's end-season stocks are projected to fall to their lowest level in recent memory.

Forward Index

The introduction last week of forward quotations for various US and African Franc Zone growths, together with those for Greek and Brazilian, brought to six the number eligible for calculation of our Forward (2018/19) A Index. Following the customary, brief period for comment and consultation, the initial Index value will be published on March 16, a week earlier than last year. Since the inception of the Dual Index system in the late 1980s, the Forward Index has been introduced as early as January on one occasion, and twice as late as June, but most frequently during the month of March.

Prior to this year, the initial Forward Index has reflected a premium over the current value on 18 occasions, and a discount on eleven. Prevailing price relationships would suggest that the 2018/19 Index will be established at a discount of between 3 and 4 cents in relation to the Current Index, this discount reflecting the relationship, if not quite the magnitude of the differential, of the prices at which ICE December futures are trading, relative to the current crop deliveries. The basis levels quoted for 2018/19 shipments are typically fairly close to those in evidence nearby.

As we have observed before, a significant change in the behaviour of mill buyers has taken place in the past season or two. The hand-to-mouth purchasing that was the norm for an extended period following the damaging price volatility of the 2010/11 campaign has given way to a greater willingness to cover forward. That shift in buying patterns is attested by the strength of US forward sales commitments (the highest since the aforementioned 2010/11 season) and the volume of unfixed on-call sales resting on the 2018/19 futures contracts. According to the latest data from the Commodity Futures Trading Commission, the latter figure, in aggregate, was approaching the equivalent of 6.6 million running bales by March 2, against 3.4 million a year earlier.



CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at March 15, 2018

Description	Price	Change on week	Shipment	Forward		
				Price	Change on week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	99.00	1.00	5/6	NQ		
Benin Kaba/s 1-1/8"	96.50	0.75	3/4	NQ		
Burkina Faso BOLA/s 1-1/8"	96.00	0.75	3/4	90.00	Unch	1/2
Cameroon IRMA/s 1-1/8"	96.50	0.75	3/4	NQ		
Cameroon PLEBE 1-5/32"	98.00	0.75	3/4	NQ		
Chad Kero A51 1-5/32"	98.00	0.75	3/4	NQ		
Indian Shankar-6, 1-1/8"	88.50	0.25	3/4	NQ		
Ivory Coast MANBO/s 1-1/8"	96.00	0.75	3/4	NQ		
Mali JULI/s 1-1/8"	97.00	0.75	3/4	91.00	Unch	1/2
Spanish SM 1-1/8"	95.75	0.50	3/4	NQ		
Tanzanian RG1 1-1/8"	NQ			NQ		
Texas SM 1-1/8"	94.50	0.75	4/5	NQ		
Uzbekistan SM 1-1/8"	99.50	-	4/5	NQ		
Zambian SM 1-1/8"	NQ			NQ		
Zimbabwe SM 1-1/8"	NQ			NQ		
Medium grades						
1-1/8" staple unless stated						
Australian Midd	NQ			NQ		
Benin BELA *	95.50	0.75	3/4	NQ		
Brazilian Midd	94.00	0.75	3/4	89.00	0.25	10/11
Burkina Faso RUDY *	95.00	0.75	3/4	89.00	Unch	1/2
California/Arizona Midd	95.75	0.75	3/4	NQ		
Greek Midd	96.50	0.75	3/4	91.50	Unch	10/11
Indian medium grades **	87.50	0.25	3/4	NQ		
Iv. Coast BEMA *	95.00	0.75	3/4	NQ		
Mali ROKY/KATI *	96.00	0.75	3/4	90.00	Unch	1/2
Memphis/Eastern Midd	94.75	0.75	3/4	89.50	Unch	11/12
Memphis/Orleans/Texas Midd	93.00	0.75	4/5	88.00	Unch	11/12
Mexican Midd	NQ			NQ		
Tanzanian Type 1SG 1-3/32"	NQ			NQ		
Uzbekistan Midd	96.50	-	4/5	NQ		
Lower grades						
Argentine SLM, 1-1/16"	NQ			NQ		
Brazilian SLM 1-3/32"	NQ			NQ		
Greek SLM 1-3/32"	NQ			NQ		
Indian J-34 SG **	NQ			NQ		
Memphis/Eastern SLM 1-3/32"	92.75	0.75	3/4	NQ		
Memphis/Orleans/Texas SLM 1-3/32"	91.00	0.75	4/5	NQ		
Memphis/Orleans/Texas Midd. 1-3/32" Mic. 3.0 NC	85.75	0.75	4/5	NQ		
Pakistan AFZAL 1-1/16"	NQ			NQ		
Pakistan Type 1467 1-3/32"	NQ			NQ		
Long Staple cottons:						
US Pima Grade 2 1-7/16" #	166.00	Unch	3/4	NQ		
Egyptian Giza 86 Good+3/8	150.00	1.00	3/4	NQ		
Egyptian Giza 94 Good+3/8	145.00	Unch	3/4	NQ		
Israeli Pima H1, 1-7/16" #	167.00	Unch	3/4	NQ		
Israeli Acalpi	NQ			NQ		

* A maximum of two African Franc Zone growths are permitted in the Index calculation.

** Applicable ICS standards, as adopted by the ICA are as follows: Higher grade - ICS 105 Superfine; Medium grade ICS 105 Fine

Qualities used in US Pima competitiveness programme.

THE COTLOOK INDICES

The Cotlook A Index was first calculated in 1966. The basis of the calculation has changed over the years with regard to quality and location. Since March, 2003 the Index has represented CFR Far East Eastern values. Between 1981/82 and 2014/15, the quality description of the Index was Middling 1-3/32". However, with effect from the 2015/16 Index, the staple length has been adjusted to Middling 1-1/8".

The quotations are compiled and published daily.

The Index is the average of the cheapest five of the eligible growths listed in the category 'medium grades' on page 4, taking the nearer shipment when prices are quoted on the same level. However, only two African Franc Zone quotations (*) are permissible Index constituents on any day. Four growths are currently listed, namely Ivory Coast, Burkina Faso, Benin and Mali cottons, which together account for roughly 80 percent of production in the region. Southern Belt new crop (as identified in Cotlook's Production Estimate) in any season only becomes eligible for the Index from January 1 onwards.

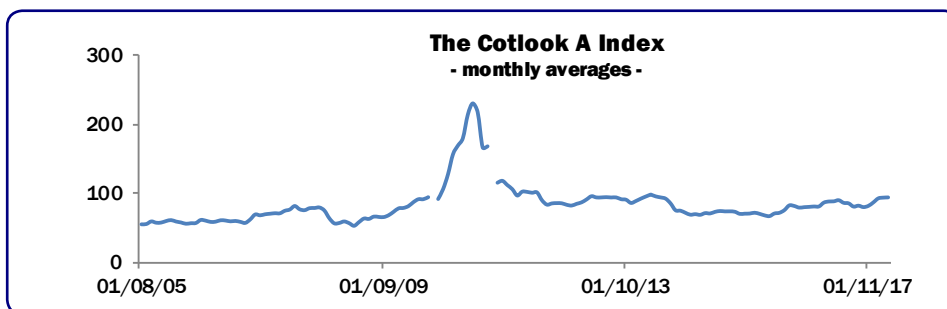
The Cotlook Dual Index system is intended to suggest prevailing levels of offering prices for cotton to be shipped both nearby and forward, by provision of two sets of Indices at the appropriate times of year. The nearby or CURRENT season's Index is for shipment no later than August/September and the other or FORWARD season's Index is for cotton to be shipped no earlier than October/November. Each Index expires at the end of its respective season, the last business day of July. On the subsequent business day, the previous FORWARD Index assumes the CURRENT role; it alone is then quoted until early in the new calendar year, when it is joined by a new FORWARD Index as soon as October/November shipment offers of the various growths are available in sufficient number to permit the establishment of appropriate values.

The 2016/17 Index expired on July 31, 2017.

Prices as at March 15, 2018

2017/2018 Cotlook A Index		92.85
Description	Price	Shpt
Indian medium grade	87.50	3/4
Memphis/Orleans/Texas	93.00	4/5
Brazilian	94.00	3/4
Memphis/Eastern	94.75	3/4
Ivory Coast BEMA	95.00	3/4

Seasons Averages	The Cotlook A Index
2012/13	87.90
2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	82.77
2017/18	83.99
Monthly Averages	
August 2017	79.34
September 2017	80.60
October 2017	78.60
November 2017	80.41
December 2017	85.42
January 2018	91.31
February 2018	88.36
March 2018	92.71
Daily Values	2017/18
March 09	94.40
March 12	93.90
March 13	92.60
March 14	92.35
March 15	92.85
Average for week	93.22



YARN INDEX

2005 = 100

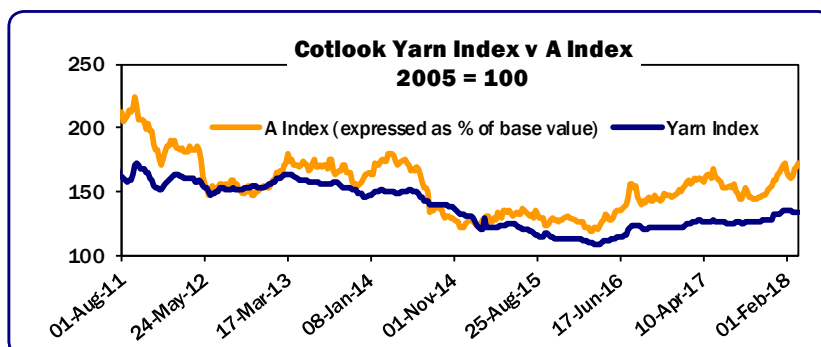
This week	134.67	Last month	134.96
Last week	134.67	Last year	126.38

Export prices (in US dollars per kilo FOB)-

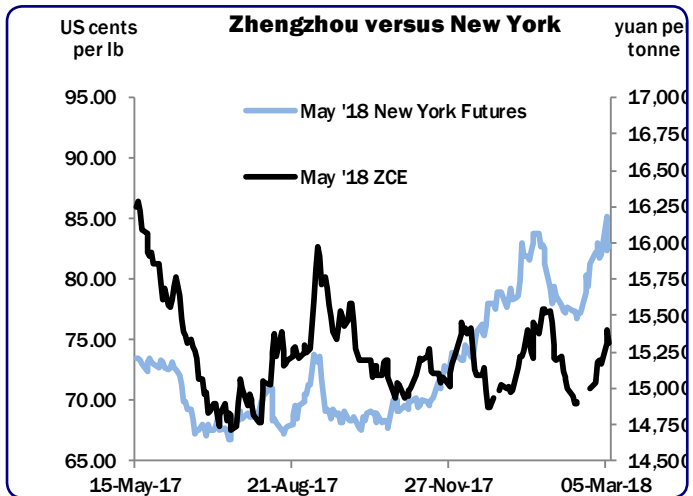
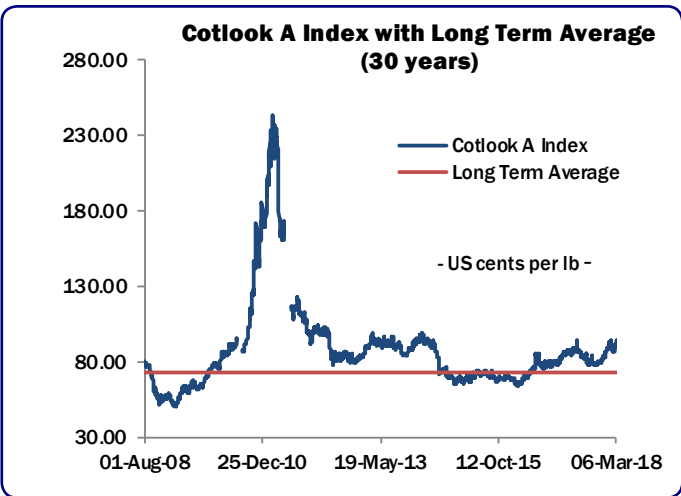
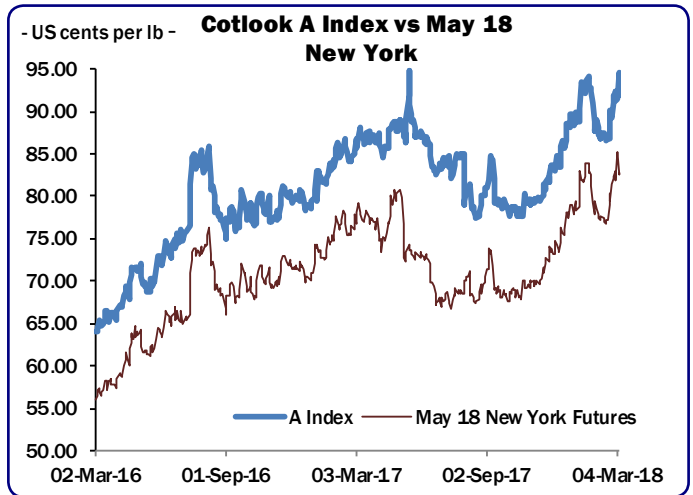
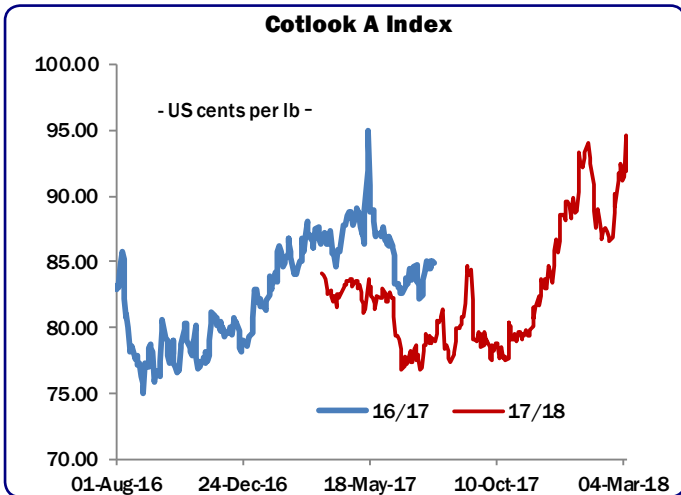
		This week	Change on week	Change on year
Pakistan	20s	2.38	Unch	-0.06
India	20s	2.75	Unch	0.30
Turkey	20s	3.15	Unch	0.25
Indonesia	20s	2.56	Unch	unch
China	21s	3.44	Unch	0.23
Uzbekistan	20s	2.60	Unch	0.40
Pakistan	30s	2.77	Unch	-0.06
India	30s	3.05	Unch	0.30
Turkey	30s	3.35	Unch	0.25
Indonesia	30s	2.85	Unch	Unch
China	32s	3.63	Unch	0.20
Uzbekistan	30s	2.75	Unch	0.25

