

WEEK IN BRIEF

Upland **offering rates** have declined sharply this week in reflection of the downward trend in New York. The ICE July contract has fallen by over four cents, to register its lowest value since December 2017. December has moved to a modest premium over the July delivery, for the first time in the life of the contract... The collapse of futures was prompted by the threat that tariff increases on a raft of Chinese imports will take effect from Friday, May 10. A Chinese trade delegation is in Washington as this issue is published... Prices on China's ZCE futures platform have declined across the board. The catalogues offered during the first five days of this year's State Reserve auction series all sold out... Local Indian prices have fallen considerably.

In the United States, forecasts of output from the 2019/20 **crop** are being revised upward. Initial planting has begun in West Texas. Soil moisture is adequate and a period of dry, sunny weather would be welcomed to facilitate field work. Further rain in the Delta has given way to sunny skies, but fields remain saturated. Some land intended for corn may be diverted to cotton. Helpful conditions have aided sowing in the Southeast... Planting in Egypt is lagging behind the pace of last year... The Cotton Association of India has further reduced its estimate of domestic output in 2018/19... Sowing is gaining momentum in Pakistan, under very hot weather. A slight dip in temperatures would be welcomed... Seedling emergence is progressing well in China's important Xinjiang region. Generally favourable weather is forecast for the rest of this month... A further modest increase has been made to Brazil's official crop forecast... Damaging rainfall has returned to Argentina's growing belt. A prolonged dry spell is needed for picking to resume... *Cotton South Africa's* latest assessment of domestic output implies an increase of 25 percent compared with last season.

Mill demand has been more active in the face of lower prices, mainly for cotton available nearby. A fairly broad-based enquiry has been in evidence from the Far East. US and Brazilian styles have found buyers in Turkey and Bangladesh. The latter market has also continued to purchase African Franc Zone lots. Indian mills have continued to show demand for imported cotton. China has been actively enquiring for Brazilian... During the week ended May 5, US upland export sales registrations for shipment in the current season rose by a net 235,800 running bales. Shipments were 387,100 bales... Egyptian export activity has slowed in face of higher asking prices and dwindling supplies of certain varieties... Cumulative Brazilian exports in the ten months to April exceeded one million tonnes. Over a third of shipments were destined for China... For the third consecutive month, China was the main destination for Australian raw cotton exports during March.

No major movements in **yarn** prices have been discernible. Spinners have endeavoured to maintain asking prices as raw cotton replacement costs have fallen... In Bangladesh, garment manufacturers report steadily improving orders, but lack of liquidity has hampered operations in some units... Egypt's Qualifying Industrial Zone has attracted Chinese investment... China's textile and clothing exports in April were notably lower than the same month in 2018.



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INTERNATIONAL COTTON PRICES

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Futures collapse

The sharp decline of futures at the start of the reporting period brought the spot month to its lowest close since mid-March. Futures marked time in the next session before collapsing on May 6 in response to new developments in the US-China trade negotiations. The market remained on a downward path thereafter and the July contract has ended the reporting period with a net loss of 440 cent points. In the process, December has moved to a small premium over July.

Remarks by President Trump and other senior White House officials over last weekend seemed to confound the received wisdom that a successful conclusion to the trade negotiations was within reach. Although further talks will take place this week, an increase in some tariffs from 10 to 25 percent is threatened by the US as early as Friday. China has promised to retaliate if Washington's threat is carried out. A manifest risk thereafter would be the extension of tariffs by the US to cover goods in categories hitherto unaffected, perhaps including cotton apparel exports to the United States that are valued at over US\$10 billion annually and a significant driver of Chinese cotton consumption. The more general threat to a global economy that is already faltering would of course place in further doubt the prospects for a recovery of world raw cotton consumption in 2019/20.

Broader mill demand

While these preoccupations and their potential to trigger volatile movements in New York and Zhengzhou futures have clearly unsettled participants in those markets, in the short term the lower asking prices in circulation have served to shake some mill buyers from their earlier passivity. Most international merchants have thus reported a moderately active turnover in raw cotton since the weekend.

With the exception of one or two markets, much of the business arranged appears to have been of a gap-filling nature. Mill buyers continue to exercise a fair degree of caution in the face of still challenging conditions on the yarn market and share in the general consternation at the latest turn of Sino-US trade relations. Few seem to harbour firm convictions with regard to the market's further downside potential.

India an importer

A persisting feature of the market during the past week has been import demand from India. The country's supply and demand for 2018/19 remain a matter for debate, even at this advanced stage of the season. The Cotton Association of India has this week announced a further reduction of its production forecast to 31.5 million local bales and now shows production and consumption during the current season in equilibrium. The adjusted figure is 2.8 million bales below that advanced last month by the Confederation of Indian Textile Industry. CAI is also at odds with both CITI and the United States Department of Agriculture with regard to the season's ending stocks. CAI estimates the carryover on October 1 at 1.3 million bales (170 kgs), whereas CITI calculates a more comfortable closing stock of four million. USDA's figure — for August 1, 2019 — is equivalent to over eleven million (Indian weight) bales.

Whatever the precise statistical position, the firmness of local prices (which are also reinforced by the Minimum Support Price for seed cotton) in relation to the international market may continue to stimulate import demand, as the domestic 2019/20 crop will not of course become available for several months to come. US upland export sales reported over the past six weeks amount to nearly 327,000 running bales and the volume of African Franc Zone purchases is in all probability substantially higher. Indian demand for Franc Zone cottons should therefore continue to complement that from the important Bangladesh market and assist in the disposal of merchants' 2018/19 positions over the coming months.

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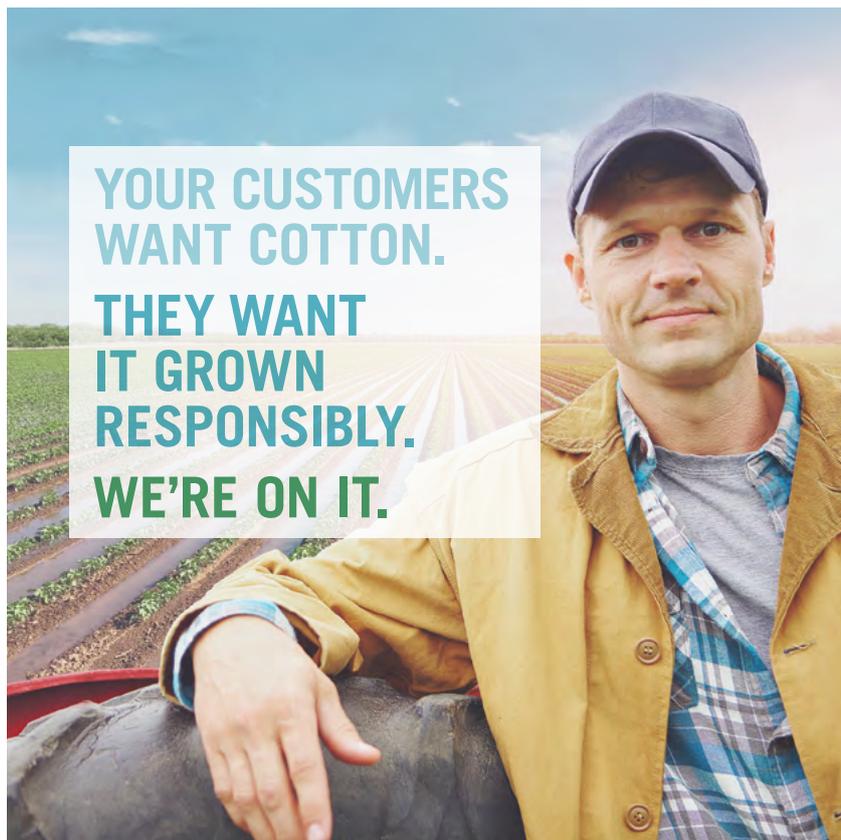
Marketing Brazil's record crop

A greater challenge for the international trade may be the marketing of its substantial long position in Brazil's 2019 crop, which will move in volume from August onward. Basis levels have recently come under some pressure, and supplies are thus being pressed actively for sale in various markets, of which China would appear the most prominent. China has also absorbed a good volume of Brazil's 2018 crop: at nearly 374,000 tonnes, Brazilian exports to China during the July/April period represent 36 percent of shipments to all destinations and are several times greater than those during the same period a year earlier.

Despite the rather bearish outlook for prices later in the year, Chinese mills in possession of import quota have displayed little hesitation in taking advantage of the latest downturn in international prices. Neither have consumers of lower grades been slow to participate in State Reserve auctions, at which the entire catalogue thus far on offer has found buyers.

US production outlook

Sellers of Brazilian are not of course unaware of the potential bearish influence (perhaps both on New York futures and on the basis levels achievable) of what promises to be an abundant US crop. We have this week increased our forecast of US output by an amount equivalent to just over one million bales (480 lbs). The premise is that more cotton will be sown in Texas than was indicated by USDA's Prospective Plantings report at the end of March, since when western parts of the state have received helpful rainfall. By the same token, our forecast of abandonment has been reduced from 22 to 15 percent for the state. Given that the whole of West Texas has been designated 'drought-free' on the eve of planting, even these adjustments may be considered conservative. Our adjusted forecast approaches five million tonnes, a threshold surpassed on only two occasions in the past.



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CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at May 9, 2019

Description	Price	Change since last week	Shipment	Forward		
				Price	Change since last week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	92.25	-4.50	6/7	NQ		
Benin Kaba/s 1-1/8"	83.50	-4.00	5/6	84.00	-2.75	1/2
Burkina Faso BOLA/s 1-1/8"	83.00	-4.00	5/6	83.50	-2.75	1/2
Cameroon IRMA/s 1-1/8"	83.50	-4.00	5/6	84.00	-2.75	1/2
Cameroon PLEBE 1-5/32"	85.00	-4.00	5/6	85.50	-2.75	1/2
Chad Kero A51 1-5/32"	NQ			85.50	-2.75	1/2
Indian Shankar-6, 1-1/8"	85.25	-3.00	5/6	NQ		
Ivory Coast MANBO/s 1-1/8"	83.00	-4.00	5/6	83.50	-2.75	1/2
Mali JULI/s 1-1/8"	84.00	-4.00	5/6	84.50	-2.75	1/2
Spanish SM 1-1/8"	83.25	-4.25	5/6	83.25	-3.25	10/11
Tanzanian RG1 1-1/8"	NQ			NQ		
Texas SM 1-1/8"	83.00	-4.75	5/6	84.00	-3.00	11/12
Uzbekistan SM 1-1/8"	NQ			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 *	82.50	-4.00	5/6	83.00	-2.75	1/2
Brazilian Midd	80.75	-4.50	5/6	80.25	-3.25	10/11
Burkina Faso RUDY *	82.00	-4.00	5/6	82.50	-2.75	1/2
California/Arizona Midd	83.25	-4.75	5/6	NQ		
Greek Midd	84.00	-4.00	5/6	82.75	-3.00	10/11
Indian medium grades **	84.25	-3.00	5/6	NQ		
Iv. Coast BEMA *	82.00	-4.00	5/6	82.50	-2.75	1/2
Mali ROKY/KATI *	83.00	-4.00	5/6	83.50	-2.75	1/2
Memphis/Eastern Midd	83.00	-4.75	5/6	83.25	-3.00	11/12
Memphis/Orleans/Texas Midd	81.75	-4.75	5/6	82.75	-3.00	11/12
Mexican Midd	NQ			NQ		
Tanzanian Type 1SG 1-3/32"	NQ			NQ		
Uzbekistan Midd	NQ			NQ		
Lower grades						
Argentine SLM, 1-1/16"	73.25	-4.25	5/6	NQ		
Brazilian SLM 1-3/32"	79.25	-4.50	5/6	NQ		
Greek SLM 1-3/32"	81.50	-4.00	5/6	NQ		
Indian J-34 SG **	NQ			NQ		
Memphis/Eastern SLM 1-3/32"	80.25	-4.75	5/6	NQ		
Memphis/Orleans/Texas SLM 1-3/32"	79.25	-4.75	5/6	NQ		
Memphis/Orleans/Texas LM 1-1/8"	76.25	-4.75	5/6	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" #	132.00	-3.00	5/6	136.50	-	10/11
Egyptian Giza 86 Good+3/8	NQ			NQ		
Egyptian Giza 94 Good+3/8	120.00	Unch	5/6	NQ		
Israeli Pima H1, 1-7/16" #	159.00	Unch	5/6	NQ		
Israeli Acalpi	141.00	Unch	5/6	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 2017/18 Index expired on July 31, 2018.

