

WEEK IN BRIEF

Upland **offering rates** have fallen dramatically in reflection of consecutive lower ICE futures settlements. The lead December contract retreated to its weakest level since early January before settling 'limit-up' on June 29. Weekly turnover was heavy... China's Zhengzhou futures platform was also exceptionally active. Price movements mirrored New York to end lower overall... Local prices in Brazil have fallen very sharply... Cotlook's latest estimates of production and consumption appear on pages 7/9.

In the United States, **plant development** beltwide is slightly ahead of the normal pace. West Texas has gained only limited respite from the prevailing drought. Very hot temperatures have also caused some stress to plants in the Delta and Southeast. Hot conditions have pushed development of the Pima crop in the Far West, but concern persists with regard to water supplies... Planting is in its final stages in Egypt... The Southwest Monsoon has advanced over India's major cotton regions, but rainfall is deficient. Sowing is around 15 percent behind the pace of last season... Planting is virtually complete in Pakistan. Seed cotton arrivals are gradually increasing... Crop development in China's Xinjiang region is progressing around one week faster than last year. High temperatures have increased irrigation requirements... Perhaps 60 percent of the Argentine crop has been gathered. Helpful weather is in the near-term forecast... Prospective yields in Brazil remain the subject of much debate as the harvest advances.

Mill demand remains limited in the face of very volatile price movements, but some purchases have been facilitated as the market has fallen. Mills in Turkey have bought some Brazilian and US lots. Various growths have found buyers in Pakistan. Nearby availabilities have attracted attention in Bangladesh, as well as Brazilian 2022 crop. European spinners have purchased Spanish cotton for fourth quarter delivery. Australian has been sold in the Far East... During the week ended June 23, US upland forward commitments rose by a net 46,300 running bales. Net commitments for shipment in the remainder of this season were 48,100 bales. Shipments were 364,400 bales... India's commerce minister has indicated that an extension of the import duty waiver beyond September 30 is now unlikely... Argentina's raw cotton exports in May were modest. The major destinations were Vietnam and Taiwan.

Cotton **yarn** prices have come under pressure in Pakistan as raw cotton values have fallen. Export demand remains subdued... Spinners in Bangladesh have been inclined to keep hold of their yarn inventories rather than sell at discounted levels... Yarn demand is dull in Turkey as buyers await a more stable price environment... Cotton yarn exporters in Egypt have cut their prices to become more competitive... Turnover on China's ZCE yarn futures has been increased in the past week. Values have declined.



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worn
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born

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INTERNATIONAL COTTON PRICES

New crop prices recover ground after extraordinary falls

The period in view has seen a continuation of the 'risk-off' attitude that influenced price movements in New York during the previous week. While the most eye-catching shift was the fall in July as it entered its notice period on June 24 (losing 34.5 cents in a single session as trading limits were removed on First Notice Day), the more important dynamic is that of the new crop December contract on which shippers' offering rates are now almost exclusively based. December traded lower for the first four days of the period in view (and achieved a total loss of 25.75 cents over seven consecutive sessions), before changing direction on June 29 and settling up by four cents, which was the maximum permissible limit for the day. March has behaved in a remarkably similar fashion, such that the spread between the two months has increased only marginally. Despite arriving at a position not seen since the start of the year, December still enjoys a premium over March of more than four cents.

Observers attribute the collapse in futures to the behaviour of speculative traders and the restructuring of funds' positions, of which cotton is often just one of several constituent commodities. The draining away of confidence caused by galloping inflation, indications of further interest rates rises and consequent demand destruction at the consumer level appears to have brought about a downward momentum that for now outweighs the still bullish fundamental picture presented by the production outlook in the US and Brazil in particular and the re-emergence of China as the principal destination for US cotton in the season ahead.

US sales to China, tentative but broad-based demand elsewhere

The tightness of nearby supply, discussed in these pages last week, is highlighted by US export data for the fortnight ending June 23. Net upland sales to all destinations during the two-week period amounted to just 64,300 running bales, and indeed, merchants report that most US cotton now trading for nearby delivery consists of 'recaps' only. However, the scale and distribution of recent registrations for next season – over a million running bales of upland cotton recorded in the last six export reports – is such that from a fairly distant fourth position in the list of prime destinations for US upland just three weeks ago, China has now overtaken Turkey, Mexico and Pakistan to occupy first place. Total upland commitments for next season amount to 4,066,656 running bales, which is the third highest late-June figure of the past decade, behind 2018 and 2017.

Elsewhere, a modest increase in demand has been observed in South Asia. Spinners in Pakistan and Bangladesh have taken advantage of falling futures to book new orders for US, Brazilian, Australian and a small quantity of West African cotton. Meanwhile, the smooth execution of certain recent sales to India may be in question following an intimation from the commerce minister that the import duty waiver will not, after all, be extended beyond September 30.