The Yarn Index is derived from our published FOB prices for 20s and 30s counts from India, Pakistan, Indonesia, China and Turkey, each weighted to reflect exports of cotton yarn from the individual country concerned, and expressing that as a percentage of the comparable average values for 2005. In determining the weightings, we have used an average of the exports in the two most recent calendar years for which complete data are available. The prices shown for Uzbek yarn are not currently part of the Index, and are quoted on an FCA basis.

The current quotations are shown in the accompanying table, in US cents per kilo. They are for 'average quality' ring spin carded weaving single yarn.

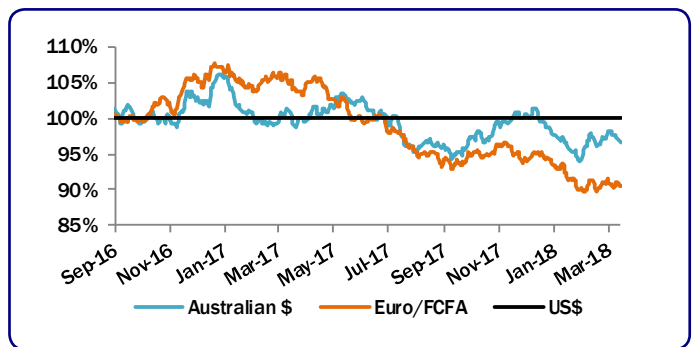
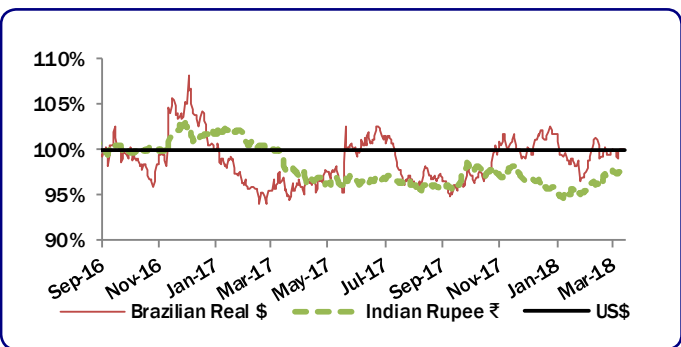


WORLD PRICE TRENDS

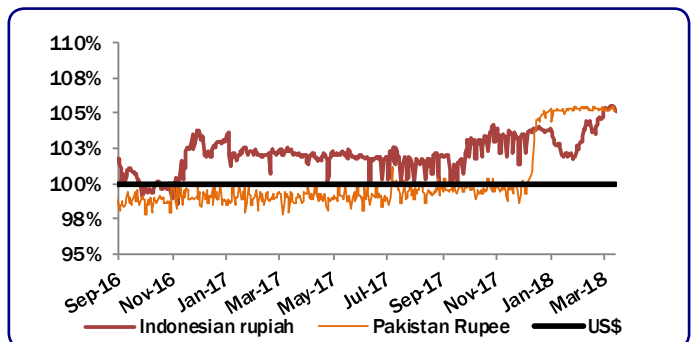
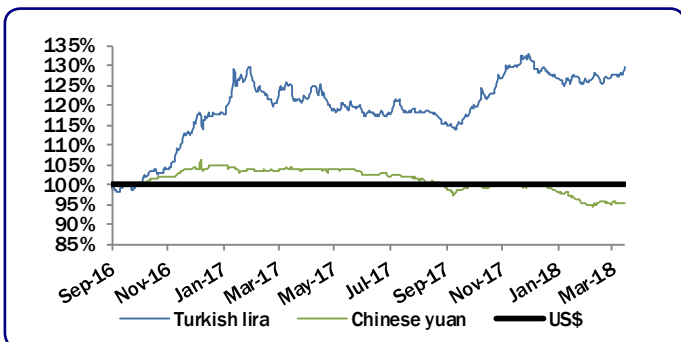


CURRENCY TRENDS

EXPORTERS' CURRENCIES VS. US\$ (AUG 1, 2016 = 100%)



IMPORTERS' CURRENCIES VS. US\$ (AUG 1, 2016 = 100%)



COTLOOK AND USDA ESTIMATES IN THOUSANDS OF TONNES

Production	USDA		USDA		Consumption		USDA		
	Cotlook	USDA	Minus Cotlook	Cotlook	Cotlook	USDA	Minus Cotlook	Cotlook	
	2017/2018		2018/2019		2017/2018		2018/2019		
Argentina	220	183	-37	250	Argentina	130	136	6	130
Australia	1,000	1,023	23	850	Azerbaijan	28	22	-6	35
Azerbaijan	74	74	-	90	Bangladesh	1,500	1,589	89	1,600
Benin	190	191	1	195	Brazil	725	740	15	775
Brazil	1,850	1,742	-108	1,900	Burma	64	169	105	64
Burkina Faso	295	283	-12	305	China	8,700	8,709	9	8,900
Cameroon	105	109	4	110	Colombia	55	41	-14	55
Chad	30	26	-4	25	Egypt	150	126	-24	150
China	5,740	5,987	247	5,370	France	10	11	1	10
Colombia	10	9	-1	10	Germany	23	25	2	23
Cote d'Ivoire	135	152	17	140	Greece	15	20	5	15
Egypt	68	65	-3	85	India	5,610	5,334	-276	5,695
Greece	270	270	-	285	Indonesia	750	751	1	790
India	6,205	6,205	-	6,460	Iran	120	125	5	120
Iran	60	60	-	60	Italy	25	38	13	25
Israel	14	12	-2	12	Japan	50	54	4	50
Kazakhstan	63	63	-	70	Malaysia	35	59	24	35
Kyrgyzstan	9	17	8	22	Mexico	397	403	6	397
Malawi	10	20	10	8	Morocco	20	10	-10	20
Mali	294	294	-	305	Nigeria	25	50	25	25
Mexico	335	335	-	300	Pakistan	2,200	2,264	64	2,200
Mozambique	25	23	-2	20	Peru	65	60	-5	65
Nigeria	50	51	1	50	Philippines	10	14	4	10
Pakistan	1,790	1,785	-5	1,950	Portugal	35	34	-1	35
Paraguay	5	5	-	5	Russia	47	46	-1	42
Peru	20	17	-3	20	South Korea	210	223	13	200
Spain	65	59	-6	60	Spain	10	7	-3	10
Sudan	48	196	148	50	Syria	20	14	-6	15
Syria	35	35	-	30	Taiwan	140	124	-16	135
Tajikistan	107	120	13	115	Tajikistan	25	13	-12	40
Tanzania	60	54	-6	80	Tanzania	30	38	8	30
Togo	50	52	2	52	Thailand	250	229	-21	228
Turkey	900	871	-29	925	Tunisia	11	9	-2	11
Turkmenistan	296	296	-	305	Turkey	1,550	1,546	-4	1,600
Uganda	28	27	-1	25	Turkmenistan	141	142	1	145
USA	4,579	4,579	0	4,505	United States	729	729	0	743
Uzbekistan	780	779	-1	750	Uzbekistan	490	501	11	550
Zambia	40	46	6	40	Venezuela	20	22	2	20
Zimbabwe	50	49	-1	55	Vietnam	1,450	1,404	-46	1,525
World Total	26,197	26,549	352	26,176	World Total	26,219	26,299	80	26,879

WORLD STOCK

The accompanying table shows our production and consumption estimates and the resultant adjustments in world stock levels during 2016/17 and 2017/18, together with our prediction for 2018/19. Where available, comparable data produced by the United States Department of Agriculture and by the International Cotton Advisory Committee are also shown. Cotlook does not attempt to estimate actual stock levels.

World Cotton Balance Sheet									
Unit = 1,000 tonnes									
	World (excl. China)			China			World		
Cotlook	16/17	17/18	18/19	16/17	17/18	18/19	16/17	17/18	18/19
Production	18,087	20,457	20,806	4,690	5,740	5,370	22,777	26,197	26,176
China net trade	-1,068	-1,087	-1,590	+1,068	+1,087	+1,590			
New Supply	17,020	19,370	19,216	5,758	6,827	6,960	22,777	26,197	26,176
Consumption	16,632	17,519	17,979	8,360	8,700	8,900	24,992	26,219	26,879
Net change in stock	+387	+1,851	+1,238	-2,602	-1,873	-1,940	-2,215	-22	-703
USDA									
Opening stock	8,090	8,552	10,424	12,671	10,542	8,920	20,754	19,094	19,344
Production	18,299	20,562	19,595	4,953	5,987	5,879	23,252	26,549	25,474
China net trade	-1,083	-1,099	-1,502	+1,083	+1,099	+1,502			
New Supply	17,216	19,463	18,093	6,036	7,086	7,381	23,252	26,549	25,474
Consumption	16,288	26,299	17,788	8,709	-	8,970	24,997	26,299	26,758
adjustments	-466	+8,708	-39	+544	-8,708	-15	+85	+0	-54
Ending Stock	8,552	10,424	10,690	10,542	8,920	7,316	19,094	19,344	18,006
Net change in stock	+462	+1,872	+266	-2,129	-1,622	-1,604	-1,660	+250	-1,338
ICAC									
Opening stock	7,660	8,200	9,860	12,650	10,630	9,240	20,310	18,830	19,100
Production	18,190	20,330	20,010	4,900	5,340	5,340	23,090	25,670	25,350
China net trade	-1,087	-1,376	-1,836	+1,087	+1,376	+1,836			
New Supply	17,103	18,954	18,174	5,987	6,716	7,176	23,090	25,670	25,350
Consumption	16,520	+17,280	+18,160	8,000	8,120	8,360	24,520	25,400	26,520
adjustments	-43	-14	-4	-7	+14	+4	-50	+0	+0
Ending Stock	8,200	9,860	9,870	10,630	9,240	8,060	18,830	19,100	17,930
Net change in stock	+540	+1,660	+10	-2,020	-1,390	-1,180	-1,480	+270	-1,170



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INDIA

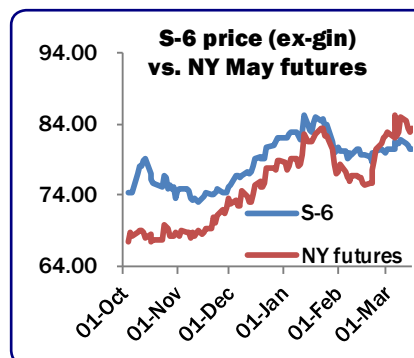
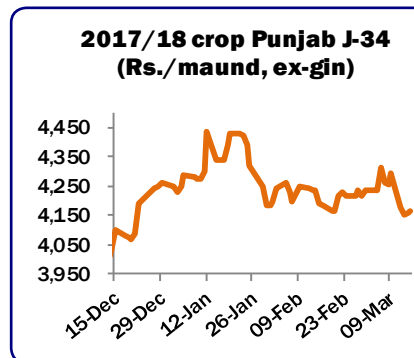
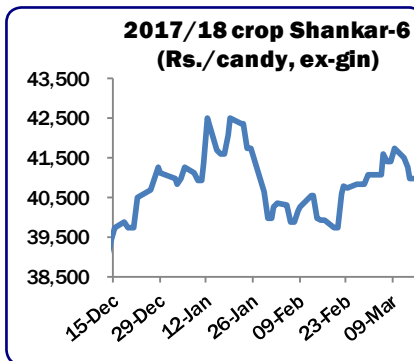
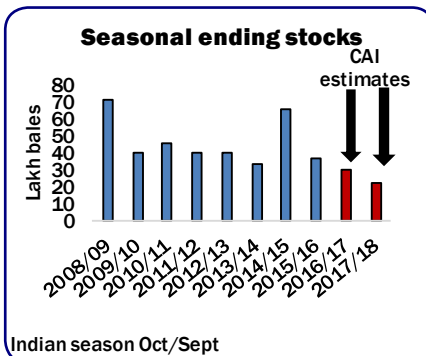
Production outlook

The Cotton Association of India (CAI) has released its February 2018 estimate of the cotton crop for the 2017/18 season (beginning October 1, 2017). CAI has again lowered its production figure, this time by 500,000 bales, to 36.2 million bales of 170 kgs. Karnataka and Andhra Pradesh have seen their projected totals fall by 200,000 bales each, as a result of dry conditions early in the season, and pink bollworm attacks more recently. Another 100,000 bales were removed from the forecast for other, smaller producing states.