Prices as at May 09, 2019					
2018/2019 A Index			2019/2020 A Index		
Description	Price	Shpt	Description	Price	Shpt
Brazilian	80.75	5/6	Brazilian	80.25	10/11
Memphis/Orleans/Texas	81.75	5/6	Burkina Faso RUDY	82.50	1/2
Ivory Coast BEMA	82.00	5/6	Ivory Coast BEMA	82.50	1/2
Burkina Faso RUDY	82.00	5/6	Greek	82.75	10/11
Memphis/Eastern	83.00	5/6	Memphis/Orleans/Texas	82.75	11/12

The Cotlook A Index

Seasonal Averages

2012/13	87.90
2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	82.77
2017/18	87.99
2018/19	86.52

Monthly Averages

October 2018	86.80
November 2018	86.78
December 2018	86.00
January 2019	82.35
February 2019	81.15
March 2019	83.81
April 2019	87.25
May 2019	84.19

Daily Values

	2018/19	2019/20
May 03	84.95	84.05
May 06	Holiday	
May 07	83.15	82.55
May 08	82.75	82.30
May 09	81.90	82.15

Average for week 83.19 82.76

The Cotlook A Index - monthly averages -



YARN INDEX

2005 = 100

This week	129.98	Last month	130.17
Last week	130.17	Last year	134.77

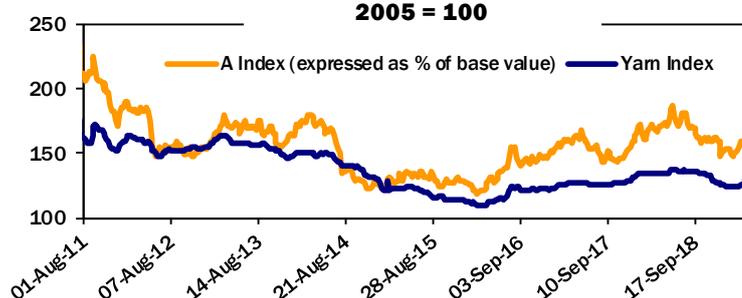
Export prices (in US dollars per kilo FOB)

		This week	Change on week	Change on year
Pakistan	20s	2.29	Unch	-0.10
India	20s	2.70	Unch	-0.05
Turkey	20s	2.75	-0.05	-0.35
Indonesia	20s	2.56	Unch	Unch
China	21s	3.22	-0.01	-0.27
Uzbekistan	20s	2.35	Unch	-0.15
Pakistan	30s	2.67	Unch	-0.10
India	30s	2.95	Unch	-0.10
Turkey	30s	3.00	-0.05	-0.30
Indonesia	30s	2.85	Unch	Unch
China	32s	3.40	-0.02	-0.28
Uzbekistan	30s	2.40	Unch	-0.20

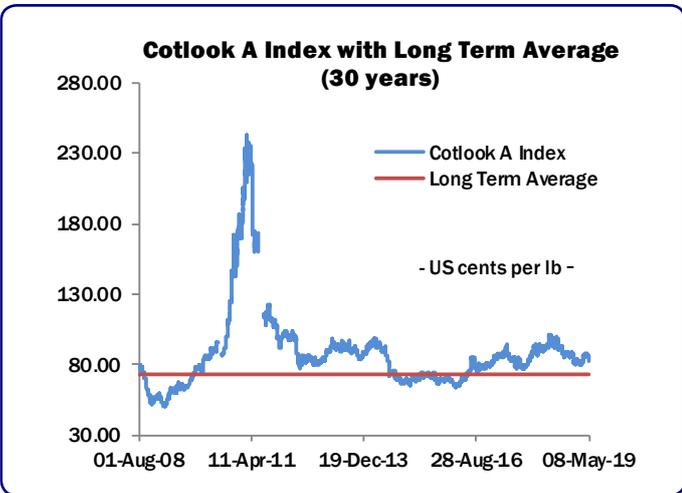
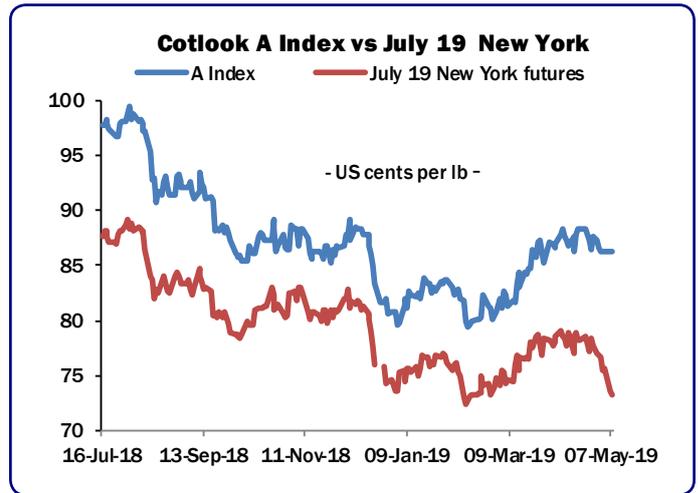
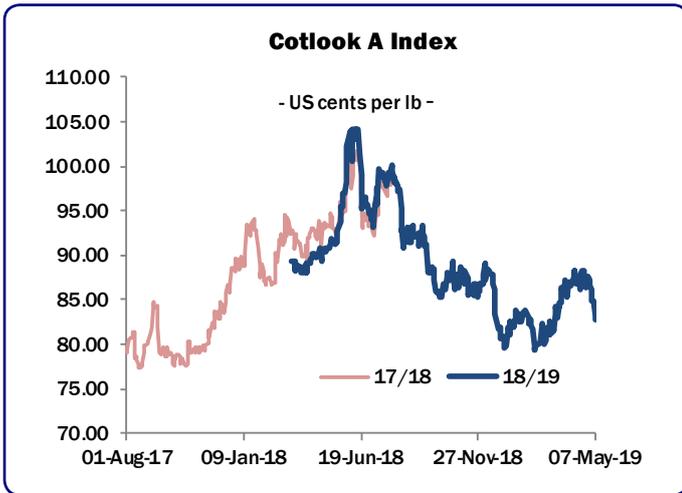
The Yarn Index is derived from our published FOB prices for 20s and 30s counts from India, Pakistan, Indonesia, China and Turkey, each weighted to reflect exports of cotton yarn from the individual country concerned, and expressing that as a percentage of the comparable average values for 2005. In determining 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.

Cotlook Yarn Index v A Index 2005 = 100

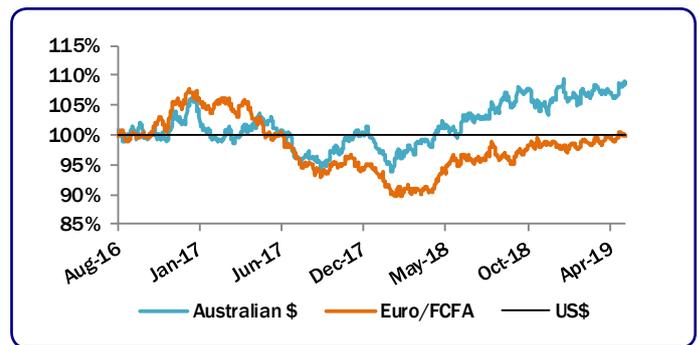
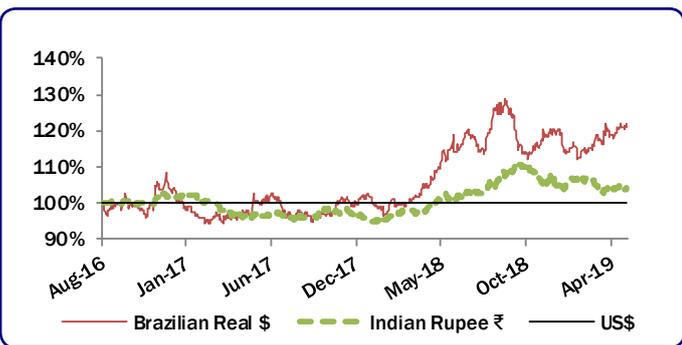


WORLD PRICE TRENDS

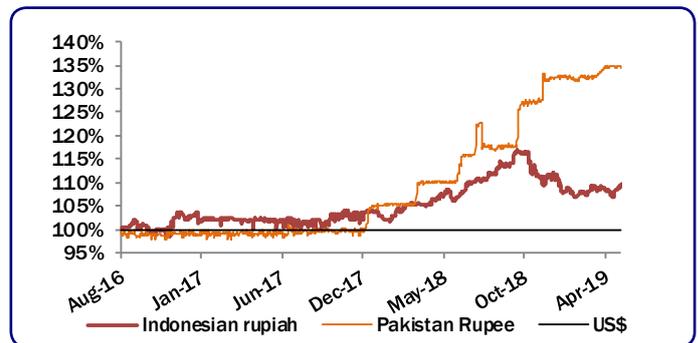
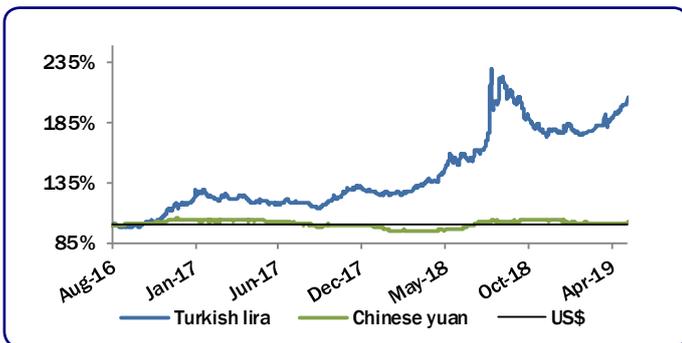


CURRENCY TRENDS

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



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



COTLOOK PRODUCTION ESTIMATE

	(thousands of tonnes)	
	18/19	19/20
Argentina	280	310
Australia	525	450
Azerbaijan	83	85
Benin	305	310
Brazil	2,647	2,700
Burkina Faso	200	290
Cameroon	128	125
Chad	8	35
China	5,775	5,727
Colombia	10	10
Côte d'Ivoire	194	180
Egypt	110	73
Greece	290	320
India	5,865	6,125
Iran	60	60
Israel	9	9
Kazakhstan	72	75
Kyrgyzstan	23	25
Malawi	8	8
Mali	274	305
Mexico	377	380
Mozambique	20	20
Nigeria	50	50
Pakistan	1,685	1,938
Paraguay	5	5
Peru	20	20
Spain	70	65
Sudan	110	120
Syria	30	30
Tajikistan	96	95
Tanzania	90	95
Togo	52	50
Turkey	800	850
Turkmenistan	198	250
Uganda	25	25
USA	4,004	4,962
Uzbekistan	720	680
Zambia	50	50
Zimbabwe	55	60
World Total	25,609	27,261
World excl China	19,834	21,534
N Hemisphere	21,824	23,456
S Hemisphere	3,785	3,805
African Fr. Zne	1,167	1,307
Central Asia	1,109	1,125
EU	360	385

WORLD STOCK

The accompanying table shows our production and consumption estimates and the resultant adjustments in world stock levels during 2017/18 and 2018/19, together with our prediction for 2019/20. 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		
	17/18	18/19	19/20	17/18	18/19	19/20	17/18	18/19	19/20
Cotlook									
Production	20,846	19,834	21,534	5,720	5,775	5,727	26,566	25,609	27,261
China net trade	-1,223	-1,980	-2,475	+1,223	+1,980	+2,475			
New Supply	19,623	17,854	19,059	6,943	7,755	8,202	26,566	25,609	27,261
Consumption	17,193	17,158	17,844	8,800	8,600	8,800	25,993	25,758	26,644
Net change in stock	+2,430	+696	+1,216	-1,857	-845	-598	+573	-149	+618
USDA									
Opening stock	7,507	9,368	9,433	9,998	8,278	7,211	17,505	17,646	16,644
Production	20,959	19,852	21,446	5,987	6,042	6,096	26,946	25,894	27,542
China net trade	-1,497	-1,589	+1,589	+1,497	+1,589	+1,938			
New Supply	19,462	18,263	23,035	7,484	7,631	8,034	26,946	25,894	27,542
Consumption	17,801	18,002	18,332	8,927	8,818	8,992	26,728	26,820	27,324
Other adjustments	+200	-196	-3,576	-277	+120	-157	-77	-76	-206
Ending Stock	9,368	9,433	10,560	8,278	7,211	6,096	17,646	16,644	16,656
Net change in stock	+1,861	+65	+1,127	-1,720	-1,067	-1,115	+141	-1,002	+12
ICAC									
Opening stock	8,129	9,763	9,380	10,632	8,536	8,070	18,761	18,300	17,450
Production	20,774	20,020	21,810	5,890	6,040	6,190	26,664	26,060	28,000
China net trade	-1,219	-1,970	-1,970	+1,219	+1,970	+1,970			
New Supply	19,555	18,050	19,840	7,109	8,010	8,160	26,664	26,060	28,000
Consumption	+17,821	+18,460	+18,820	9,200	8,450	8,530	27,021	26,910	27,350
Other adjustments	-100	+27	+50	-5	-26	-40	-105	+0	+10
Ending Stock	9,763	9,380	10,450	8,536	8,070	7,660	18,299	17,450	18,110
Net change in stock	+1,634	-383	+1,070	-2,096	-466	-410	-462	-850	+660



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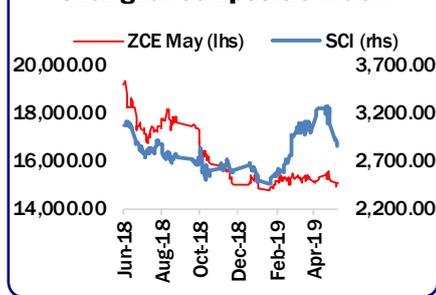
CHINA

Setback to trade talks

Officials have expressed disappointment at news of the Trump administration's plan to raise tariffs from ten percent to 25 percent on US\$200 billion worth of Chinese imports from this Friday, saying that China will 'take necessary countermeasures' if the tariff increase takes effect. A spokesperson from the Ministry of Commerce said in a statement that escalating trade frictions do not serve the interests of the two countries or the wider world. Despite the move, a delegation from Beijing is still due to take part in a new round of talks as this issue is published.

Following the news, the Shanghai Composite Index experienced a dramatic one-day decline of almost 5.6 percent on May 6. The Index continued to move lower to settle on May 9 at its lowest level since late February.

Zhengzhou cotton versus Shanghai Composite Index



Market prices

Cotton futures on the **Zhengzhou Commodity Exchange** also lost ground, though less sharply

Zhengzhou Cotton Futures

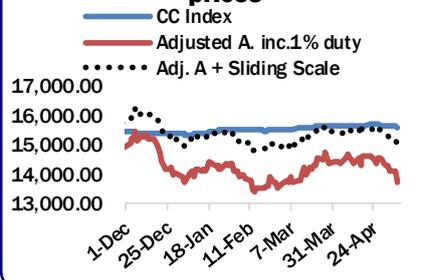
	Settlement			Volume*	Open Interest
	yuan per tonne				
	30-Apr	09-May	Chng	Past Week	09-May
May	15,080	14,820	-260	55,498	59,220
Jul	15,210	14,930	-280	754	3,056
Sep	15,530	15,245	-285	1,229,140	635,234
Nov	15,885	15,640	-245	492	6,188
Jan	16,115	15,810	-305	275,418	179,582
Mar	16,400	15,980	-420	806	804
				1,562,108	884,084

*Counting both the sale and the purchase.

International Prices

Data as at 9 May, 2019	Approximate delivered mill value		
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	Including sliding scale duty + VAT
Cotlook A Index	12,378	13,607	14,708
Texas SM	12,541	13,787	14,822
Burkina Faso BOLA/s	12,541	13,787	14,822
India Shankar-6	12,876	14,155	15,053
Benin KABA/s	12,616	13,869	14,870
Cameroon IRMA/s	12,616	13,869	14,870
Cameroon PLEBE 1-5/32"	12,839	14,114	15,023
Ivory Coast MANBO/s	12,541	13,787	14,822
Mali JULI/s	12,690	13,950	14,917
US Pima Grade 2	19,827	21,808	21,921
China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	15,599	-44	105.43
ZCE MAY	14,820	-260	100.17
Xinjiang Type 137	25,300	Unch	171.00
Xinjiang Type 237	24,550	Unch	165.93
	yuan/tonne	chg on week	cents/kilo
polyester	8,520	-60	126.96
viscose	12,200	-100	181.79
	Yuan/kilo		cents/lb
32s carded yarn	22,825	-105	337.32
40s combed yarn	24,465	-95	361.56
Monthly yuan/dollar customs exchange rate			6.7110
Actual Rate (May 9)			6.7665

International vs. domestic prices



than share values, on news of the threatened tariff increase. By the end of the reporting period on May 9, the renewed trade tensions had imparted a strong downward bias to prices and all contracts had sustained three-digit losses.

Meanwhile, the price incentive to purchase imported cotton against the recently announced Sliding-Scale quota has increased considerably, since the fall of international prices has been more pronounced than that of local values. Spinners and traders have therefore been enquiring quite actively for various import origins, with Brazilian at the forefront of demand, for a range of shipment periods.

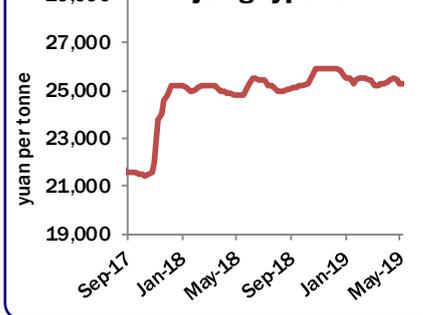
The **China Cotton Index** has moved modestly lower, to settle on May 9 at 15,599 yuan per tonne. The margin between that value and the Cotlook A Index (adjusted to comparable terms) stood on that date at 744 yuan (five US cents per lb), on application of a Sliding-Scale tariff whereas a margin of 1,992 yuan per tonne, or 13.5 cents, is evident for cotton including one percent import duty (as per the Tariff-rated Quota).

Some **local lint** sellers have decreased their quotes in reflection of the downward trend in the futures and spot markets. In Aksu, Korla and Bachu (southern Xinjiang), the price of handpicked 2018/19 Type 3128 Xinjiang lint has been reduced by 200 yuan, to around 15,750/15,850 yuan per tonne, and by a similar margin for machine harvested lots.

Prices in Dongzhi County, Anhui, have been lowered by 100 yuan, to 15,300/15,500 yuan per tonne. However, buyers have remained cautious as they expect prices to decline further. Type 3128 lint produced in the Yellow River Valley is quoted at 15,500/15,600 yuan per tonne.

In contrast to the weakness of upland values, prices of **Xinjiang long staple** lint have been stable during the past week. The benchmark value for Type 137 is still quoted at 25,300 yuan per tonne, equivalent to 171 US cents per lb.

Xinjiang Type 137



State Reserve auctions sell out

All the catalogues offered sold out in the first five days of the 2019 State Reserve auction series, which commenced on May 5. Daily volumes have been in the region of 10,000 tonnes (compared with 30,000 last year), with Xinjiang lint accounting for roughly 40 percent of the daily total offered. By May 9, the total volume sold (from a reserve stock of over 2.7

million tonnes, by Cotlook's estimate at the end of last year's auction series) was 52,533 tonnes.

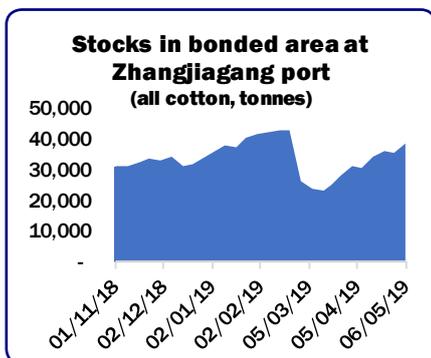
The base price during the first week (May 5 through 10) of this year's sales programme is 14,880 yuan per tonne. The comparable figure during the first week of last year's auction was 15,118 yuan. Average prices paid for Xinjiang and 'mainland' lint have been in the region of 14,900 and 14,500 yuan, respectively.

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 (excluding Sunday May 5, when no A Index was calculated), implies a price of 14,069 yuan per tonne for the week beginning May 13.

For the first time, there will be no afternoon sessions this year.

Stocks at ports

Latest data from the Zhangjiagang Cotton Chamber of Commerce reveal that by yesterday, stocks held in the bonded area at the port were estimated at 38,500 tonnes, up over 3,000 from the previous week, and the highest level since the week ended February 21. The total mainly consisted of US (15,408 tonnes), Indian (10,904), Brazilian (5,349) and Australian (4,021) origins. The biggest increase was for Australian lint, stocks of which rose by almost 2,000 tonnes.