Meanwhile, total projected consumption rises to 33 million bales, which is an increase of a million bales from the previous estimate. This growth is foreseen in part because several new textile mills have opened in Gujarat and elsewhere, with the result that 3.5 million new spindles are now operational. In addition, cotton consumption is rising since the price for polyester has jumped by over 20 percent.

The import figure is unchanged from January (2 million bales), but exports are now expected to total 6 million bales on the strength of increased demand for Indian cotton prompted by attractive local prices relative to those prevailing for other cottons.

The total cotton supply for the season is thus forecast by CAI to be 41.2 million bales, with closing stocks of 2.2 million bales (compared with



Cotton Association of India Crop estimates as at February 28, 2018						
	(bales of 170 kgs each)				2017/18 arrivals by January 31 2018	
	2017/18		2016/17			
	(in lakh b/s)	(in '000 tonnes)	(in lakh b/s)	(in '000 tonnes)	(in lakh b/s)	(in '000 tonnes)
Punjab	11	187	8.75	148.75	7.55	128.35
Haryana	24	408	20.50	348.50	17.70	300.90
Upper Rajasthan	10	170	7.25	123.25	8.15	138.55
Lower Rajasthan	11	187	9.25	157.25	9.40	159.80
Total North Zone	56	952	45.75	777.75	42.80	727.60
Gujarat	105	1,785	89.00	1,513.00	65.00	1,105.00
Maharashtra	81	1,377	88.00	1,496.00	58.00	986.00
Madhya Pradesh	21	357	20.50	348.50	16.00	272.00
Total Central Zone	207	3,519	197.50	3,357.50	139.00	2,363.00
Telangana	53		48.00	816.00	38.00	646.00
Andhra Pradesh	19	323	18.50	314.50	10.10	171.70
Karnataka	18	306	17.00	289.00	12.70	215.90
Tamil Nadu	5	85	5.50	93.50	2.00	34.00
Total South Zone	95	1,615	89.00	1,513.00	62.80	1,067.60
Orissa	3	51	3.00	51.00	2.00	34.00
Others	1	17	2.00	34.00	0.50	8.50
Total	362	6,154	337.25	5,733.25	247.10	4,200.70

Cotton Association of India Balance Sheet for 2016/17 and 2017/18 Estimated as on February 28, 2018				
	2017/18		2016/17	
	(in lakh bales of 170 kg)	(in '000 tonnes)	(in lakh bales of 170 kg)	(in '000 tonnes)
Supply				
Opening Stock	30	510	37	621
Crop	362	6,154	337	5,733
Imports	20	340	27	459
Total Supply	412	7,004	401	6,813
Demand				
Mill Consumption	285	4,845	265	4,505
Consumption by SSI units	30	510	27	459
Non-Mill Consumption	15	255	16	268
Exports	60	1,020	63	1,071
Total Demand	330	5,610	308	5,232
Available Surplus	82	1,394	93	1,581
Closing Stock	22	374	30	510

beginning stocks of this season of 3.0 million bales, a full 2 million lower than CAI's previous estimate. From an historical perspective, this would represent an exceptionally low carryover. The chart above uses data from the Cotton Advisory Board for the seasons prior to 2016/17, and CAI's most recent estimates for the

past two seasons.

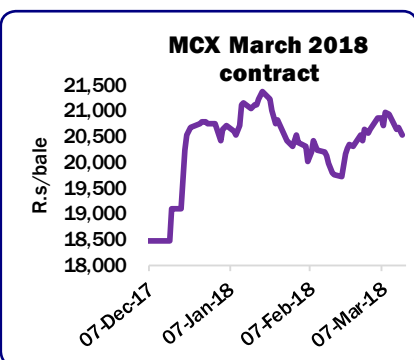
Cotton Outlook has decreased its own projection for Indian production for the 2017/18 season to 36.5 million bales, or 6.205 million tonnes, while our forecast for consumption has risen to 33 million bales (5,610 million tonnes).

Prices

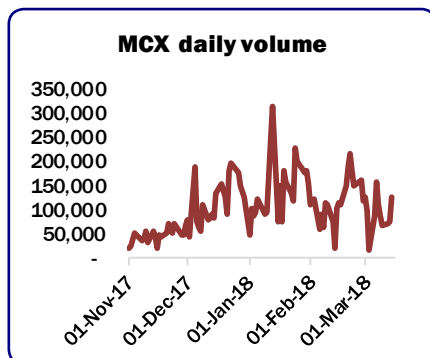
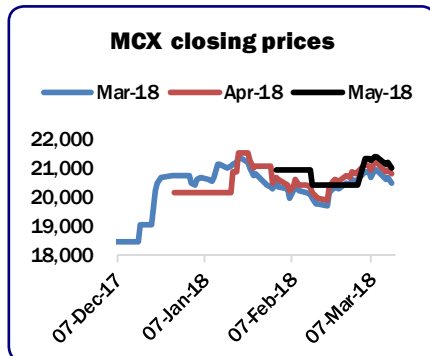
Asking rates for Shankar-6 reached their weekly peak on March 9, and then declined for the remainder of the period,

settling on March 14 at ₹41,000 per candy (80.45 US cents per lb), down by ₹400 per candy overall. Prices for Punjab J-34 followed a similar pattern and were quoted on March 14 at ₹4,160 per maund (77.80 US cents per lb), lower by ₹93 per maund on the week.

In line with the physical market, prices for the active contracts on the MCX futures platform rose in the early part of the period under review before changing direction on Monday

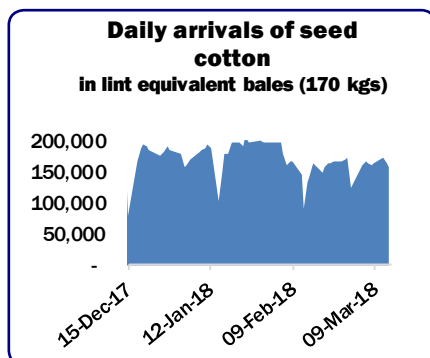


and moving lower for the rest of the week. The lead March contract closed on March 14 at ₹20,510 per bale (₹42,905 per candy), down by ₹200 per bale (₹418 per candy) overall. At the prevailing exchange rate, the equivalent value was 84.25 US cents per lb. Total turnover this week was 431,400 bales.



Arrivals

The Cotton Association of India has released an estimate of cotton arrivals to February 28 of 24.71 million bales. This would suggest that 68 percent of the total projected crop for this season has now come to market. Private estimates of daily seed cotton arrivals have averaged just below 165,000 lint equivalent bales during the week.



International trade

Raw cotton exports during December amounted to 174,676 tonnes, according to data from the Ministry of Commerce. This figure is almost double the total recorded in

November. The three most important destinations were Bangladesh (72,688 tonnes), Vietnam (48,852) and China (25,552). The cumulative total for the first five months of the statistical season amounted to 307,034 tonnes, about five percent lower than the corresponding figure for the year before. Details by country of destination are shown in the accompanying table.

India: cotton exports		
	in tonnes	
	2016/17	2017/18
	Aug/Dec	
World	323,374	307,034
Bangladesh	123,688	143,281
Vietnam	44,122	71,357
China	103,465	47,146
Indonesia	21,090	23,828
Thailand	6,166	3,914
Taiwan	3,420	3,427
Pakistan	10,690	3,231
Malaysia	2,783	2,959
Mauritius	343	1,921
Bahrain	1,168	1,821
Italy	0	1,045
Turkey	3,095	958
Portugal	475	788
Korea South	345	482
Others	2,524	878

Data source: Ministry of Commerce

Meanwhile, the figure for imports of raw cotton to India in December was 10,167 tonnes, up from 7,949 tonnes in November, but less than the 18,530 imported during December 2016. Australia, Egypt and the US were the most important suppliers.

India: cotton imports		
	In tonnes	
	2016/17	2017/18
	Aug/Dec	
World	325,734	178,012
United States	66,984	66,936
Australia	139,569	54,526
Burkina Faso	2,805	11,252
Cameroon	9,726	9,319
Benin	4,515	8,452
Egypt	9,608	5,871
Mali	17,078	4,637
Brazil	6,933	2,645
Tanzania	9,742	2,238
Cote d'Ivoire	6,228	1,644
Chad	3,900	1,240
Israel	1,826	1,141
Uganda	2,524	1,071
South Africa	1,096	961
Zambia	5,289	899
Greece	8,599	874
Turkmenistan	6,393	872
Others	22,919	3,434

The cumulative figure for imports during the first five months of the international cotton season (commencing August 1, 2017) thus amounted to 178,012 tonnes, compared with 325,734 during the corresponding timeframe a year earlier. By country, cotton from the US accounted for 38 percent of this season's figure so far (against 21 percent a year earlier), Australia for 31 percent (43) and the African Franc Zone for 21 percent (14).

Exports of cotton yarn (5205: containing 85 percent or more by weight of cotton, not put up for retail sale) during December totalled 115,075 tonnes, a third less than the comparable figure a year earlier. China took 38 percent of the total, Bangladesh 17 percent, and Pakistan 9 percent.

During the August/December period, exports of cotton yarn amounted to 501,781 tonnes, representing a year-on-year gain for the first five months of the statistical season of 1.5 percent. Detailed figures are shown in the accompanying table.

India: cotton yarn exports		
	in tonnes	
	2016/17	2017/18
	Aug/Dec	
World	494,323	501,781
China	221,756	187,953
Bangladesh	66,835	72,815
Pakistan	22,684	36,683
Egypt	13,810	25,290
Portugal	16,315	21,011
Peru	11,928	18,266
Korea South	14,704	14,497
Vietnam	7,705	9,792
Hong Kong	13,175	8,573
Turkey	4,438	8,331
Colombia	8,382	7,610
Sri Lanka	8,158	7,589
Italy	5,100	5,805
Others	79,333	77,566

Price cut announced for Bt seeds

As widely predicted last week, the Indian agricultural ministry has lowered the price of Bollgard II® seeds from ₹800 per 450g packet to ₹740. The new price represents a ₹10 (or 20 percent) cut in the royalty fee payable to Mahyco Monsanto Biotech. A similar, albeit more aggressive reduction in 2016 triggered a long-running and still not fully resolved dispute between the Indian government and the agri-technology company.

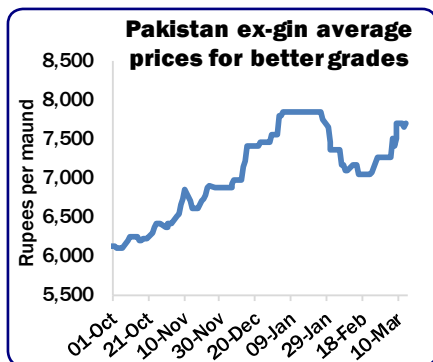
PAKISTAN

Water shortages hinder early planting

This season's seed cotton arrivals from growers' holdings have all but ceased and most ginning factories have thus suspended their operations. Trade attention has continued to centre on new crop planting prospects, which, according to local observers, remain positive at this early stage. However, early planting is progressing slowly due to water shortages in Lower Sindh. In Punjab, the provincial government has placed a ban on planting before next month.

Domestic cotton asking rates remain firm

During the week under review, stable conditions have prevailed in the domestic market. Despite the recent weakness in ICE futures, most of the available local stocks have remained in tight hands. However, mills have generally resisted paying recent prices and apart from some very modest hand-to-mouth buying from a few mills, most spinners have remained on the sidelines.



On March 14, desirable quality supplies were commanding between Rs. 7,500 and Rs. 7,900 per maund (at the prevailing exchange rate, roughly 82.50/86.90 US cents per lb), ex-gin, up Rs. 300 compared with last week.

On the same date, the KCA's official spot rate for Grade III, 1-1/16" staple, Micronaire 3.8/4.9 NCL, from the 2017/18 crop was established as Rs. 7,600 per maund, ex-gin (Rs. 500 higher on the week).

Given the slow start to planting, ginners are hopeful of disposing of their remaining stocks before the new crop begins to arrive. However, competitively priced Indian offers have continued to circulate this past



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week and many spinners have concluded that domestic cotton prices are pitched above import parity levels. Moreover, mills are reluctant to add to inventories at current price levels.