Conversely, traders report that the much more substantial stocks held in the bonded area at Qingdao Port have dropped from last month, as the arrival of Indian and Brazilian has been more than offset by purchases from the bonded area. A further tranche of Australian cotton is expected to arrive at the port in late May.



Weather and crop developments

According to local press reports, spring sowing in those areas of Xinjiang under the control of the PCC (army group) is progressing well. By April 20, a total area of 11,530,000 mu (768,667 ha) had been planted, up around 700,000 mu from the same point in 2018. The final area under cotton is expected to be more than last season but quality improvement is said to be the main target for the PCC this year.

Some areas in Aksu Prefecture have received heavy rain and hailstorms recently, particularly Yuli, Shaya and Kuche Counties. According to *Beijing Cotton Outlook*, some growers are preparing to replant fields before this weekend. Seedling emergence has been progressing well

in most parts of the region. However, in Hami Prefecture in the east, the amount of precipitation received in recent weeks is reported as lower than normal. Poor soil moisture will be negative to crop growth. Cloud seeding has taken place in the area this week.

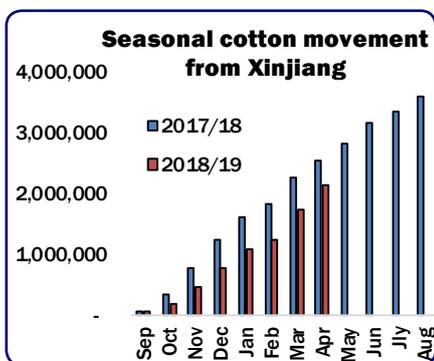
Outside Xinjiang, in Hebei and Shandong, crop growth is reported to be normal, but temperatures were unseasonable during April and plant development might be slightly delayed.

The latest China Cotton Association report indicates that weather conditions during April were generally favourable to crop growth. Most plants in the ground have now entered the third main leaf stage under helpful weather, despite persistent rains in most parts of the Yangtze River Val-

ley late in the month. The Association predicts similar weather conditions throughout May.

Road movement

By the end of April, a total of 2,137,300 tonnes of Xinjiang cotton had been transported eastwards, accounting for 41.3 percent of *Beijing Cotton Outlook's* 2018/19 production estimate of 5,170,000 tonnes. The total comprised 1,077,700 by road and 1,059,600 by rail. The volume transported during April was 404,600 tonnes, down 101,100 from March but well above the 276,600 recorded in April 2018. The deficit between seasons has therefore narrowed to just 16 percent, compared with 23 percent a month ago.



Latest data from the China National Cotton Exchange show that 51,000 tonnes of Xinjiang cotton were transported by road to 'mainland' warehouses from April 29 through May 5, which was 3,000 tonnes less than in the previous week, but 7,800 tonnes more than during the same period last year. The bulk (34,300) was destined for three eastern destinations: Shandong (35 percent), Henan (29 percent) and Jiangsu (13 percent). The aggregate volume moved eastwards by road from September 1 through May 5 totalled 1,110,500 tonnes, down by 18.3 percent, year-on-year.

Freight costs to coastal regions continued to fall during April, to an average price of 500 yuan per tonne.

Textile and clothing exports decline

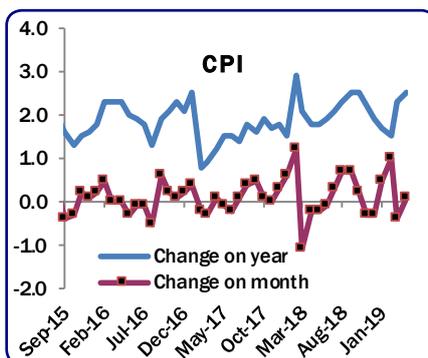
Customs data show that textile and clothing exports during April were valued at US \$19.46 billion, down by 9.4 percent, year-on-year. The total consisted of US \$9.789 billion in yarn and fabric (down by 6.9 percent), and US \$9.7 billion in clothing and accessories, down by 11.9 percent

from a year ago. Cumulative textiles exports in the first four months of the year were US \$36.684 billion, up 0.8 percent, and US \$39.096 billion for clothing, down 8.5 percent.

CPI up in April

The Consumer Price Index grew by 2.5 percent year-on-year in April, faster than the 2.3 percent gain in March. On a monthly basis, the index edged up 0.1 percent, compared with the 0.4 percent drop seen a month earlier, according to the National Bureau of Statistics.

Meanwhile, the Producer Price Index rose by 0.9 percent last month, re-



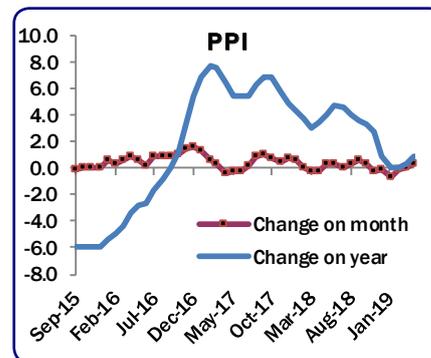
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flecting improving market demand, up from the 0.4 percent gain in March.

Yong'an Futures Forum

The Fifth Yong'an Futures Forum, which is sponsored by Yong'an Futures and co-sponsored by Henan AON Supply Chain Management Co. Ltd and Cotlook Limited, will be held on May 11 in Zhengzhou, Henan Province. Major topics include macroeconomic and staple commodity analysis, the outlook for global cotton market investment and the introduction of cotton options on the ZCE platform.

INDIA

CAI reduces 2018/19 production estimate again

The Cotton Association of India (CAI) has again revised downward its forecast for the 2018/19 cotton crop. The estimate of country-wide production has been reduced by a further 600,000 bales from March's figure, to 31.5 million bales of 170 kgs, as estimates from Maharashtra, the Northern Zone, Madhya Pradesh, Telangana and Andhra Pradesh have all fallen.

However, CAI has also increased its figure for imports during the season by 400,000 bales, taking it to 3.1 million, which is more than double the estimated total for the 2017/18 season. Meanwhile, consumption and exports are reduced by 100,000 bales each from March's estimates. The net result of all these adjustments is that CAI's projection of stocks at the end of the season (September 30, 2019) is unchanged from March at 1.3 million bales.

Arrivals between October 1 and April 30 were reckoned to amount to 27.9 million bales, imports to 727,000 bales and exports to 4.25 million. At the end of April, CAI estimates that four million bales were in the hands of mills, while a further 4,775,000 were held collectively by ginners, multinational corporations, the Cotton Corporation of India and others.

Cotton Association of India Balance Sheet for 2018/19 and 2017/18 Estimated as on April 30, 2019				
	2018/19		2017/18	
	(in lakh bales of 170 kg)	(in '000 tonnes)	(in lakh bales of 170 kg)	(in '000 tonnes)
Supply				
Opening Stock	28.00	476.00	36.00	612.00
Crop	315.00	5,355.00	365.00	6,205.00
Imports	31.00	527.00	15.00	255.00
Total Supply	374.00	6,358.00	416.00	7,072.00
Demand				
Mill Consumption	276.00	4,692.00	275.00	4,675.00
Consumption by SSI units	27.00	459.00	29.00	493.00
Non-Mill Consumption	12.00	204.00	15.00	255.00
Total Demand	315.00	5,355.00	319.00	5,423.00
Available Surplus	59.00	1,003.00	97.00	1,649.00
Exports	46.00	782.00	69.00	1,173.00
Closing Stock	13.00	221.00	28.00	476.00

Cotton Association of India Balance Sheet of 7 months (1.10.2018 - 30.4.2019) for the season 2018/19		
	(in lakh bales of 170 kg)	(in '000 tonnes)
Supply		
Opening Stock	28.00	476.00
Arrivals upto 30.04.2019	278.73	4,738.41
Imports upto 30.04.2019	7.27	123.59
Total Available	314.00	5,338.00
Consumption		
Export Shipment upto 30.04.2019	42.50	722.50
Stock with Mills	40.00	680.00
Stock with CCI, MNCs & Ginners	47.75	811.75
Total	314.00	5,338.00

TRADING ALL GROWTHS TO ALL MARKETS

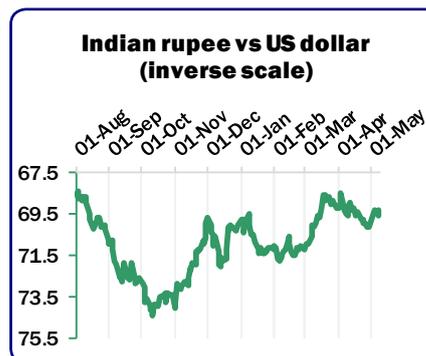
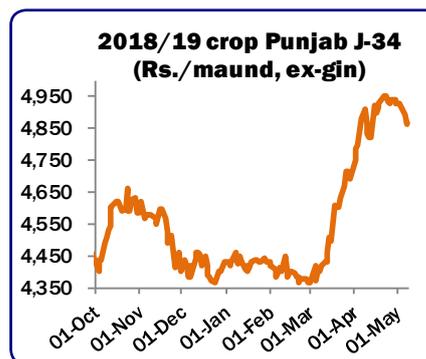
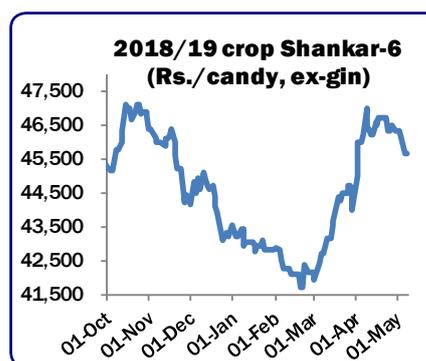
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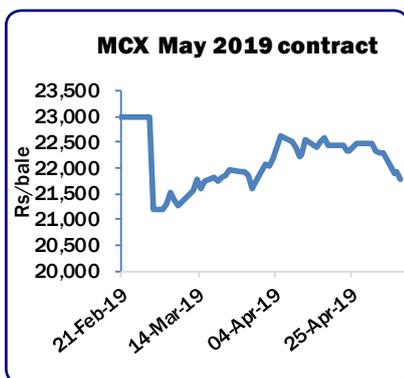
Local prices

Asking rates on the domestic market have fallen fairly substantially over the past seven days. On May 8, Shankar-6 was quoted at an average of ₹45,650 per candy, ex-gin (83.65 US cents per lb, down 0.9 cents), while Punjab J-34 had weakened to ₹4,870 per maund (85.05 cents per lb, down 0.75 cents). In spite of the lower local prices, however, African Franc Zone cotton available nearby and US styles are still attracting significant demand, since the recent falls in New York futures, the continued strengthening of the rupee and reduced assessments of local production have all shifted the price balance further in the favour of imported cotton.



Cotton futures: MCX

Prices fell sharply for the active contracts on the MCX futures platform this week and August has been subject to a downward adjustment. On May 8, the nearby contract closed at ₹21,790 per bale (₹45,582 per candy), down by ₹550 per bale overall. The weekly volume was 28,382 lots or 709,550 bales.



BSE

Prices also fell substantially on the BSE platform this week. On May 3, open interest rose to 462 lots of 25 bales, its highest level since the cotton contract commenced trading, before retreating to 452 lots by the end of the period.

MCX cotton futures						
	Closing price May 1	Closing price May 8	Price changes on week	OI at close on May 8	OI changes on week	Volume May 2 to May 8
	Rupees per bale			Lots of 25 bales		
31-May-19	22,340	21,790	-550	13,358	-2,647	18,229
30-Jun-19	22,580	22,060	-520	6,930	2,309	7,890
30-Jul-19	22,750	22,270	-480	926	616	2,263
30-Aug-19	23,100	22,700	-400	-	-	-
31-Oct-19	23,000	23,000	0	-	-	-
29-Nov-19	23,100	23,100	0	-	-	-
31-Dec-19	23,200	23,200	0	-	-	-
				21,214	278	28,382

BSE cotton futures						
	Closing price May 1	Closing price May 8	Price change on week	OI at close on May 8	OI change on week	Volume May 2 to 8
	Rupees per bale			Lots of 25 bales		
31-May-19	22,610	21,960	-650	251	184	3,629
28-Jun-19	22,720	22,160	-560	201	201	3,123
31-Jul-19	22,870	22,340	-530	-	-	411
				452	385	7,163

PAKISTAN

Sowing gains momentum

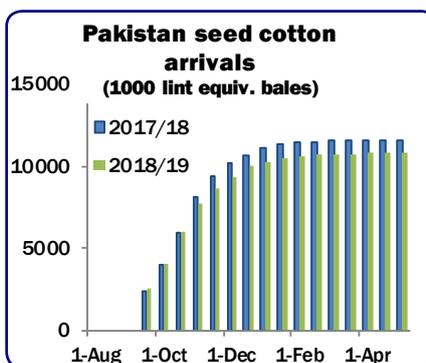
New crop planting has picked up momentum in some of the core cotton-growing areas of Sindh and Punjab, as the wheat harvest is drawing to a close and growers are clearing fields to plant cotton in a timely manner. Very hot and dry conditions have prevailed in most of the cotton-growing belt, with temperatures rising into the low to mid-40s Celsius.

The early-sown crop in both lower Sindh and central Punjab has continued to progress well, although a slight drop in temperature would be welcome. Growers have remained committed to expanding their cotton area. According to the Punjab Food Outlook report, cotton plantings in the province are expected to increase by around four percent, a forecast considered cautious by many private sources.

Local cotton stocks exceed 500,000 bales

Seed cotton arrivals have effectively ceased, and ginners' attention is focused solely on the liquidation of their unsold stocks, which remain unusually high for this stage of the season. According to the latest set of data released by the Pakistan

Cotton Ginners' Association, stocks (both pressed and unpressed) in ginners' hands on May 1 amounted to 522,626 bales compared with 651,036 a fortnight earlier and 279,894 at the same time last year.



Meanwhile, seed cotton arrivals from the 2018/19 crop during the second half of April were extremely modest, amounting to the equivalent of 2,550 bales of lint, compared with 2,753 delivered during the same period a year ago.

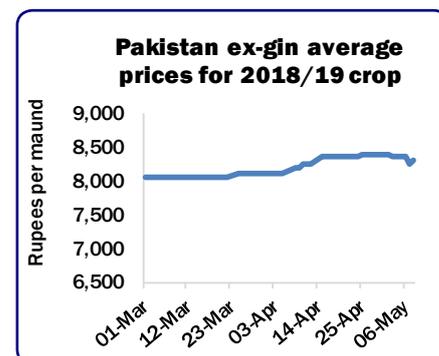
In what will presumably be the final PCGA report of the season, total arrivals by May 1 were placed at the equivalent of 10,777,712 bales (local weight, say 155 kilos), compared with 11,581,934 bales last season, representing a fall of 804,222 bales, or nearly seven percent. The deficit

in Punjab province was nearly 9.6 percent, whilst deliveries in Sindh were about 2.5 percent lower than a year ago.

Of the current season's running total, 10,151,546 bales have been sold onward to textile mills, versus 11,085,425 a year ago, and 103,540 bales to exporters (216,615 in 2018).

Domestic cotton prices weaker

Stable conditions have prevailed in the cotton market. After conceding some downward correction, ginners are now keen to maintain their asking prices. However, at the same time, those with burdensome stocks remain keen sellers. Mills have remained very cautious buyers and thus remain on the sidelines, having adjusted their price ideas lower, in view of the recent sharp fall in New York futures. They



are also concerned about a slowdown in the yarn and textiles market.

Asking prices for cotton from lower Sindh were reported weaker on May 8 at around Rs. 7,500/8,400 per maund, ex-gin, and Rs. 100 lower, at Rs. 8,500/9,100 per maund (roughly 73.75/78.90 cents per lb), in Punjab and upper Sindh. On the same date, the KCA Official Spot Rate for 2018-19 Crop Grade III (Staple: 1-1/16" & MIC: 3.8-4.9 NCL) was quoted at Rs. 8,850 per maund, ex-gin (down Rs. 100).

Import demand

Import demand has improved slightly in recent days. The sharp fall of ICE futures during the current week has stimulated enquiry that has been directed mainly to US and Brazilian. However, many mills are well covered

and seem content to remain on the sidelines. The price ideas of those that are in the market have proved on the low side in relation to prevailing international trade offers. Some aggressively priced US recaps have nonetheless attracted demand at landed prices in the high 70s cents per lb. Brazilian 2019 crop SLM has moved off at similar levels, for fourth quarter shipment. Fine count mills have covered modest volumes of Egyptian Giza 86.

Yarn and textiles

Weak conditions have prevailed in the yarn and textiles market. Spinners have reported slow enquiry and yarn offtake from local weavers and knitters has been modest. Many downstream manufacturers have adjusted their

price ideas downward to reflect the recent decline in raw cotton replacement costs. However, most spinners have tried to maintain their asking prices.

Export yarn demand has also been slow. Mirroring local conditions, foreign buyers' price ideas have been on the low side and thus spinners have struggled to make volume sales at workable prices.

Nevertheless, asking prices for 20/21s carded yarn have been held at around US\$400/430 per 400-lb bale, while those for 30/32s carded yarn are also maintained at around \$470/500 per bale.

Asking rates for polyester staple have been reduced to Rs. 189/191 per kilo (down from Rs. 190/192 a week ago).

BANGLADESH

During the past week, the downtrend in New York futures and the progressive reduction of shippers' asking prices have prompted several spinners to take advantage of cheaper offers for nearby shipment. The popular African Franc Zone origins have been in demand but the availability of the more desirable qualities seems to have become more limited. As already reported, shipments from origin against existing contracts have been subject to delay. Despite these difficulties, confirmed business has included Ivory Coast SM 1-1/8", booked at 83.75 cents per lb, Mali type JULI/s 1-1/8" Micronaire 28 gpt minimum purchased earlier in the week at 85.00 cents per lb for shipment June and Cameroon, type PLEBE 1-5/32" 29 gpt traded at 86.00 cents, for the same shipment. In addition, Brazilian Middling 1-1/8" 29 gpt has changed hands at 81.80 cents per lb, for shipment November/December 2019 equally.

Regardless of cheaper prices in the international market, most local ex-warehouse asking prices have been held unchanged. Those for African Franc Zone

's' grades 1-1/8" staple have been unaltered at around 95.00/96.00 cents per lb. Offering rates for Indian MCU-5, 30 and 31mm, have been cut by 100 cent points to 92.00/93.00 cents, with Shankar-6 1-1/8" still attracting a discount of around a couple of cents per lb.

Yarn and textiles

The typical range of yarn offering rates for carded cotton 30s yarn has remained unaltered at around US\$2.75/2.95 per kilo. Whilst local yarn prices have about

been maintained, lower raw cotton replacement costs have provided a measure of relief to spinners. Garment manufacturers have been carefully monitoring developments in the Sino-US trade conflict, and some feel that Bangladesh could become a beneficiary of the latest escalation of the dispute. More generally, garment orders have been increasing gradually which makes some spinners more optimistic for the future. However, due to continued liquidity problems, certain garment units cannot be run at full capacity.

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TURKEY

This week's downward adjustment to international offering rates has stimulated some renewed import enquiry. However, political developments have again to some extent intruded on purely commercial considerations, as the contested result of the municipal elections in Istanbul has led the government to sanction a new poll.

The resultant instability of the exchange rate has instilled caution amongst many mill buyers, who have tended to purchase remnants from the 2018/19 Turkish crop to meet their more urgent needs. The progressive decline of international offering rates has proved irresistible to some mill buyers, however, and import business has been arranged, mainly in US MOT styles and Brazilian.

EGYPT

Production

According to figures from the Ministry of Agriculture, planted area for the 2019/20 crop had reached 104,353.5 feddan by May 7. The figure represents just under 40 percent of this year's intended area of 265,709 feddan, although it is still less than half of the 230,822 feddan recorded at the same point last season (which ultimately accounted for 68 percent of the final crop area). The figures suggest that realisation of the planting intentions may be in some doubt, though local commentators remark that it may be premature to draw firm conclusions, citing farmers' recent tendency to plant cotton rather later than had earlier been customary.

The area sown so far comprises 81,754.5 feddan dedicated to commercial varieties, and 22,599 to 'fundamental' varieties.

Export market

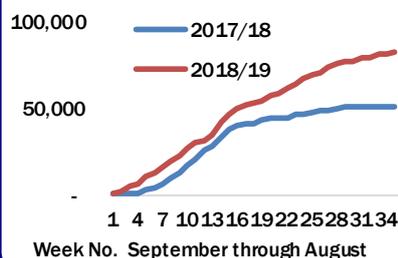
Export business was quiet during weeks 34 and 35 of the Egyptian marketing season (ending May 4), which encompassed the Easter

Egyptian registrations

(week ended May 4, 2019)

	tonnes	US cents/lb FOB
Giza 94	240	112.00
	45	113.00
	92	118.00
	100	120.00
Giza 86	510	112.00
	165	112.50
	205	117.00
Grand total	1,357	

Export registrations by May 4 (Week 35) tonnes



festivities. New sales registrations over the fortnight totalled 1,357 tonnes, including 750 for India and 507 for Pakistan.

The running total of 82,584 tonnes is 60 percent higher than at the same point last season; 57,549 tonnes (70 percent) have been shipped. The average prices for Giza 94 and Giza 86 registered during the period were 115 cents/lb and 113 cents/lb, respectively.

It is reported that buyers are tending to resist the higher asking prices now being quoted for Giza 94, and merchants have had to accept discounts of around two cents per lb in order to conclude business, despite a dwindling supply. Observers have suggested that as the price gap between Egyptian varieties and Pima

narrows, international demand might shift in favour of US supplies.

Apparel sector

Amr Nassar, Minister for Trade and Industry, has announced that Man Kai, the Chinese company responsible for establishing a new spinning and weaving industrial zone in Sadat City will be ready by the end of the year to ship the machinery required by about 140 units altogether. It is understood that Chinese companies, including one of the largest suppliers of jeans to the US, are seeking to take advantage of competitive labour costs and customs exemptions available via the QIZ (Qualifying Industrial Zone) agreement.