Import demand focused on Indian

Mill enquiry for imported growths has remained modest over the last few days. Recent Indian offering levels have attracted more buying interest, but the volume of business has failed to pick up significantly as most mills are relatively well covered for this season. Reported business (of fairly modest proportions) has involved Shankar-6 (29 mm staple, strength 29 gpt) traded at between 83.00/84.00 cents per lb, CFR Karachi, as well as some lots with lower specifications that have found buyers at discounted prices. A few mills have shown some interest in US 'recaps' but demand has been minimal.

Fine count spinners have covered some more parcels of Indian DCH-32 at around 105.00/107.00 and some small quantities of Turkmen ELS.

Yarn and textiles

Stable conditions have prevailed in the yarn and textiles market. Domestic yarn demand has continued to be moderate and spinners have reported average yarn off-take from local weavers and knitters. Textile manufacturers have continued to re-

sist paying higher prices to spinners and have thus tended to buy against only their more urgent requirements. Spinners have remained tight sellers on the back of firm cotton replacement costs.

Export yarn demand has failed to pick up. However, many of the mills are attending this week's yarn fair in Shanghai and hope to return with some positive results. For the fourth week, despite higher cotton replacement costs, the general range of export asking rates for 20/21s carded yarn has been held unchanged in US dollar terms, at around US\$420/445 per 400 lb bale, FOB, while those for 30/32s carded yarn are also maintained at around \$490/515.

Polyester staple prices have remained unchanged, quoted in the range of Rs. 154/156 per kilo.



BANGLADESH

During the week under review, spinners have been mainly focused on offers of Indian, African Franc Zone, Central Asian, Brazilian and Australian, for shipment from April onwards. For requirements further forward, several buyers have been looking at African Franc Zone and Brazilian. Most mills have covered their major requirements up to June/July of this year. However, due to higher futures and shippers' asking prices, some buyers have concentrated on local stocks. For the same reason, hand-to-mouth buyers are facing problems procuring cotton. Many 'on-call' contracts remain unfixed on May and July ICE futures.

Recent confirmed upland business has included Togo Type ALTO/s, 1-1/8", Micronaire 3.7/4.9 NCL, 29 GPT minimum, booked at 94.00 cents per lb, shipment afloat; and Sudan SM, 1-1/16" to 1-3/32", Micronaire 3.5/4.9 NCL, 26/27 GPT minimum, secured at 64.00 euros per lb, for shipment March/April. Further forward, business has been reported for Brazilian 2018 crop Middling, 1-1/8", Micronaire 3.7/4.9 NCL, 29 GPT minimum, based 'on-call' at 695 cent points 'on' July ICE futures, for shipment September/October; and Benin type KABA/s, 1-1/8", Micronaire 3.7/4.9 NCL, 29 GPT minimum, at 1,200 points 'on' March 2019 futures, for shipment during the first quarter of 2019.


This week's ex-warehouse asking prices in Narangonj have once again presented a generally firm appearance. Offering rates for Indian Shankar-6, 1-1/8" have increased significantly to 94.00/95.00 cents per lb, and those for MCU-5, 30/31 mm have been raised by 500 points to 95.00/96.00 cents. Consigned stocks of African Franc Zone 's' grades, staple 1-1/8" are quoted unchanged at 97.00/98.00 cents per lb, and asking prices for Australian top grades, 1-5/32" have seen another sizeable increase in sellers' price ideas to around 110.00 cents per lb.

Yarn and textiles

Typical offering rates for carded cotton 30s yarn have been maintained and the range is currently around US\$3.30/3.40 per kilo. Spinners are reported to be unhappy with the inflexibility of the yarn price as raw material prices have increased.

February's ready-made garment exports

According to the Export Promotion Bureau (EPB), total export earnings (all goods) during the first eight months of this



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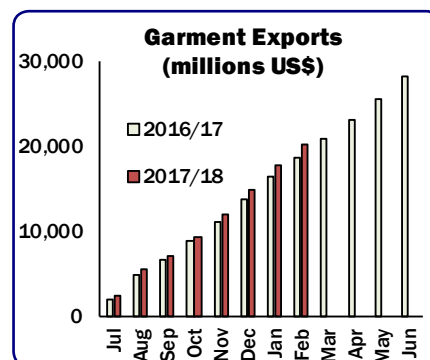


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fiscal year grew by 7.38 percent to US\$24.39 billion, compared with US\$22.71 billion in the same period of the last 2016/17 fiscal year.

Of these exports, garment export returns during February once again exceeded the amount recorded a year earlier. Earnings during the month rose, year-on-year, by nearly 17 percent to US\$2,061 million; a significant increase on the 6.6 percent rise recorded in January. The total for garments during the July/February period was US\$20.256 billion, up 8.7 percent from a year ago. Woven garment exports amounted to US\$10,130 million (rounded) for the eight-month period, an increase of nearly 6 percent. Furthermore, woven

apparel has now overtaken the knitwear sector, the revenue from which rose by 11.50 percent, year-on-year, to over US\$10.126 billion. Woven and knitwear items earnings have exceeded their targets by 3.37 percent and 3.05 percent, respectively.



CHINA

State Reserve auctions

Bidding began in active fashion during the first few days of the auction series; however, the daily transaction rate has declined steadily since Monday. Daily volumes offered have been in the region of 30,000 tonnes, with the transaction rate starting the period at almost 94 percent of the total, and declining to 79 percent by March 15, owing largely to the lower proportion of Xinjiang lint offered daily. Xinjiang cotton accounts for around 50 percent of the total volume held in government hands, and has attracted more attention than lots produced in the 'mainland'. The Xinjiang volume on offer has sold out in every session so far.

The base price for sales during the first week of the auction is 15,118 yuan per tonne (the comparable figure during the same week a year ago was 15,358 yuan). The base price during each week of the auction series will be calculated with reference to the average of two domestic price indices and the Cotlook A Index over the five-day period preceding said week. That calculation, using the first four days of this week, implies a price of 15,124 yuan per tonne.

Some traders have offered their procured lots for immediate resale in the market, at a premium of 300/500 yuan per tonne. Prices in the spot market have been firm lately; handpicked Type 3129 Xinjiang cotton is quoted at 15,800/15,900 yuan per tonne.

BCO survey

A survey conducted by *Beijing Cotton Outlook* (BCO) prior to the start of the auction series indicated that over two thirds of respondents (68 percent) believed that, during the early stages of the process, competition amongst buyers to secure lots would be 'normal', whereas 22 percent anticipated that competition would be 'intense'. Some 37 percent of those surveyed expect that the volume sold during March will amount to 300,000/400,000 tonnes, while 21 percent expect turnover of 400,000/500,000 tonnes. Over half of those canvassed foresee that 2,000,000/2,500,000 tonnes will have been bought at auction by the end of August, and a similar proportion

predicts that average bids will be 500/800 yuan per tonne over the base price.

A private industry meeting held this week in Shanghai posited that more than three million tonnes of cotton would be sold via this year's auctions, implying that stocks in government hands would be at less than three million tonnes by the end of the series.

Supply and demand

In its March review of China's prospective supply and demand in the 2018/19 season (September/August), BCO has left production and imports unchanged from the previous forecast, at 5,370,000 and 1,400,000 tonnes, respectively. However, owing to lower opening stocks, total supply has been decreased by 40,000, to 12,770,000 tonnes. Consumption in 2018/19 has been raised sharply, by 240,000, to 8,900,000 tonnes, since domestic textile capacity has been expanding, and that trend is expected to continue during the season ahead. As a result, the forecast for stocks at the end of the 2018/19 season has been lowered by 280,000, to 3,870,000 tonnes.

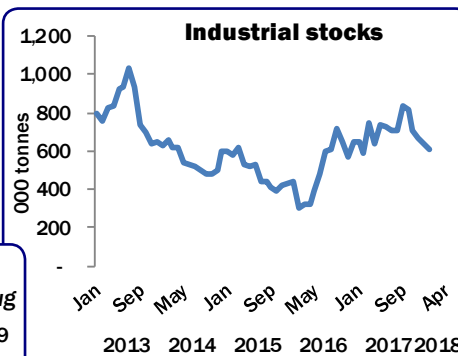
As for 2017/18, the season is forecast to end with stocks of around

6,000,000 tonnes, 40,000 less than the previous estimate, owing to an increase in consumption in Xinjiang (other figures are unaltered on the month).

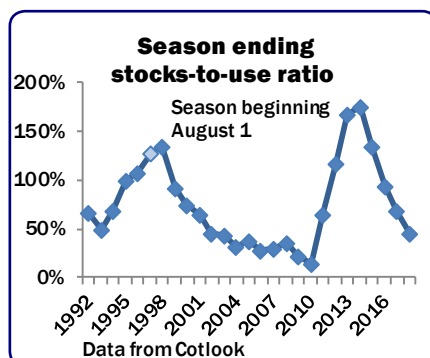
The accompanying chart uses Cotlook's current forecast for the international cotton season, which differs only slightly from BCO's figures. It demonstrates that by the end of the 2018/19 season, stocks in China seem likely to be close to the level prevailing during the early years of this century, prior to the global financial crisis, the commodity price spike and the subsequent stock accumulation policy.

Mill stocks

BCO's latest survey of mills' raw cotton inventories shows a modest decline during February from one month earlier, to 610,800 tonnes (down 28,100). The figure in February 2017 was 592,100 tonnes. Of the spinners that responded to the



Supply and Demand (in thou tonnes)				
Based on Chinese season from Sep thru Aug				
	Mar'18	16/17	17/18	18/19
Beginning Stocks	10,420	7,860	6,000	6,000
Production	4,690	5,740	5,370	5,370
Imports	1,110	1,100	1,400	1,400
Total Supply	16,220	14,700	12,770	12,770
Consumption	7,900	8,700	8,900	8,900
Non-mill use	450	450	450	450
Exports	10	10	10	10
Total Demand	8,360	8,700	8,900	8,900
Ending Stocks	7,860	6,000	3,870	3,870
Source: Beijing Cotton Outlook (cottonchina)				
Net changes in stocks	-2,560	-1,860	-2,130	



survey, 78 percent had decreased their holdings (27 percentage points more than in the previous month). Only one percent had increased their holdings (down 11 percentage points), the reduced activity being due to the New Year holidays. Cotton yarn inventories were sufficient to meet 26 days of requirements (2.5 days more than in January). Nearly half of the respondents (49 percent) were optimistic about future prospects (up 40 percentage points from the previous survey), while two percent expressed a pessimistic view (down 37 percentage points).

Xinjiang report

Planting costs increase

Latest survey results from the Xinjiang Uygur Autonomous Regional Development and Reform Commission show that the costs and returns associated with cotton production increased by less than ten

percent during 2017.

With the recovery of temperatures in Xinjiang, local growers have started planting preparations for the new season. Agricultural materials have increased sharply in price (some rose by 500/700 yuan per tonne from a year earlier), which will affect growers' planting costs this year. The first batch of planting subsidies has been released but the remainder may be delayed due to fiscal considerations.

Pressing

By March 14, a total of 4,996,808 tonnes of current crop lint had been pressed in Xinjiang, consisting of 3,492,165 tonnes from the local cooperative system, and 1,504,642 from the PCC (army group). The volume in the 'mainland' is under-recorded but was given as 226,729 tonnes.

The amount inspected nationwide, according to CNCE data, represented

Crop data as at March 14, 2018		
	National	Xinjiang
Lint forecast	5,740,000	5,050,000
Lint pressed*	5,223,537	4,996,808
%age of forecast	91.00%	98.95%
Lint inspected*	5,195,766	4,945,070
%age of forecast	90.52%	97.92%

*National totals under-record figures for 'mainland'

5,195,766 tonnes, including 4,945,070 tonnes from Xinjiang.

Road transport

Latest data from the China National Cotton Exchange (CNCE) show that 48,900 tonnes of Xinjiang cotton were transported by road to 'mainland' warehouses last week, 35,700 tonnes more than in the previous week, but 17,800 tonnes less than during the same week last year. The bulk (29,600) was destined for three eastern destinations: Shandong (31 percent), Henan (29 percent), and Hubei (nine percent).

Long staple prices

Prices for Xinjiang long staple lint have generally been maintained during the past week, though Type 136 has increased by 100 yuan, to 24,800 yuan per tonne. The benchmark value of Type 137 is quoted at 25,200 yuan per tonne, equivalent to 180.6 US cents per lb.

Hebei: cultivated area declines sharply

Planted area in Hebei has declined noticeably from the 9,575,000 mu (638,333 ha) witnessed in 2008, to 3,293,000 mu (219,533 ha) in 2017. Seed cotton is quoted in the region at 6.4 yuan per kilo, and high-grade lint produced from the PCC is firmly priced, at 16,500/16,600 yuan per tonne, ex-local warehouses.