2018/19 season export data

(as at May 4, 2019)

	New reg	Total reg	Shipped	% age shipped
India	750	42,627	28,026	66%
Pakistan	507	16,377	13,446	82%
Bangladesh	0	5,602	4,924	88%
China	0	5,074	5,026	99%
Egypt FZ	0	4,467	3,017	68%
Brazil	0	1,409	360	26%
Germany	0	1,200	110	9%
Portugal	15	666	495	74%
Greece	100	600		0%
Turkey	40	529	534	101%
Emirates	0	500	0	0%
Slovenia	0	408	364	89%
Austria	0	393	401	102%
Indonesia	0	375		0%
Others	-55	2,358	849	36%
Total	1,357	82,584	57,549	70%

Totals rounded to nearest tonne

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SOUTH AFRICA

Production estimate continues to grow

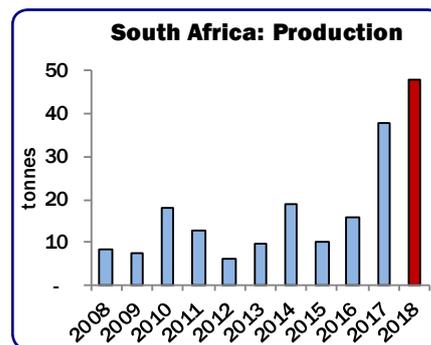
The latest forecast of output from the 2018/19 crop has again been adjusted higher and confirms the recent upward trend of production. *Cotton South Africa's* fourth estimate for the season ahead, established at the end of April, forecasts output at 240,032 bales (just over 48,000 tonnes), which is over 800 bales up from the previous month and

15,616 bales above the first estimate, released in late January.

Of the total production, the majority share (235,837 bales) is attributed to prospective output in the Republic (showing an increase of 25 percent compared to the previous season and a modest increase on last month's estimate). The balance is from Swaziland and Namibia.

Dryland and irrigated areas in the Republic continue to show increases of 33 and 21 percent, respectively, over the previous year. As previously

reported, this is mainly due to the favourable price of cotton compared with competing crops.



FAR EASTERN MARKETS

This week's sharp fall of upland offering rates in sympathy with New York has led to a general broadening of mill demand across the region. Mention has been made of interest in US, West African, Brazilian and to a lesser extent Australian and Argentine origins. However, as asking prices continued to drop, many spinners became more cautious in their approach to new business and some have preferred to wait on the sidelines in the hope that prices will decline further.

In **Indonesia**, several spinners this past week have confirmed business amounting to a few thousand tonnes. Turnover has comprised three main origins: US Eastern/M/O/T Middling 1-1/32" has been purchased at 74.75 US cents per lb, for shipment June, Brazilian Middling 1-1/8" at 81.50 cents, for shipment May/June and Australian SM 1-5/32" at 93.50/94.00 cents, for a similar shipment.

In **Thailand**, mills have focussed mostly on supplies of Argentine lower grades and some US current crop 'recaps', for nearby shipment. However, the parcels traded have been small in volume.

A mill in **South Korea** bought around 3,000 tonnes of Brazilian 2020 crop, for third quarter shipment next year, on behalf of its overseas operations.

Mill buyers in **Vietnam** have continued to test prices for the customary African Franc Zone styles. Business arranged during the past week has also included Brazilian lower grades, booked at prices in the mid-70s cents per lb, CIF Haiphong.

During the past week, CFR business in **Taiwan** has included 100 tonnes of US 2017/18 crop Eastern/M/O/T 'recap' (SLM light spotted 1-3/32" Micronaire 4.5 NCL 26.8 gpt), bought at 74.95 cents per lb, for shipment June/July. In addition, 200 tonnes of California/Arizona 'green card' 'recap' have been taken up at 81.50 cents, for shipment May/June.

For a Taiwanese-owned operation in Lesotho, 232 tonnes of South African 'recap' (Middling 1-3/32" Micronaire 4.5 NCL 28.5 gpt) have found buyers at 79.70 cents per lb, for delivery May/June, CIP Lesotho.

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UNITED STATES

Trade relations with China have returned to center stage this week, after President Trump tweeted on Sunday, May 5, that he might increase US tariffs on Chinese goods (from ten to 25 percent) this Friday, May 10, if an agreement on the trade deal with China is not reached. It is reported that the planned tariff increase, which would affect goods valued at an estimated US\$200 billion, appeared in the Federal Register on May 8. The impression gained over previous weeks had been that the two sides were edging closer to an agreement. In justification of the move, the administration has claimed China has sought to renegotiate parts of the draft that had already been agreed. The Chinese Vice Premier, Liu He, is expected to arrive in Washington DC this week to continue trade talks that had been scheduled before the latest setback.

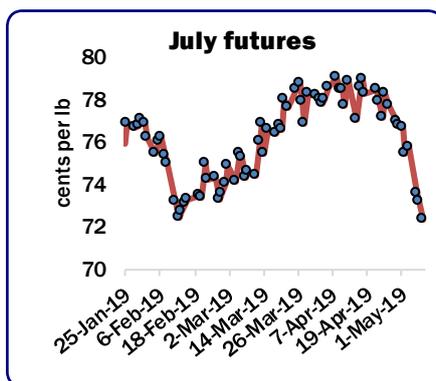
In response to the latest developments on the trade front, a massive sell-off of the cotton No. 2 contract occurred on May 6, since when active speculative selling has pushed futures lower still, amid the renewed uncertainty.

Favourable weather conditions have also added to the recent bearish tone of the market: all of West Texas is rated drought-free as the planting season begins. The improved groundwater situation in Texas is expected to result in an upward adjustment to the US production forecast when USDA releases its May supply and demand report at noon EST on May 10. Although the wet spring has helped improve soil moisture throughout most of the cotton belt, it has delayed sowing of the corn crop sown in the South. Consequently, local analysts believe that some of the acreage that was intended for corn may now be switched to cotton.

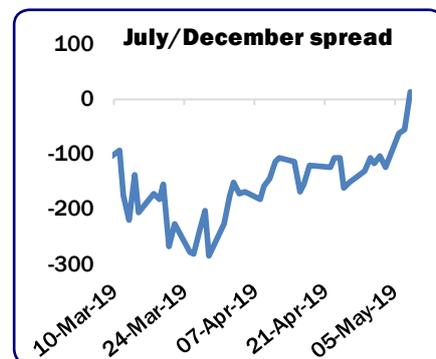
ICE cotton works lower

Futures traded lower for most of the period, as July tested ground close to 73.00 cents on two occasions before speculative selling triggered sell-stops and drove the spot month through key support levels to settle at 72.31 cents per lb on May 8 – the contract's lowest close since December 2017. Over the five sessions, the spot contract traded

in a fairly wide range from 71.90 to 76.59 cents and incurred a net loss of 440 cent points.

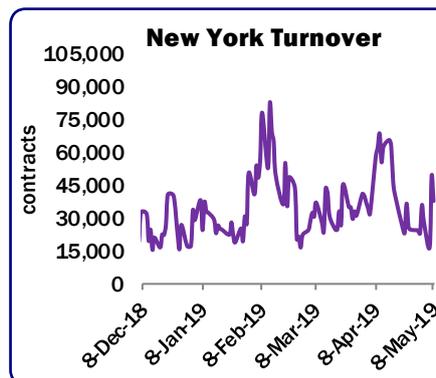


The December contract also settled lower in four out of the five sessions but ended with a less substantial net loss of 311 points. May 8 was the second of five days for speculative 'long-only' funds to buy December and sell July. By the end of the period, the new crop contract had thus moved to a premium of 11 points in relation to July, ending the long-standing inversion.



A total of 319 notices have been issued and stopped as of May 8, the last trading day for the nearby month. The last notice day is May 15.

Total volume for the week was estimated at 177,664 contracts, which was the highest level since the week ended April 17.

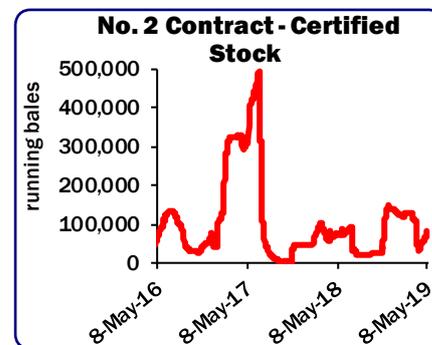


ICE No. 2 Cotton Futures			
(in cents per lb)			
No. 2:	8-May	1-May	Change
May-19	71.45	75.91	-4.46
Jul-19	72.31	76.71	-4.40
Oct-19	72.52	75.48	-2.96
Dec-19	72.42	75.53	-3.11
Mar-20	73.23	75.99	-2.76
May-20	73.44	75.93	-2.49
Jul-20	73.45	75.76	-2.31
Oct-20	72.80	74.41	-1.61
Dec-20	71.28	72.41	-1.13
Mar-21	71.68	72.80	-1.12

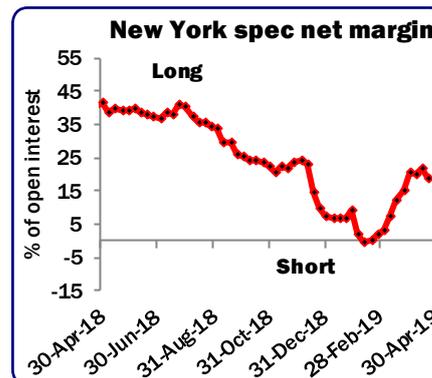
Certificated stock as of May 7 totaled 81,588 bales.

Chicago Futures			
(in cents per bushel)			
	8-May	1-May	Change
Soybeans			
May-19	814.25	839.50	-25.25
Jul-19	827.25	851.75	-24.50
Sep-19	839.25	863.25	-24.00
Wheat			
May-19	431.25	425.00	6.25
Jul-19	439.00	436.00	3.00
Sept-19	447.50	443.25	4.25
Corn			
May-19	355.25	360.00	-4.75
Jul-19	364.25	368.50	-4.25
Sept-19	372.25	376.25	-4.00

Certificated stocks have been rising and were last reported at 81,588 bales, the highest level since March 21 (106,796 bales). There were no bales awaiting review. A total of 2,304 bales were in both certificated stocks and the CCC loan.



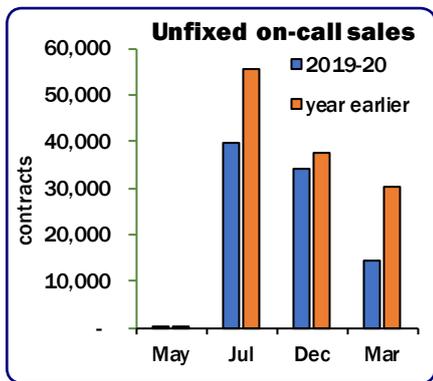
Speculators decreased their net long margin to 18.6 percent of the total open interest (212,357 contracts on April 30) after increasing longs and shorts by 511 and 7,147 contracts, respectively. Commercial traders



US UPLAND AND PIMA STATISTICS

decreased their net short margin to 19.3 percent after adding 745 longs and reducing shorts by 6,054, as last reported in the latest CFTC commitments of traders data.