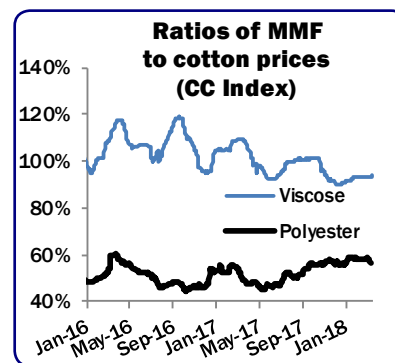
Market prices

Prices on the Zhengzhou cotton futures market have advanced in all traded contracts this week. The most active May delivery gained 170 yuan, to settle at 14,995 yuan per tonne.

Prices on the China National Cotton Exchange have moved lower across the board, with the exception

on the week, ending on March 15 at 15,712 yuan per tonne, compared with 15,711 a week earlier.

For man-made fibres, the rate quoted for polyester staple ended the



period 150 yuan lower, at 8,875 yuan per tonne (equivalent to 56.5 percent of the CC Index). That for viscose settled 150 yuan higher, at 14,800 (94.2 percent).

Foreign trade

Latest customs data show that China's textile and apparel exports during February were valued at US\$20.343 billion (up 85.3 percent, year-on-year), to which textile yarns, fabrics and products contributed \$8.918 billion (up 94.4 percent), while clothing and accessories accounted for \$11.425 billion (up 78.8 percent).

CPI up in February

According to data from the National Bureau of Statistics, the Consumer Price Index (CPI) rose 2.9 percent year-on-year in February, up from 1.5 percent for January. Meanwhile, the Producer Price Index (PPI), which measures the cost of goods at the factory gate, rose 3.7 percent year-on-year in February, down from an increase of 4.3 percent in January.

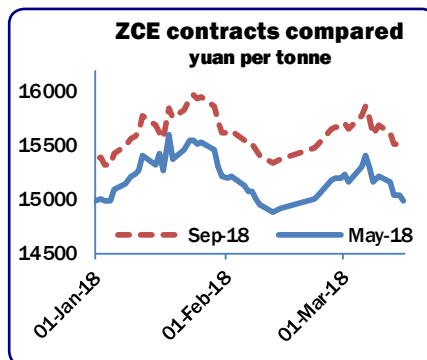
PMI declines

According to BCO, the Purchasing Managers' Index for the cotton textiles sector decreased in February, by 2.2 percentage points, to 44.36, reflecting a sluggish trend in the textile market during the month, which was mainly attributable to the Lunar New Year holidays. The figure indicates contraction rather than expansion. New orders, production, operating rates and cotton inventories all decreased modestly, while cotton yarn inventories increased. However,

Zhengzhou Cotton Futures

	Settlement			Volume* number of contracts	Open Interest 15-Mar
	08-Mar	15-Mar	Chng		
May	15,165	14,995	+170	674,698	222,460
Jly	15,310	15,190	+120	58	248
Sep	15,635	15,485	+150	282,516	156,404
Nov	15,970	15,780	+190	42	24
Jan	16,050	15,865	+185	36,324	47,374
Mar	-	15,905	-	-	-
				993,638	426,510

*Counting both the sale and the purchase.



of the expiring March contract. Weekly turnover has declined.

The China Cotton Index (basis Type 3128B) is virtually unchanged

CNCE

15 March 2018

Delivery	Turnover in tonnes	Average price in yuan per tonne	Chng on week	US cents per lb equiv.
Type 328 (domestic 'MA')				
MAR18	0	14,978	+0	107.34
APR18	880	14,802	-142	106.08
MAY18	310	14,946	-63	107.11
JUN18	1,610	14,919	-165	106.92
JUL18	1,940	14,991	-192	107.43
AUG18	830	15,047	-184	107.83
Total	27,390			

International Prices

Data as at 15 March, 2018	Approximate delivered mill value		
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	inc. 40 percent duty & 11 percent VAT
Cotlook A Index	13,389	14,966	20,235
US SJV SM	13,796	15,422	20,867
Texas SM	13,620	15,225	20,594
Uzbek SM	14,322	16,011	21,684
Australia SM	14,251	15,933	21,575
Burkina Faso BOLA/s	13,831	15,461	20,921
India Shankar-6	12,779	14,282	19,287
Benin KABA/s	13,901	15,540	21,030
Cameroon IRMA/s	13,901	15,540	21,030
Cameroon			
PLEBE 1-5/32"	14,111	15,776	21,357
Ivory Coast MANBO/s	13,831	15,461	20,921
Mali JULI/s	13,971	15,618	21,139
US Pima Grade 2	23,647	26,466	36,176
China domestic prices yuan/tonne	chg on week	cents/lb	
CC Index	15,712	1	112.60
CNCE MAR	14,802	-142	106.08
ZCE MAY	14,995	-170	107.46
Xinjiang Type 137	25,200	Unch	180.59
Xinjiang Type 237	24,600	Unch	176.29
State Reserve calculation	yuan/tonne	cents/lb	
Base Price week ending 16 Mar	15,118	108.34	
Running average week to date	15,124	108.38	
	yuan/tonne	chg on week	cents/kilo
polyester	8,875	-150	140.22
viscose	14,800	150	233.83
	Yuan/kilo		cents/lb
32s carded yarn	22,950	Unch	363.03
40s combed yarn	24,500	Unch	387.55
Monthly yuan/dollar customs exchange rate			6.3294
Actual Rate (Mar 15)			6.3218

a more optimistic tone has been evident since the return of the market from holiday breaks.

Roughly 24 percent of the respondents complained of increased cotton prices (Type 3128 in Xinjiang), which was 22 percentage points less than in the previous month; 22 percent of spinners reported decreases (down 28 percent).

Port cotton yarn stocks

By March 12, yarn stocks at ports were estimated at around 75,000 tonnes, 11,000 less than during the previous month. The total comprised 35,000 tonnes in the Pearl River Delta (surrounding regions of Guangzhou), 30,000 in the Yangtze River Valley (around Shanghai), 7,000 tonnes in the Circum-Bohai Sea Region (North China) and 3,000 in other regions.

Shanghai yarn expo

A total of 435 exhibitors from over ten countries

have participated in this year's Yarn Expo, which opened to the public yesterday in Shanghai. This is the ninth consecutive year of expansion in the number of exhibitors for the Spring Edition. This year, the event has attracted attention from some companies in Xinjiang, where yarn production capacity has been increasing rapidly.

The three-day Expo will display a full spectrum of fabrics and accessories across all price and quality points, and is described as an efficient and effective way to discover new suppliers and make purchasing decisions.

2018 CNCE meeting

The main topic at the 2018 CNCE cotton industry meeting, which was held last weekend, was how to ensure the smooth transition from full-speed development in the textiles industry to a focus on more high-quality development. Zou Tianjing, Vice Director of the China Co-ops, noted four main aspects of development: perfection of macro-control

mechanisms; target price reform and industrial structure optimisation; innovative development concepts and business models; and synergetic development in the whole industrial chain.

The Chairman of CNCE noted that the enhancement of competitiveness will be the main orientation of agricultural policy. Speakers from the National Development and Reform Commission, Development Research Centre of the State Council and China Fibre Inspection Bureau were confident about the nation's economic prospects in 2018.

General Secretary of the China Cotton Association Wang Jianhong indicated that lint output has increased noticeably in China and the rest of the world during 2017/18, and suggested that the oversupply will continue in the new season, despite improving global consumption.

Ye Jianchun, from the China Cotton Textile Association, gave an optimistic review of domestic industrial development in 2017 and said that the industry will remain stable this year. However, exchange rate fluctuations, State Reserve sales and competition from chemical fibres are factors that may affect its development. In the subsequent forum session, most participants were bullish about domestic cotton prices during the rest of the season.



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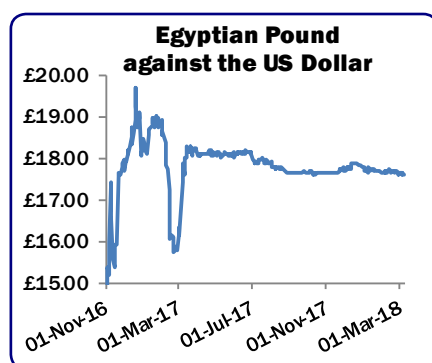
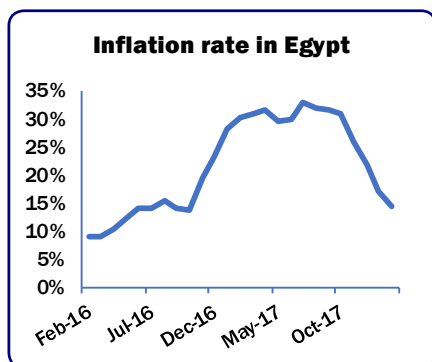
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EGYPT

Inflation rose year-on-year by 14.4 percent in February, which was the lowest monthly rate since October 2016. The Central Bank has cut deposit and lending interest rates for the first time in fifteen months. In setting budgets for the 2018/19 fiscal year, which begins on July 1, the government has assumed an exchange rate of E£17.5 to the US dollar, versus the £16 used in 2017/18.



Cotton trading

The export market for raw cotton has lacked feature. Export registrations have been running slowly. The figure recorded for the week ended March 10 by *Alcotexa* (the exporters' association) was merely 389.5 tonnes. The main items were Giza 86 (125 tonnes at 140.00 US cents per lb FOB, 100 tonnes at 144.00 cents) and Giza 94 (150 tonnes at 140.00 cents). The small balance comprised 10.5 tonnes of Giza 87 at 300.00 cents and four tonnes of Giza 45 at 500.00 cents.

The running total of commitments made for shipment this season now stands at 49,314.53 tonnes. Of that amount, 31,215.23 tonnes have been shipped.

On the import front, mills continue to buy sparingly, owing to financial constraints. An increase in asking rates for Sudanese cotton is anticipated, given the strength of prices for competing styles.

2018/19 crop floor prices

The Minister of Agriculture and Land Reclamation reports that the Cabinet has approved floor prices for seed cotton for the forthcoming season of E£2,500 per kantar (equivalent to around 40.00 US cents per lb at the current exchange rate) in Upper Egypt and E£2,700 (44.00 cents) in the Delta. The government's ambition is for 550,000 feddan (virtually acres) to be put under cotton

this year, versus 216,000/217,000 in 2017. Observers maintain that insufficient seed is available to reach an area of the magnitude desired by government.

2017/18 crop data

The Cotton Arbitration and Testing General Organisation (CATGO) reports that, by March 4, 1,182,680 seed cotton kantars from the 2017/18 crop had been inspected, versus 640,952 by the same date in the preceding season. Giza 94 accounted for 48.21 percent of the total and Giza 86 for a further 34.54 percent. CATGO data show the quantity of lint pressed as 1,353,895 metric cantars (67,695 tonnes), comprising 1,287,925 (64,396) of long staples, 43,472 (2,174) of extra-long and a small balance of 'others' (including Scarto).

Yarn and textiles

High prices for imported cotton yarn are attracting complaints. Lack of competition is noted among local traders.

Exports of clothing in January were 13 percent up on the year in value terms, at US\$117.1 million, according to a statement by Mr. Mohamed El Saiuaad, Chairman of the Readymade Garment Export Council. Earnings from exports to the United States declined by five percent whereas those to the European Union and other African countries showed noteworthy gains.

FAR EASTERN MARKETS

During the past week, business activity has again been slow, influenced by the high level of shippers' asking prices. However, in selected markets in the region, some US, including lower grade discounted parcels, has moved off for nearby and second-quarter shipment. So too have quantities of Brazilian for shipment from March through to the end of the third quarter. There has been little mention of spinners buying supplies for shipment beyond the third quarter.

Spinners have described the yarn market as difficult and not reflective of current cotton



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On October 4th and 5th 2018, world cotton leaders will gather together in Monte Carlo (Principality of Monaco).

Registration will start on Thursday October 4th in Hotel Méridien Beach Plaza, 22 avenue Princesse Grace. In the evening all guests are invited for a welcome drink.

On Friday October 5th the French Cotton Association (AFCOT) will be holding jointly with the African Cotton Association (ACA) its annual conference followed by a networking lunch and the traditional AFCOT gala dinner.

Join us and be part of this conference and dinner!
For more information, or to register, please contact the AFCOT's secretariat at: info@afcot.org
The complete programme will be soon released on our web site at www.afcot.org

Places are limited due to venue capacity and early booking is recommended.

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replacement costs, thus they have been reluctant to add to inventory beyond their confirmed requirements. Local reports are yet to mention any significant purchases of Indian, while Australian is thought to be too expensive to attract much buying interest.

During the past week in **Taiwan**, CFR business has included a couple of modest purchases of Brazilian Middling light spotted, 1-1/8", G-5, 30 GPT minimum, and Middling spotted, very light tinged, 1-1/8", G-5, 29 GPT minimum, procured at 85.00 and 78.50 cents per lb, respectively, both for shipment March/April. In addition, 1,300 tonnes of US Eastern/M/O/T 'recap', G-5 have moved off at 315 US cent points 'on' May and July ICE futures, for shipment April/May/June; and 1,000 tonnes of US Memphis/

Eastern, 21/41-36, 'recap' have been sold at 1,100 points 'on' July futures, for shipment March/April.

For Taiwanese-owned operations in Lesotho, 375 tonnes of Zambian Middling light spotted, 1-3/32", G-5, 28 GPT minimum, have moved off at 93.50 cents, as well as 33 tonnes of RSA 'recap', G-5, at 88.00 cents, both for shipment May, CIP Lesotho.

Recent purchases in **Indonesia** have involved around 5,000 tonnes of supplies, consisting of some Brazilian Middling, 1-1/8", G-5 that has changed hands at around 91.00 cents per lb, for shipment April; Ivory Coast Type MANBO/s, 1-1/8", G-5, booked at one cent more, for shipment nearby; and Indian equal to SLM staple, 28/29 mm, G-5, at prices between 78.50/80.00 for shipment March/April.

During the week ended March 9 in **Japan**, the cotton market was once again very quiet and little business was witnessed. Mills maintained a wait-and-see attitude towards buying, in the hope that futures prices might decline. Total estimated volume was less than 1,000 bales.

A couple of mills in South Korea bought about 2,000 tonnes of US styles and 1,000 tonnes of Brazilian, for shipment during the second and third quarters of this year, for use in their local and overseas operations.

In **Thailand**, the demand for nearby shipments has been less active due to high May and July ICE futures levels. Nevertheless, small quantities of US 2017/18 crop have changed hands for third-quarter shipment.

UNITED STATES

USDA decreases forecast of US production to 21.03 million bales

Washington released its latest supply and demand reports on March 8 and made a downward revision to US cotton output for 2017/18, predicting 21.03 million bales, against 21.26 million bales in the February estimates. USDA attributed the lower expected production number to findings published in the March Cotton Ginnings report, which was also released on March 8. Domestic mill use was unchanged at 3.35 million bales, while export figures were raised to 14.8 million (compared with 14.5 million last month) and ending stocks were decreased to 5.5 million bales (versus 6.0 million the previous month). "The projected range for the marketing year average price received by producers of 68.0 to 70.0 cents per pound is narrowed 1 cent on each end, from last month," USDA said.

USDA's estimate of world production was increased marginally to 121.94 million; this change includes revisions to estimates for Sudan dating back to 2013/14, along with higher area in Australia. World consumption has also been raised modestly to 120.79 million bales versus last month's 120.50. "World consumption is raised slightly, while world trade is forecast 600,000 bales

(in million 480-lb bales)	2016/17 Mar.	2017/18 Proj. Feb.	2017/18 Proj. Mar.
Beginning Stocks	3.80	2.75	2.75
Production	17.17	21.26	21.03
Domestic Use	3.25	3.35	3.35
Total Exports	14.92	14.50	14.80
Ending Stocks	2.75	6.00	5.50

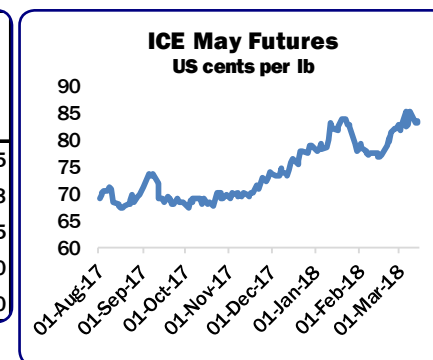
higher, as expected imports by Turkey, Bangladesh, China and Vietnam more than offset a decline for Taiwan," USDA said. World ending stocks are now forecast at 88.85 million bales, higher than last month's 88.55 million.

(in million 480-lb bales)	2016/17 Mar.	2017/18 Proj. Feb.	2017/18 Proj. Mar.
Beginning Stocks	95.32	87.66	87.70
Production	106.80	121.37	121.94
Consumption	114.81	120.50	120.79
Trade	37.33	38.22	38.83
Ending Stocks	87.70	88.55	88.85
China ending stocks	48.42	40.87	40.97
ROW ending stocks	39.28	47.68	47.88

The next cotton report of note will be USDA's US Prospective Plantings Report, due out on March 29. The next day, March 30, is a US holiday and ICE cotton futures will be closed.

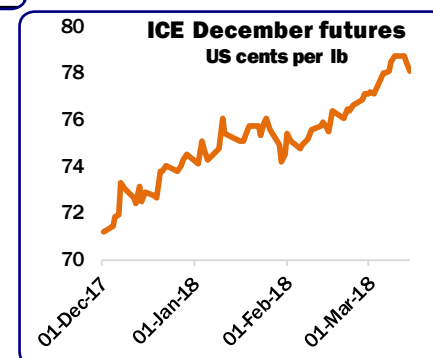
ICE No. 2 cotton trades mixed

Nearby cotton futures traded mixed this week but remained near



the top of their ranges, even reaching new contract high settlements at the start of the reporting period.

After the release of USDA's supply and demand report on March 8, the May '18 contract settled on sharp gains (+226) and at a new contract high settlement of 85.12 cents/lb. Over the next three sessions, the spot month met resistance and settled on negative ground with losses amounting to 214 points, erasing nearly all of the gains made on March 8. By March 14, trading was mixed as the nearby May contract struggled to find direction.



ICE No. 2 Cotton Futures

(in cents per lb)

No. 2:

	14-Mar	07-Mar	Change
May-18	83.44	82.86	0.58
Jly-18	83.20	82.55	0.65
Oct-18	79.20	78.85	0.35
Dec-18	78.02	78.05	-0.03
Mar-19	78.20	78.11	0.09
May-19	78.20	77.94	0.26
Jly-19	78.28	77.66	0.62
Oct-19	75.68	75.33	0.35
Dec-19	73.23	72.56	0.67
Mar-20	73.48	72.92	0.56

Certificated stock as of Mar. 13 totaled

82,725 bales.

Chicago Futures

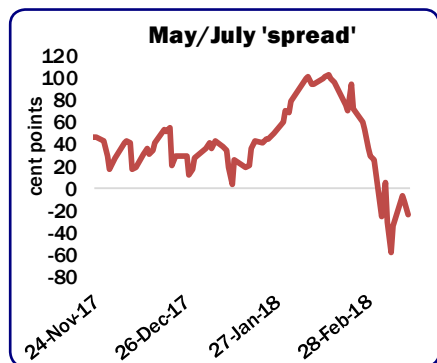
(in cents per bushel)

	14-Mar	07-Mar	Change
Soybeans			
Mar-18	1028.50	1055.00	-26.50
May-18	1032.25	1065.25	-33.00
July-18	1043.00	1074.00	-31.00
Wheat			
Mar-18	495.75	493.00	2.75
May-18	488.75	497.25	-8.50
July-18	506.25	513.00	-6.75
Corn			
Mar-18	383.50	379.25	4.25
May-18	388.75	387.25	1.50
July-18	396.75	394.50	2.25

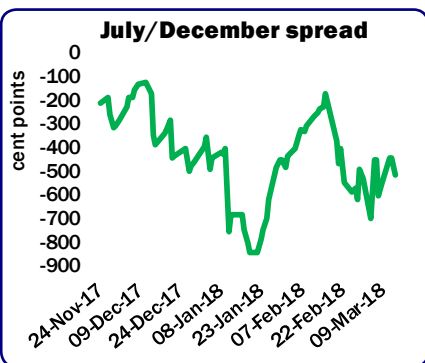
Buying late in the day lifted the most active contract higher to settle the reporting period at 83.44 cents/lb (+44). For the week, the May '18 contract gained 58 points and traded in a 351-point range between 82.04 to 85.55 cents/lb.

The December '18 contract was nearly unchanged on the week (losing only 3 points), having gained momentum in the first two sessions, and then following with an unchanged settlement and two lower settlements to end the reporting period at 78.02 cents/lb (-41). The early upward momentum moved the new crop contract to a contract high settlement of 78.72 cents/lb on March 9.

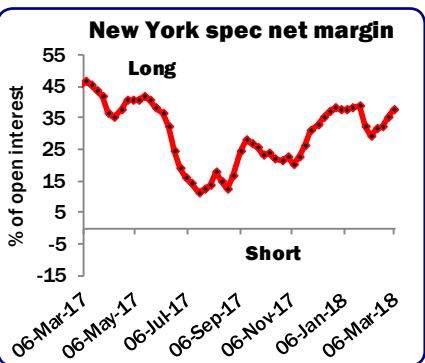
On March 14, the May/July spread settled at a 24-point May premium while the July/December spread settled at a 518-point July premium.



Through March 6, the speculative net long position increased to 37.7 percent of the total open interest (270,288 as of report date), according

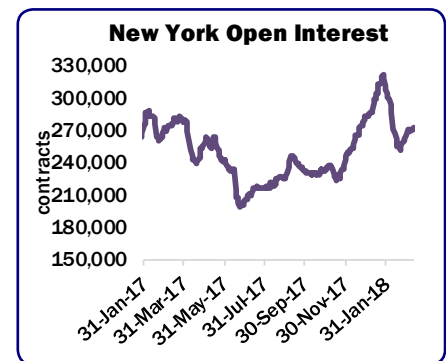


to the CFTC Commitments of Traders report, compared with 35.4 percent in the previous report. Speculators added 8,865 longs and reduced shorts by 1,134 holdings. Commercial traders had increased their net short position to 40.8 percent of the total open interest in the same period, compared with 38.0 percent in the previous report.

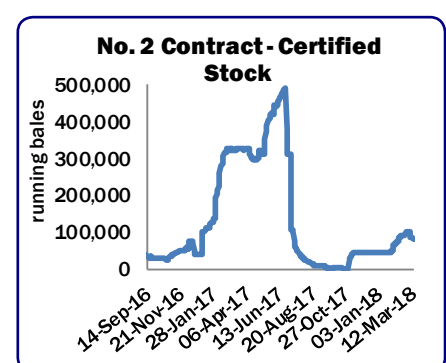


As of March 13, total open interest was reported at 272,225 contracts. For the week, interest in the May '18 contract declined to 125,854 contracts, while interest in the

December '18 contract increased to 70,923.



Certificated stocks decreased slightly during the period as decertifications picked up this week. ICE last reported certificated stocks at 82,725 bales compared with last week's 93,613. As of March 13, there were 14,237 bales in both certificated stocks and the CCC loan.



Volume was relatively robust this week, although it tapered off from last week: an estimated 166,805 contracts changed hands during the week ended March 14.

American Cotton Shippers Association

International Cotton Institute
June 11 - July 19, 2018

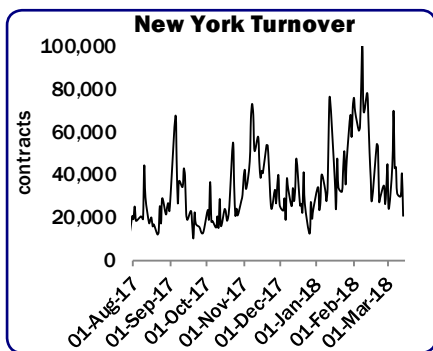
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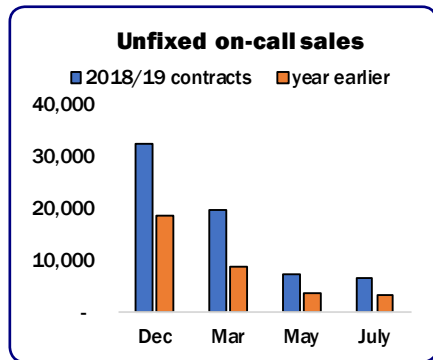
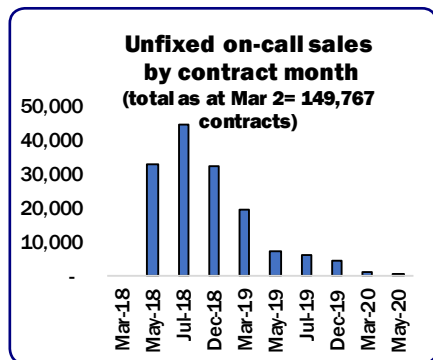
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US UPLAND AND PIMA STATISTICS



Unfixed on-call sales increase

For the week ended March 2, the CFTC On-Call Cotton report showed an increase of on-call sales. Total on-call sales were reported at 149,767 contracts, an increase of 7,943 contracts on the week and nearly double the figure from a year ago. May unfixed on-call sales were down 650 contracts to 32,991 while July and December unfixed on-call sales were up 1,825 and 2,799 contracts, respectively, to 44,678 and 32,324.



Spot markets

Spot market sales totaled 38,066 bales in the week ended March 14, with the majority being Texas/Oklahoma growths. The season's running total increased to 1,629,206 bales. Basis levels have been unchanged of late.

Sales on *The Seam's* grower exchange totaled 25,266 bales at an average price of 73.26 cents per pound. Business sales increased by 10,753 bales at an average selling price of 75.36 cents per pound.