The CFTC On-Call Cotton report for the week ended April 26 showed a modest increase of on-call sales. The total on that date was reported at 110,500 contracts, an increase of 859 contracts on the week. May '19 unfixed on-call sales declined by 4,357 contracts to 180, while those on July and December '19 rose by 1,855 and 1,304 contracts, to 39,485 and 34,145, respectively.



During the week ended April 29, current crop upland entries into the Commodity Credit Corporation's loan program rose by 15,960 bales to 8,096,776. A total of 177,955 bales were repossessed, while no bales were redeemed or forfeited from the 2017/18 and 2016/17 crops during the period. The unpaid loan volume for all three seasons therefore decreased to 2,748,080 bales, of which cooperatives and loan servicing agents accounted for the majority of 2,363,930, leaving independent growers with the balance of 384,150 bales.

Spot market sales totaled 33,457 bales in the week ended May 8, bringing the season total to 1,161,742. The largest volume of sales was from the Southeast (16,940), followed by West Texas (10,296), East Texas/Oklahoma (5,530), and the Delta (691). Basis levels remained unchanged across the cotton belt.

Grower sales on *The Seam* totaled 3,542 bales, which sold for an average price of 59.56 cents per pound. Business turnover this week totaled 5,663 bales that brought an average price of 64.17 cents.

LOAN STATISTICS

CCC Data as of April 29, 2019 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
18/19	8,096,776	5,348,849	0	2,747,927
17/18	9,799,746	9,799,683	59	4
16/17	<u>9,372,917</u>	<u>9,372,752</u>	<u>16</u>	<u>149</u>
Totals	27,269,439	24,521,284	75	2,748,080
Last period's total (Apr. 22)				2,910,075

*Including 384,150 bales held by individuals and 2,363,930 by cooperatives

Details by state for 2016/17 crop, 2017/18 crop, and 2018/19 crop upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	- OUTSTANDING -		
	2018/19	2017/18	2016/17
N. Carolina	109,996	-	-
S. Carolina	57,630	-	-
Georgia	290,616	-	117
Alabama	107,924	-	32
Florida	14,090	-	-
Virginia	<u>7,799</u>	-	-
Southeast	588,055	0	149
Tennessee	306,848	-	-
Illinois	273	-	-
Missouri	238,089	4	-
Mississippi	445,338	-	-
Arkansas	361,193	-	-
Louisiana	<u>70,083</u>	-	-
Memphis Terr	1,421,824	4	0
Texas	501,934	-	-
Oklahoma	64,724	-	-
Kansas	<u>68,023</u>	-	-
South West	634,681	0	0
New Mexico	17,853	-	-
Arizona	50,452	-	-
California	<u>35,062</u>	-	-
Far West	103,367	0	0
Upland Total	2,747,927	4	149

Pima CCC Loan Activity

running bales to April 29, 2019

	Total	Repayments	Forfeitures	Outstanding
	Entries			Stock
2018/19	420,314	296,343	-	123,971
2017/18	<u>349,539</u>	<u>349,539</u>	-	0
	769,853	645,882	-	123,971
Previous Total Outstanding (Apr. 22):				134,992
		<u>2018/19</u>		<u>2017/18</u>
Arizona		14,471		-
California		92,090		-
New Mexico		4,787		-
Texas		<u>12,623</u>		-
Pima Total		123,971		0

Grower To Business

Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southeast	66.43	1	764	765
Southwest	57.66	971	1,806	2,777
Total	59.56	972	2,570	3,542

Business To Business

Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	64.17	823	4,840	5,663
Total	64.17	823	4,840	5,663

Plantings about on par

The National Agricultural Statistics Service reported that plantings were at 18 percent beltwide as of May 5, which is an increase of seven percentage points on the week but

SPOT MARKETS

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

	Prices (cents per lb)		Turnover
	8-May	1-May	
Southeast	69.06	(73.46)	16,940
N. Delta	67.81	(72.21)	178
S. Delta	67.81	(72.21)	513
E. Tx/Okla	65.81	(70.21)	5,530
West Texas	65.81	(70.21)	10,296
Desert Southwest	65.31	(69.71)	0
San Joaquin Valley	65.81	(70.21)	0
7 MARKET AVERAGE	66.77	(71.17)	

Turnover for the period ending May 8 33,457
Total turnover for season to May 8 1,161,742

Selected markets to May 8 (May 1 values in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	69.06 (73.46)	67.81 (72.21)
1-3/32" (35)	70.06 (74.46)	68.31 (72.71)

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

NY No.2 July '19 -450

SAN JOAQUIN VALLEY

1-3/32" (35)	74.71 (79.11)	67.81 (72.21)
1-1/8" (36)	78.21 (82.61)	68.61 (73.01)

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

NY No.2 July '19 +240

WEST TEXAS

15/16" (32)	62.66 (67.06)	61.31 (65.71)
1" (33)	64.66 (69.06)	62.06 (66.46)
1-1/32" (34)	66.66 (71.06)	65.81 (70.21)

W. Texas Micronaire (cent points per lb):

	8-May	1-May
24 & Below	-1800	-1800
25-26	-1800	-1800
27-29	-1150	-1150
30-32	-825	-825
33-34	-600	-600
35-36	0	0
37-42	0	0
43-49	0	0
50-52	-250	-250
53 & Above	-375	-375

Strength grams/tex (cent points per lb):

Mfs Terr	Mfs Terr	W Texas	SJV
19.0-19.9	*	-325	*
20.0-20.9	*	-325	*
21.0-21.9	-750	-300	*
22.0-22.9	-700	-275	*
23.0-23.9	-650	-250	*
24.0-24.9	-625	-250	-500
25.0-25.9	-600	-175	-400
26.0-26.9	-25	-125	-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	50	125
33.0 & Above	50	50	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 May 8 compared with May 1 in parenthesis, were as follows:

AMERICAN PIMA

GRADE	1-3/8" (44)	1-7/16" (46)
2	111.25 (111.25)	120.00 (120.00)
3	97.50 (97.50)	105.25 (105.25)
4	76.75 (76.75)	84.50 (84.50)

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.

just shy of the 19 percent five-year average. The greatest progress on the week was witnessed in the Southeast, where most states were ahead of the normal pace.

In Texas, 16 percent of the crop was in the ground, which is on par for this time of year. Meanwhile, sowing continues to lag behind schedule in most of the Memphis Territory and the Far West, owing to inclement weather.

	Planted 5/5/2019 -percentages-		
	May 5	Previous Year	5-Year Average
Southeast			
North Carolina	17	12	10
South Carolina	22	11	21
Georgia	23	19	15
Alabama	28	29	25
Virginia	15	20	15
Memphis Territory			
Tennessee	12	9	11
Missouri	19	32	33
Mississippi	11	19	24
Arkansas	15	17	29
Louisiana	29	24	40
Southwest			
Texas	16	18	16
Oklahoma	7	8	11
Kansas	4	2	3
Far West			
Arizona	60	68	75
California	70	87	76
Summary	18	19	19

*These 15 states planted 99 percent of last year's cotton

Stormy weather hampers planting from Texas to Delta

Intermittent thunderstorms have this week rumbled through **West Texas**, bringing gusting winds and generally light to moderate rains to much of the region. Heavy downpours and hailstorms were reported in isolated locales during the more severe weather. Sunny, seasonable conditions returned to the region late in the period, helping soft soils firm. However, the recent rains have not only improved soil moisture levels but have spurred weed development, which could prove difficult to control. Planting has begun on a small scale, and since soil moisture levels remain good throughout the High and Rolling Plains, open dry weather would be welcomed to allow outside activities to advance.

Some fields in the Coastal and Upper Coastal Bend districts of **South Texas** have already had to be replanted, owing to damaging winds and flooding earlier this spring. An extended period of sunny, warm weather is urgently needed to help proper seed germination and to improve growing conditions. Thunderstorms, though, remain in the near-term forecast for the region. Hot,

American Cotton Shippers Association

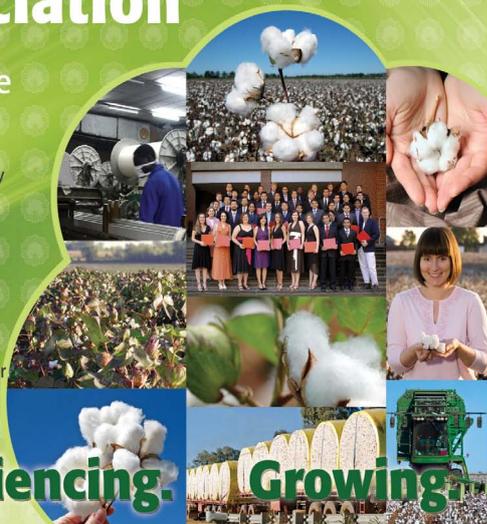


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humid weather has prevailed in the Rio Grande Valley during the period under review, and spotty, light rain has fallen. Many of the older stands have reached the squaring stage, and moisture would be welcomed to enhance fruit development. Insect pressure continues light and is under control.

Sunny and warm weather has returned to the **Memphis Territory** of late, following intermittent thunderstorms earlier in the period. Light to moderate rains were received, with locally heavy downpours reported in some areas, saturating soils and halting sowing. The unusually wet spring has limited outside work, and as a result, some analysts believe acreage that was intended for corn may now be switched to cotton.

Planting progress varies widely throughout the Delta: some producers have yet to put the first cotton seed in the ground, while others have sown more than half of their intended acreage. Based upon the latest US crop progress report, seeding continues to lag behind the normal pace in all states except Tennessee.

The recent improvement in the weather has helped soft soils firm, and growers have rushed to get the crop in the ground before the optimal sowing period draws to a close, which is normally around May 20. Seeds are sprouting rapidly under the warm temperatures, and open skies would be welcomed to help ensure healthy stands. Another round

of thunderstorms, though, is in the near-term forecast, and additional precipitation of between 0.50" and 3.00" is projected, which will further delay planting.

Mostly clear, above-average temperatures for this time of year have ruled in the **Southeast** late in the period under review, allowing planting to gain momentum. As of May 5, sowing was at or ahead of schedule throughout the region, ranging from 15 percent in Virginia to 28 percent in Alabama. Fair, unseasonably warm weather remains in the near-term forecast, and farmers are working long hours to get the seed in the ground ahead of forecast storms. Light to moderate rain fell in many areas earlier in the period, and although the precipitation briefly halted planting, it helped improve topsoil moisture. Seeds are sprouting rapidly in the heat, and seedlings are developing satisfactorily.

Here too, the planting window for corn is rapidly drawing to a close, and some of the intended acreage may now be switched to cotton. Droughty conditions prevail across most of Georgia and South Carolina, and timely precipitation will be required during the growing season to ensure healthy stands.

Planting has advanced rapidly in the **Far West** under mostly fair skies. Seventy percent of California's crop was sown as of May 5, an increase of 20 percentage points on the week. Nonetheless, work lags behind the

five-year average of 76 percent. Some growers have already completed work, and if good weather holds, planting will soon be complete. Daytime highs have ranged from the 70°s to the 80°s (F), and emergence has been good. Scattered thunderstorms are in the near-term forecast, and light precipitation is projected, which could briefly hinder outside work.

In Arizona, 60 percent of fields were sown, compared with the 75-percent average. Spotty, light rain has fallen in parts of the state, but amounts were barely measurable. Hence, planting has continued with little interruption. Many stands have emerged in Yuma County, where the crop is progressing normally.



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US PRICE MECHANISM

The Adjusted World Price is calculated from CFR Far East quotations, adjusted to reflect quality differentials and an 'average cost to market'. The quality adjustment is derived from the loan difference between Middling 1-3/32" and SLM 1-1/16". The 'average cost to market' is determined by using values provided to USDA by cotton shippers. USDA has amended the cost at 15.19 cents until further notice. Further adjustments to the AWP are applied by reference to differences between World Quality and Loan Quality values in the form of a Fine Count and a Coarse Count Adjustment.

The AWP may be further amended if, at the Secretary of Agriculture's discretion, such an amendment is necessary to 1) minimise potential loan forfeitures, 2) minimise accumulation of Government stocks, 3) ensure free and competitive marketing of upland cotton, both domestically and internationally and 4) ensure an appropriate transition between current and forward quotations.

Cotton entered into the Loan may be redeemed with cash at the Basic Loan value or at an AWP lower than the Basic Loan plus storage and interest charges (thus avoiding such charges either entirely or in part).

US PRICE MECHANISM

- 2018/2019 season -

- value if applied today, May 9, 2019 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	81.89
B) Three Far Eastern 'fine count' CFRs	84.21
C) Three Far Eastern 'coarse count' CFRs	77.58
D) Cheapest US Midd. 1-3/32" CFR	82.25

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 15.19

Loan Quality Differential

(at average location) between:

Middling 1-3/32"	54.05	
SLM 1-1/16"	52.00	2.05

E) Total Adjustment Factor	17.24
F) Adjusted World Price (A - E)	64.65
G) Fine Count' Adjustment Factor	must be above zero
2018 crop (current values 2.20-(B-A))	-0.12
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-4.95)	-0.64
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-12.65

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	159.00
P2) P1 adjusted for quality and transportation ((P1+2.04)-14.80)	144.50
P3) Basic ELS Loan Rate (79.77) adjusted for quality 2-2-46	80.30
P4) Basic Loan Trigger = 134% of P3. P2 must be lower than P4 for four weeks for payments to be triggered <i>The Basic Loan Trigger criterion must be met for any payment to be calculated</i>	107.60

Payment Calculation

P5) Friday/Thursday US Pima CFR Far Eastern Average	133.50
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+2.04)	161.04
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 May 9	N/A

US EXPORT SALES

During the week ended May 5, US upland sales for shipment in 2018/19 rose by a net figure of 235,800 running bales. The single largest destination was again Turkey (78,800, including a decrease of 3,900), followed by Vietnam (56,400, including a decrease of 100), India (26,900, including a decrease of 100), Bangladesh (18,500, including a decrease of 100) and China (16,900, including 800 switched from Hong Kong).

Upland export shipments comprised 387,100 running bales. The primary destinations were Vietnam (131,100), China (51,800), Turkey (38,200), Pakistan (32,600) and India (29,100).

For shipment in 2019/20, the sales commitment rose by 56,500 running bales, primarily for Mexico (24,300), China (19,800) and Thailand (11,900).

Net sales of Pima for the current season totalled 2,100 running bales and shipments amounted to 16,600.

Week Ended May 02	US export sales in running bales				
	2018/19			2019/20	
	Upland	Pima	All cotton	Upland	Pima
Previous unshipped commitments	5,307.0	263.3	5,570.3	3,027.0	40.4
New sales	242.2	2.2	244.4	56.5	5.7
Cancellations	6.4	0.1	6.5	0.0	0.0
Net sales	235.8	2.1	237.9	56.5	5.7
New commitments total	5,542.8	265.4	5,808.2	3,083.5	46.1
Week's shipments	387.2	16.6	403.8	0.0	0.0
Cumulative shipments	8,858.1	452.4	9,310.5	0.0	0.0
Unshipped commitments	5,155.7	248.8	5,404.5	3,083.5	46.1



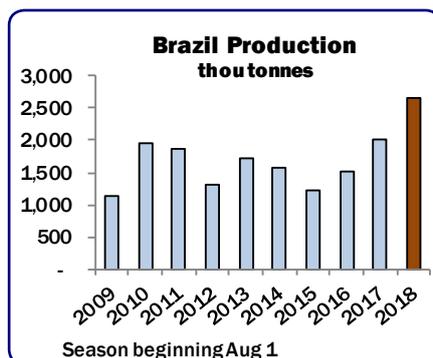
BRAZIL

Production forecast raised

On May 9, the Companhia Nacional de Abastecimento (CONAB, the government agency whose remit includes crop forecasting) issued a fresh set of production forecasts for the 2018/19 crops. The figure for cotton lint is again raised, by 17,100 tonnes to 2,664,500 tonnes. That figure would represent a new record and an increase of no less than 658,700 tonnes (almost one third) from the volume produced the previous year, itself a record.

The bulk of this month's increase is attributed to the two main producing states, Mato Grosso (increased by 6,400 tonnes to 1,765,100) and Bahia (up 9,900 tonnes to 587,600). In the former state, an increase in estimated area of 3,900 hectares explains the higher figure, while in the latter area is unchanged but anticipated

average yield has been raised from last month's 1,740 to 1,770 kilos per hectare.

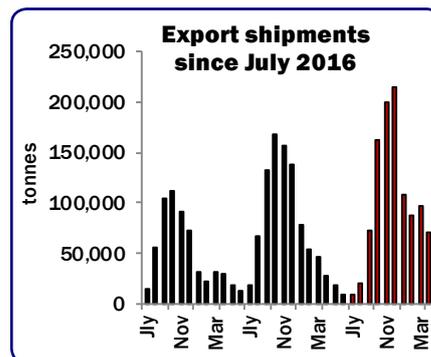


Shipments to China

Export shipments during April amounted to 71,800 tonnes, down from the volume (97,973 tonnes) recorded in March, but well above the 28,639 tonnes dispatched in the same month of last year. The total for the July/April period (broadly corresponding to the movement of

the 2018 crop) rose to more than 1,045,000 tonnes, an increase of 17 percent over the total for the ten-month period a year earlier.

China was the principal destination during April, accounting for 24,171 tonnes (roughly one third) of the total. Smaller quantities were destined for Indonesia (16,842 tonnes), Bangladesh (11,045), Turkey (7,317), Vietnam (4,874), Malaysia (2,657), Thailand (1,707) and South Korea (1,634).



XVIII ANEA COTTON DINNER AND GOLF TOURNAMENT
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ANEA Associação Nacional dos Exportadores de Algodão

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Cumulative shipments to China during the July/April period account for nearly 373,803 tonnes (36 percent of the total), against less than 80,000 a year earlier.

Featureless local market

Dull trading has persisted on the domestic raw cotton market. The *Esa/q* Index of spot values (41-4-35, delivered mill South Brazil, payment at 8 days) has drifted lower during the past week under the combined influence of lacklustre demand from the local mill sector and bearish developments on the world market. The value on May 8 was R¢291.25 per lb, equivalent to around 73.00 US cents per lb.

ARGENTINA

The return of heavy rainfall to parts of the cotton-producing region over last weekend has caused distress to local communities and further disruption to the cotton harvest. The areas affected are mostly the same as those that received torrential downpours toward the end of last month. In the worst affected areas, accumulations of up to 350 millimetres were recorded. The wet conditions have extended from the centre to the south west of Chaco

province. In Santiago del Estero, rainfall has typically been much less intense, with daily amounts of 20 mm or less.

The adverse weather is forecast to persist until the end of this week, when conditions are set to improve. A protracted period of clear and dry weather is of course now required in order for fields to dry and picking to resume. The harvest had already been brought to a standstill by the earlier rainfall last month, and the latest adverse conditions will add to concerns with regard to yields and, in particular, quality.

The most recent bulletin from the Ministry of Agriculture suggests that, by April 11 (prior to the advent of the prolonged wet spell), some 93,000 hectares had been picked, representing 26 percent of the Ministry's estimate of the area for harvest.

Perhaps influenced by the now uncertain outlook for the crop,

local spinners have been enquiring more actively. Having recently been purchasing mainly in hand-to-mouth fashion, few have significant inventories to fall back on. Sellers have meanwhile become more reticent during the past week and export trading has been slow.

A further 5,696 tonnes were nonetheless registered for export

during the week ended May 8. The recent spate of registrations (already noted last week and largely associated with sales arranged earlier) has been attributed in part to rumours that additional export taxes on agricultural products are in the offing.



AUSTRALIA

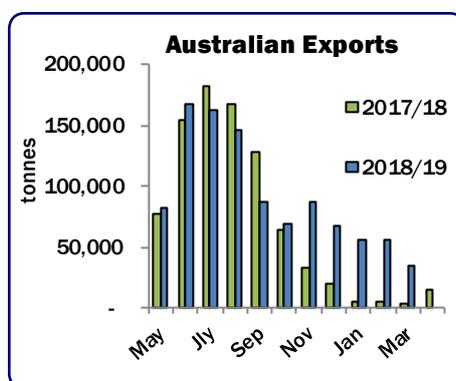
Harvest makes good progress

Clear skies in the more northerly growing regions of Queensland and northern New South Wales have seen most of the cotton crop there already picked. All the early-planted crops have been gathered in Central Queensland, leaving only a few late-sown fields. Picking is in full swing further south on the Darling Downs, where close to three quarters of the harvest is complete. Progress in southern New South Wales is at about the half-way mark after rain last week called a brief halt to outdoor activities. Growers are now anxious to get the balance of their cotton in before the arrival of more showers that are predicted in the latest weather forecast.

China remains biggest destination for cotton exports

Raw cotton exports in March amounted to 34,115 tonnes, 21,437 tonnes less than the quantity shipped the previous month (55,552). As was the case in January and

Australia			
Raw Cotton Exports (in tonnes)			
	2016/17	2017/18	2018/19
	Aug/Mar	Aug/Mar	Aug/Mar
China	85,614	0	217,242
Vietnam*	50,140	95,317	83,078
Bangladesh	57,496	82,946	46,410
Indonesia*	46,449	0	15,737
Thailand	24,387	21,600	14,635
India	88,568	15,527	11,175
Japan	10,348	8,994	6,627
Pakistan	5,200	4,599	2,396
Taiwan	908	5,335	1,869
Others	8,838	191,396	202,501
Total	377,948	425,714	601,668



February, China was by far the largest destination, accounting for 23,845 tonnes (nearly 70 percent) of the total.

Much smaller quantities were destined for Bangladesh (4,779 tonnes), Indonesia (2,929) and Japan (1,026).

*Details by country of origin appear in the accompanying table. However, it will be recalled that, between August 2017 and October 2018, no data were reported for either China or Indonesia, whereas substantial quantities were attributed during the same period to 'unidentified countries' (which in our table is incorporated in the 'others' category).