LOAN STATISTICS

CCC Data as of February 28, 2018 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
17/18	9,423,194	5,935,851	0	3,487,343
16/17	<u>9,372,917</u>	<u>9,372,752</u>	<u>16</u>	<u>149</u>
Totals	18,796,111	15,308,603	16	3,487,492
Last period's total (Feb. 26)				3,577,492

*Including 297,647 bales held by individuals and 3,189,845 by cooperatives

Details by state for 2016/17 crop and 2017/18 crop upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	2017/18	2016/17
N. Carolina	129,014	-
S. Carolina	89,745	-
Georgia	355,024	117
Alabama	129,748	32
Florida	21,843	-
Virginia	<u>18,010</u>	-
Southeast	743,384	149
Tennessee	260,476	-
Missouri	253,561	-
Mississippi	406,591	-
Arkansas	335,326	-
Louisiana	<u>57,062</u>	-
Memphis Terr	1,313,016	0
Texas	1,115,985	-
Oklahoma	91,228	-
Kansas	<u>33,403</u>	-
South West	1,240,616	0
New Mexico	24,468	-
Arizona	95,643	-
California	<u>70,216</u>	-
Far West	190,327	0
Upland Total	3,487,343	149

Pima CCC Loan Activity

running bales to February 28, 2018

	Total Entries	Repayments	Forfeitures	Outstanding Stock
2017/18	339,447	189,028	-	150,419
2016/17	<u>284,963</u>	<u>284,963</u>	-	<u>0</u>
	624,410	473,991	-	150,419
Previous Total Outstanding (Feb. 26):				150,717
				<u>2017/18</u>
Arizona				14,244
California				119,574
New Mexico				5,438
Texas				<u>11,163</u>
Pima Total				150,419

SPOT MARKETS

OFFICIAL QUOTATIONS FOR SLM 1-1/16" (41/4/34):

	Prices (cents per lb)		Turnover
	14-Mar	07-Mar	
Southeast	83.94	(83.36)	0
N. Delta	82.44	(81.86)	1,670
S. Delta	82.44	(81.86)	0
E. Tx/Okla	78.50	(77.75)	16,020
West Texas	78.00	(77.25)	17,175
Desert Southwest	78.44	(78.11)	3,201
San Joaquin Valley	78.94	(78.61)	0
7 MARKET AVERAGE	80.39	(79.83)	

Turnover for the period ending March 14 38,066
Total turnover for season to March 14 1,629,206

Selected markets to Mar. 14 (Mar. 7 values in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	83.19 (82.61)	82.44 (81.86)
1-3/32" (35)	84.19 (83.61)	82.44 (81.86)

Basis for SLM 1-1/16" (41/34):

NY No.2 May '18 -100

SAN JOAQUIN VALLEY

1-3/32" (35)	87.84 (87.51)	80.94 (80.61)
1-1/8" (36)	91.34 (91.01)	81.74 (81.41)

Basis for Midd.1-3/32" (31/35):

NY No.2 May '18 +440

WEST TEXAS

15/16" (32)	75.50 (74.75)	74.00 (73.25)
1" (33)	77.50 (76.75)	74.75 (74.00)
1-1/32" (34)	78.25 (77.50)	78.00 (77.25)

W. Texas Micronaire (cent points per lb):

	14-Mar	07-Mar
24 & Below	-1875	-1825
25-26	-1700	-1650
27-29	-1275	-1275
30-32	-925	-925
33-34	-700	-700
35-36	0	0
37-42	0	0
43-49	0	0
50-52	-225	-225
53 & Above	-350	-350

Strength grams/tex (cent points per lb):

Mfs Terr	Mfs Terr	W Texas	SJV
19.0-19.9	*	-250	*
20.0-20.9	*	-250	*
21.0-21.9	-300	-225	*
22.0-22.9	-250	-200	*
23.0-23.9	-200	-175	*
24.0-24.9	-175	-175	-500
25.0-25.9	-150	-150	-400
26.0-26.9	-25	-100	-300
27.0-28.9	0	0	0
29.0-29.9	0	0	0
30.0-30.9	25	25	75
31.0-32.9	50	25	125
33.0 & Above	50	25	250

* Strengths have no history of being produced.

Note: Official quotations for cotton of 3.5-3.6 & 4.3-4.9 Micronaire, strengths 23.5-25.4 g/tex, compressed in Mixed lots, FOB car/truck.

PIMA SPOT QUOTATIONS

Selected markets to March 14 compared with Mar.

AMERICAN PIMA

GRADE	1-3/8" (44)	1-7/16" (46)
2	138.50 (138.50)	147.25 (147.25)
3	124.75 (124.75)	132.50 (132.50)
4	104.00 (104.00)	111.75 (111.75)

MICRONAIRE DISCOUNTS (cent points per lb):

2.6 and below	-1900
2.7 to 2.9	-1400
3.0 to 3.2	-900
3.3 to 3.4	-400
3.5 and above	Base

Note: Official quotations reflect cotton equal to the Official Standards, net weight, in mixed lots, uncompressed, FOB Warehouse.

Grower To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Mfs Terr	88.01	1	2,211	2,212
Southeast	84.76	6	177	183
Southwest	71.74	5,263	17,608	22,871
Total	73.26	5,270	19,996	25,266
Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	75.36	3,322	7,428	10,750
Far West	71.80	3	0	3
Total	75.36	3,325	7,428	10,753

US Pima prices were unchanged on the week and Cotlook's Pima 2-2-46 quote was unaltered at 166.00 cents/lb. Demand remains lackluster according to most sellers, but only around 20 percent of current crop

remains uncommitted and they are hopeful that mills who are not covered nearby will eventually pay the current offering prices for US Pima.

Basis Levels		
2017/18		
cents per lb		
Southeast	SLM 1-3/32"	50 "off" to 50 "on"
Memphis Territory	SLM 1-3/32"	100 to 200 "off"
Texas/Oklahoma	SLM 1-3/32"	300 to 350 "off"
Far West - SJV	Midd 1-3/32"	450 to 650 "on"
DSW - Arizona	Midd 1-3/32"	even to 125 "off"

May '18 New York Futures FOB railcar/truck - Southeast and Memphis Territory, FOB whse - Arizona uncompressed, California compressed.

** Premium required by growers to enter commitment to sell cotton held in the CCC Loan

CCC Loan Activity

As the 2017/18 crop year winds down, upland entries into the Commodity Credit Corporation's loan program have begun to decrease. A total of 26,627 bales were placed into the loan during the two-day period ended February 28, raising the season-to-date total to 9,423,194. An additional 116,627 bales were repaid from the current crop during the period, and no bales were redeemed from the 2016/17 crop year. The outstanding stock for both marketing years therefore fell to 3,487,492 bales, of which cooperatives and loan servicing agents accounted for 3,189,845, leaving independent growers with 297,647 bales.

Classings winding down

Inspections are winding down across the cotton belt, with around 96 percent of the total projected output for the season now classed. The USDA inspected 149,090 bales during the week ended March 8, all of which were upland. The all-cotton total, therefore,

Upland Classings by State			
	8-Mar-18		
	running bales		
	2017	2017	2016
	YTD	Prev Wk	TOTALS
Alabama	772,789	769,606	676,041
Georgia	2,191,407	2,190,763	2,157,605
Nth. Carolina	763,203	763,203	353,864
Florida	119,040	119,040	146,926
Virginia	182,007	182,007	91,546
Sth. Carolina	405,231	404,480	218,392
Southeast	4,433,677	4,429,099	3,644,374
Arkansas	1,123,871	1,123,871	858,938
Mississippi	1,283,016	1,283,015	1,008,502
Missouri	682,976	682,976	565,630
Louisiana	407,696	407,696	266,098
Tennessee	718,537	718,537	566,354
Memphis Terr	4,216,096	4,216,095	3,265,522
Texas	8,855,730	8,763,671	7,962,114
Oklahoma	636,918	602,522	576,052
Kansas	130,459	124,325	72,156
Southwest	9,623,107	9,490,518	8,610,322
Arizona	445,279	432,714	354,855
California	222,677	222,677	249,309
New Mexico	43,241	43,241	32,998
Far West	711,197	698,632	637,162
Total	18,984,077	18,834,344	16,157,380

AMERICAN COTTON SHIPPERS ASSOCIATION'S
Ninety-fourth Annual Convention

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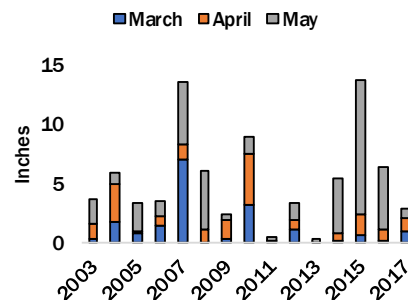
rose to 19,657,834 bales, including 673,757 of Pima. The proportion of upland cotton deliverable against ICE futures amounted to 42.0 percent for the week and 67.9 for the season.

Crop developments

Moisture levels continued to deteriorate from **West Texas** to California during the week ended March 6, while improvements were reported across most of the South.

West Texas is in desperate need of rain before spring plantings. Recently, soils have been dried by, at times, high temperatures (in the 80°s F) and gusty winds have increased soil moisture evaporation rates. No precipitation to break the drought-like conditions is in the near-term forecast. National Weather Service's reports issued on March 12 and 13 foresee little relief through to the end of March. Less than 0.25" of precipitation has been reported in Lubbock since

Lubbock, Texas Rainfall

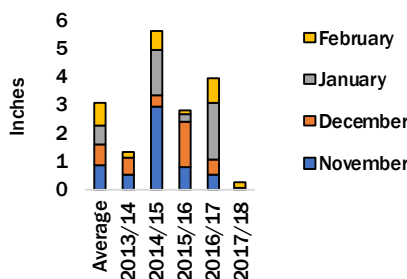


November, and the lack of moisture is making field preparations difficult. Historically, rains have tended to fall during the March to May period, but so far this month, no measurable precipitation has been recorded on the High and Rolling Plains. A slow-soaking rain is needed to help make soils more manageable.

Elsewhere in the state, soil moisture levels have improved somewhat, and fieldwork is proceeding with little interruption. Mostly cloudy skies have ruled across **South Texas**. Sowing is expanding in the Coastal Bend and Rio Grande Valley. Above-average temperatures for the time of year are in the near-term forecast for both districts; these will help spur seed germination and enhance early seedling development.

Strong thunderstorms have moved through the **Memphis Territory**. Generally, light to moderate precipitation was

Rainfall in Lubbock, Texas



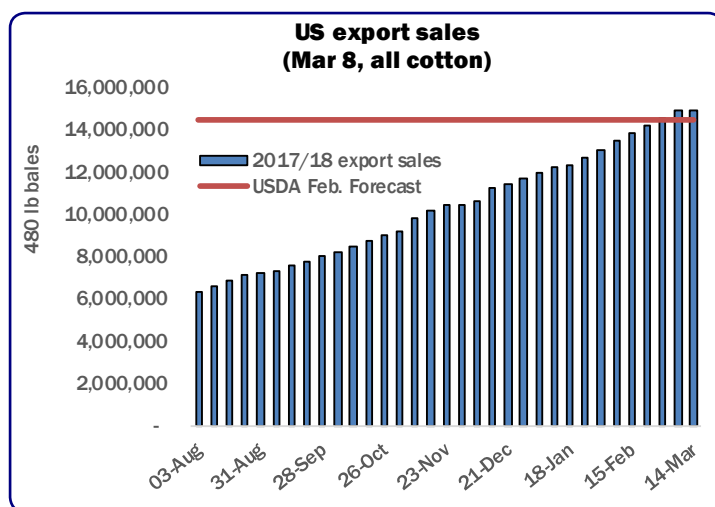
US EXPORT SALES

During the week ended March 8, net sales of upland cotton for shipment during the current season amounted to 321,400 running bales. Increases were reported for Vietnam (68,300, including 1,300 switched from South Korea and 500 switched from Japan), Indonesia (68,100, including 2,200 switched from Vietnam and 1,900 switched from Japan), Brazil (39,700), Turkey (37,700) and China (18,800, including 2,200 switched from unknown destinations and a decrease of 2,800). Reductions were reported for Japan (3,700) and unknown destinations (2,200).

Net sales of 199,200 running bales for 2018/19 were primarily for Vietnam (89,300), Bangladesh (37,400) and Indonesia (26,100).

Upland export shipments of 414,400 running bales were destined primarily for Vietnam (71,600), China (58,900), Pakistan (53,200), Indonesia (48,900) and Turkey (39,800).

Net American Pima sales for 2017/18 amounted to 7,400 running bales. Increases were reported mainly for China (2,200), Turkey (1,000), India (900, including a decrease of 800) and Egypt (900). A reduction was reported for Japan (100).



EXPORT STATISTICS

Official return, week ended, Mar 08.	UPLAND	PIMA
-in running bales-		
2017/2018 season		
Previous Outstanding Commitment	7,302,200	211,200
New Sales	331,800	8,200
Cancellations	10,400	800
Net Change in Sales Commitment	321,400	7,400
Shipped during the period	414,400	25,500
Cumulative Shipments to, Mar 8.	6,653,500	349,400
Total Outstanding Commitment	7,209,200	193,100
Theoretical Disappearance	13,862,700	542,500
2018/2019 season		
Previous Outstanding Commitment	1,936,500	41,100
Net change in Sales Commitment	199,200	0
Total Outstanding Commitment	2,135,700	41,100

US PRICE MECHANISM

US PRICE MECHANISM

- 2017/2018 season -

- value if applied today, March 15, 2018 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	92.17
B) Three Far Eastern 'fine count' CFRs	93.30
C) Three Far Eastern 'coarse count' CFRs	NQ
D) Cheapest US Midd. 1-3/32" CFR	92.35

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 14.50

Loan Quality Differential

(at average location) between:

Middling 1-3/32"	52.04
SLM 1-1/16"	49.49 2.55

E) Total Adjustment Factor	17.05
F) Adjusted World Price (A - E)	75.12
G) Fine Count' Adjustment Factor	must be above zero
2017 crop (current values 2.15-(B-A))	1.02
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.40)	NQ
I) Loan Deficiency Payment, Basic Loan (49.49) - F	-25.63

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	167.00
P2) P1 adjusted for quality and transportation ((P1+2.04)-16.88)	154.24
P3) Basic ELS Loan Rate (79.77) adjusted for quality 2-2-46	80.85
P4) Basic Loan Trigger = 134% of P3. P2 must be lower than P4 for four weeks for payments to be triggered	108.34

The Basic Loan Trigger criterion must be met for any payment to be calculated

Payment Calculation

P5) Friday/Thursday US Pima CFR Far Eastern Average	166.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+2.04)	169.04
P7) Theoretical value (P5-P6)	N/A
P8) No. of completed wks. P5 must exceed P6 for four consecutive weeks.	0
P9) Official current rate payable through Thursday March 15	N/A

received, with the largest volumes recorded in central and southern parts of the Delta. Much cooler temperatures followed, resulting in a light freeze in many northern locales. Warmer weather is forecast, which should help soils to dry. Groundwater table supplies are at a surplus across most of the Delta, and key cotton-growing areas are considered drought-free. An extended period of warm, dry weather would allow fertilizers and pre-plant herbicides to be applied, but another storm system is expected to enter the region soon.

Mostly sunny skies have returned to the **Southeast** late in the period, following unsettled weather. Beneficial rains have fallen in Alabama and Georgia, while a wintry mix was reported in parts of the Carolinas and Virginia. The precipitation should have helped ease dry soils. The weather has been cold, falling at night to near freezing or below.

In the **Far West**, intermittent thunderstorms brought light to moderate rainfall in California's San Joaquin Valley. Although cotton planting can officially begin on March 10, sowing has been postponed, owing to the cool, damp conditions. Much-needed rains were also recorded in northern parts of the state, increasing water levels in reservoirs that provide irrigation water to the SJV. Beneficial snow fell in the Sierra Nevada Mountains late in the period, and additional wintry precipitation remains in the near-term forecast as a series of storms projected to track along the same path. Although the winter snow pack remains well below average for the time of year, the additional snow will help improve levels. Based upon the recent snowfall through March 13, the California Department of Water Resources report issued on March 14 showed the snow-water equivalent at 9.80", which was 35 percent of the April 1 average and 36 percent of normal for that date.

In Arizona, according to local analysts, approximately 40 percent of the Yuma County crop has been planted. However, reports have been forthcoming that freezing temperatures during the last week of February adversely affected germination and early seedling development in some of the earlier-sown fields. Consequently, replanting will be necessary in those areas.

January 2018 Textile and Apparel Trade Figures

Released March 7, 2018

Imports

A). Textile and Apparel Imports

	Month of January			Calendar Year		
	2017	2018	% Chg.	2017	2018	% Chg.
Textiles	3,057	3,194	4.5%	3,057	3,194	4.5%
Apparel	2,415	2,420	0.2%	2,415	2,420	0.2%
Total:	5,472	5,615	2.6%	5,472	5,615	2.6%

B. Textile Imports by Product

	Month of January			Calendar Year		
	2017	2018	% Chg.	2017	2018	% Chg.
Yarn	265	271	2.4%	265	271	2.4%
Fabric	1,080	1,063	-1.6%	1,080	1,063	-1.6%
Made-ups/Misc.	1,712	1,860	8.7%	1,712	1,860	8.7%
Total:	3,057	3,194	4.5%	3,057	3,194	4.5%

C. Textile Imports by Fiber

	Month of January			Calendar Year		
	2017	2018	% Chg.	2017	2018	% Chg.
Cotton	1,642	1,682	2.5%	1,642	1,682	2.5%
Wool	14	15	7.9%	14	15	7.9%
MMF	3,733	3,838	2.8%	3,733	3,838	2.8%
Other	83	80	-4.0%	83	80	-4.0%
Total:	5,472	5,615	2.6%	5,472	5,615	2.6%

STAX and Cotton Ginning Cost Share Program

The last deadline to enroll in STAX is on March 15. For the 2018 crop year, growers are eligible to enroll in both STAX and the Seed Cotton PLC/ARC program. Growers can also sign up for the newly introduced Cotton Ginning Cost Share Program from March 12 thru May 11, 2018. More information on this program can be found at www.fsa.usda.gov/cgcs.

Textile and apparel imports increase in January

Together, imports of textile and apparel during January totaled 5,614,700 square meter equivalents, an increase of 2.6 percent from the same month a year ago. Taken individually, apparel imports increased by 0.2 percent while textile imports increased by 4.5 percent.

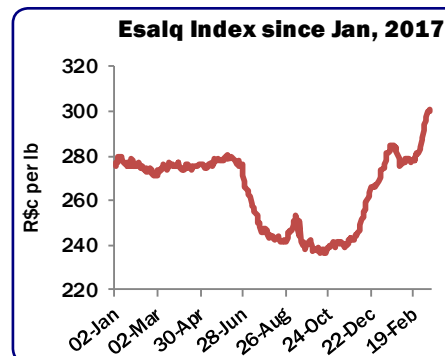
Cotton textile and apparel imports were up 2.5 percent compared with the same month last year while manmade fiber textile imports increased 2.8 percent in the same period.

BRAZIL

The outlook for the developing crop continues to give grounds for optimism. Weather conditions have been conducive to plant development of late. As reported last week, CONAB (the official forecasting agency) has raised its forecast for the season to 1,854,900 tonnes, while other commentators remain confident of a lint outturn of 1.9 million tonnes or more. ABRAPA (the national cotton producers' association) has suggested that plantings will increase sharply in 2018/19, by as much as 26 percent. Private estimates have been more conservative.

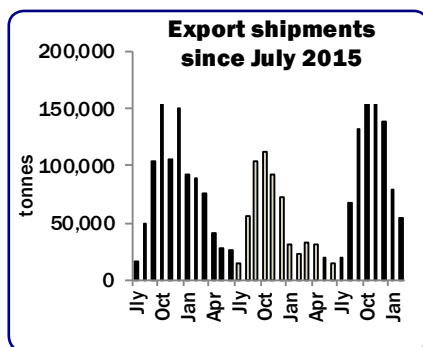
The local market has this week been characterised by firm prices; the *Esalq* Index of spot values has increased by three percent, to be placed at over 300 Rs. on March 14, the highest level since April 2011. Cotton is held in tight hands, with sellers in no rush to liquidate stocks. Mills, meanwhile, have complained of difficulty in passing on price rises to downstream manufacturers.

Sales commitments have come mainly from the local market this week, with roughly 9,000 tonnes each of 2017 and 2018 crop finding buyers. Perhaps 70 percent of the 2017/18 crop has been sold from first hands.



Export commitments of around 8,000 tonnes have been registered for the 2019 crop.

Raw cotton export shipments in February amounted to 54,335 tonnes, down from the 79,100 recorded



the previous month but more than double the 23,206 dispatched in February 2017. The cumulative total for the July/February period (broadly corresponding to the movement of the

2016/17 crop) totals just over 816,300 tonnes.

The bulk of February's shipments was destined for a fairly broad range of Asian markets, namely Indonesia (12,286 tonnes), Vietnam (8,770), Bangladesh (8,305), Turkey (7,458), South Korea (5,850), Malaysia (5,008), Pakistan (2,004) and Thailand (1,093).

A breakdown of shipments by destination during the first seven months of the international season appears in the accompanying table.

Brazil Raw Cotton Exports

(in tonnes)

	15/16 (Jul/Jun)	16/17 (Jul/Jun)	17/18 (July/Feb)
Vietnam	143,339	80,072	178,713
Indonesia	144,045	121,924	159,824
China	99,990	41,975	79,806
Bangladesh	23,775	54,350	93,477
Turkey	124,759	85,059	88,235
South Korea	122,991	78,604	50,372
Malaysia	83,187	35,682	47,628
Thailand	46,815	23,418	23,687
Pakistan	77,666	35,275	59,399
Portugal	4,756	7,399	7,428
Taiwan	32,947	15,502	5,267
Italy			5,279
Other	36,061	23,328	17,232
World	940,331	602,588	816,347

Source: Foreign Trade Secretariat

ARGENTINA

Early picking has continued at a slow pace. No rain has been in evidence over cotton regions since March 5; however, unsettled conditions are forecast in growing regions, particularly Chaco province,

on March 15 and 16, with a chance of further precipitation during the weekend. As was noted last week, seed cotton is already arriving at gins from some early-sown fields (those planted in September), but the bulk of the crop (sown from November/

December) is yet to mature and will benefit from the receipt of moisture.

Demand from both domestic mill buyers and the export sector has remained lacklustre. Roughly 324 tonnes of new crop cotton have been registered for export in recent days.

AFRICAN COTTON ASSOCIATION

The sixteenth annual meeting of the African Cotton Association is under way in Nigeria's capital, Abuja.

Following the opening formalities on March 14, the first session was devoted to the theme of mechanisation. Speakers reviewed the efforts to introduce some degree of mechanisation to production models in various parts of the continent over the past two decades or so. Overall, progress has been limited in most regions, owing to a number of factors. Foremost amongst the constraints are the small size of family farming units and the limited resources available to producers.

However, there was a general recognition that mechanisation represents a challenge that must be addressed if the sector's productivity is to be improved. Motorised sowing would allow farmers to take full advantage of sometimes brief periods of planting rains. At the end of the growing cycle, the burden of manual picking,

one of the tasks said to discourage a younger generation from fully embracing cotton cultivation, could be eased.

In the margins of the meeting, the outlook for the 2018/19 crops across the continent featured amongst the topics of discussion. In the African Franc Zone, the prospects for expansion appear favourable, should seasonal rainfall permit. Firm world prices and a successful 2017/18 marketing campaign have stimulated planting intentions in most Franc Zone producing countries. Sudan also hopes to sustain the upturn in output achieved in 2017/18. In the Southern Hemisphere, the area already sown to cotton in Tanzania appears to have undergone an impressive recovery, which augurs well for the size of the 2018/19 crop, if insect pressures can be held in check, and yields match expectations.

The ACA General Assembly, which takes place on March 15, will see the two-year presidency pass from Mali to Tanzania.

AUSTRALIA

January's raw cotton exports modest

Raw cotton exports during January amounted to a modest 5,927 tonnes, according to the Australian Bureau of Statistics. This figure represents just over 30 percent of the quantity shipped the month before and is some 7,462 tonnes lower than the total (13,389 tonnes) for January 2017.

For the sixth consecutive month, a quantity (1,287 tonnes) was categorized as intended for an 'unidentified country'. However, as in the previous five months, no exports were attributed to either China or Indonesia, which are two large export markets.

Of the major destinations that were evident, Japan accounted for the greatest volume, taking 1,313 tonnes. Other significant markets

included Bangladesh (1,055 tonnes) and Vietnam (901). More modest quantities were shipped to Thailand (429), India (374), Turkey (330), Pakistan (160) and Malaysia (77).

Cumulative shipments for the May/January 2018 period amount to over 819,000 tonnes (the 2016/17 crop is estimated at 887,000 tonnes), against just over 641,000 during the same period a year earlier.

VIETNAM

Vietnam Customs reports that imports of raw cotton during February totalled 111,430 tonnes, with a big fall from the month before in the quantity attributed to Foreign Direct Invested Enterprises (74,498 versus 101,826).

The main sources of supply during the month in question were the United States (55,429 tonnes), Brazil (18,437) and India (17,441).

Customs reports the running total for the first two months of the calendar year as 255,015 tonnes, versus 211,977 a year earlier. The sum of monthly data (which may be subject to revision) for the first seven months of the international statistical season is 774,055 tonnes, which is 22 percent more than the figure for the same period a year earlier. Comparing the detail for the two

Vietnam 's raw cotton imports

	2016/17		2017/18		
	tonnes				
	2016/17	2017/18	2016/17	2017/18	
	August/February		August/February		
USA	306,019	284,296	Indonesia	2,829	3,381
Brazil	77,976	155,128	Argentina	3,593	2,151
Australia	69,977	128,089	Korea	1,329	1,979
India	78,226	103,955	China	440	316
Pakistan	5,371	7,739	Taiwan	320	258
Cote d'Ivoire	6,509	5,082	Others	83,959	81,681
	Total		636,548		774,055

seasons, a smaller figure is shown in the current data for the United States and considerably more for Brazil, Australia and India.