Supply and demand outlook

While forward sales commitments of US cotton are high, the prospects for output are not especially encouraging. USDA's Planted Acreage report, scheduled for release just after publica-

tion of this issue, will present a clear picture of how large an area has been sown with cotton in comparison to other crops this season. However, there will of course be no figures for abandonment or projected yields on the fields that remain. Anecdotal reports indicate that many farmers in the beleaguered West Texas region have already ploughed up cotton tracts and claimed insurance, while the latest crop progress report for the week to June 26 shows a further deterioration of quality across the cotton belt.

In Texas, which accounts for over half of the national area, 46 percent of plants are already in a poor or very

poor condition as a result of hot, dry and windy weather throughout most of the growing season, and a long-term lack of sub-soil moisture. So, macro-economic trends and a fall in consumption might well be easing the pressure on one side of the supply and demand equation: this month, Cotlook's estimate of consumption shows a modest year-on-year fall in cotton use for 2022/23, compared to the slight increase indicated previously. However, an underlying bullish narrative may nevertheless reassert itself at some stage as the figure for next season's projected US ending stocks becomes smaller and smaller.

A vertical advertisement for ICT Cotton Limited. It features a dark red background. At the top is a circular image of a cotton boll and a scale. Below this is the text "Headed to cotton" in white, with a reflection effect. At the bottom is the ICT Cotton Limited logo, consisting of a grid of white squares, followed by the text "ICT COTTON LIMITED" and the website "www.ictcotton.ch".

Headed to cotton
Headed to cotton

The logo for ICT Cotton Limited, consisting of a 3x3 grid of white squares.

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CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at June 30, 2022

Description	Price	Change on week	Shipment	Forward		
				Price	Change on week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	131.75	-14.00	8/9	NQ		
Benin Kaba/s 1-1/8"	142.75	-10.50	8/9	115.25	-10.00	1/2
Burkina Faso BOLA/s 1-1/8"	142.25	-10.50	8/9	114.75	-10.00	1/2
Cameroon IRMA/s 1-1/8"	142.75	-10.50	8/9	115.25	-10.00	1/2
Cameroon PLEBE 1-5/32"	144.75	-10.50	8/9	117.25	-10.00	1/2
Chad Kero A51 1-5/32"	144.75	-10.50	8/9	117.25	-10.00	1/2
Indian Shankar-6, 1-1/8"	159.75	N -10.50	8/9	NQ		
Ivory Coast MANBO/s 1-1/8"	142.25	-10.50	8/9	114.25	-10.00	1/2
Mali JULI/s 1-1/8"	143.25	-10.50	8/9	115.75	-10.00	1/2
Spanish SM 1-1/8"	NQ			NQ		
Tanzanian RG1 1-1/8"	NQ			NQ		
Texas SM 1-1/8"	143.00	-10.50	8/9	115.25	-10.00	11/12
Togo Alto/s 1-1/8"	142.25	-10.50	8/9	114.75	-10.00	1/2
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	130.25	-14.00	8/9	NQ		
Benin BELA *	141.75	-10.50	8/9	114.25	-10.00	1/2
Brazilian Midd	141.75	-10.50	8/9	118.75	-10.00	10/11
Burkina Faso RUDY *	141.25	-10.50	8/9	113.75	-10.00	1/2
California/Arizona Midd	NQ			NQ		
Greek Midd	146.25	N -10.50	8/9	122.50	-10.50	10/11
Indian medium grades **	158.75	N -10.50	8/9	NQ		
Iv. Coast BEMA *	141.25	-10.50	8/9	113.25	-10.00	1/2
Mali ROKY/KATI *	142.25	-10.50	8/9	114.75	-10.00	1/2
Memphis/Eastern Midd	142.50	-10.50	8/9	114.75	-10.00	11/12
Memphis/Orleans/Texas Midd	142.00	-10.50	8/9	114.25	-10.00	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"	NQ			NQ		
Brazilian SLM 1-3/32"	NQ			NQ		
Greek SLM 1-3/32"	144.25	N -10.50	8/9	120.50	-10.50	10/11
Indian J-34 SG **	NQ			NQ		
Memphis/Eastern SLM 1-3/32"	140.00	-10.50	8/9	112.25	-10.00	11/12
Memphis/Orleans/Texas SLM 1-3/32"	139.50	-10.50	8/9	111.75	-10.00	11/12
Memphis/Orleans/Texas LM 1-1/8"	NQ			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" #	NQ			340.00	Unch	11/12
Egyptian Giza 86 Good+3/8	NQ			NQ		
Egyptian Giza 94 Good+3/8	284.00	Unch	8/9	NQ		
Israeli Pima H1, 1-7/16" #	NQ			325.00	Unch	11/12
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 2021/22 A_Index is due to expire on July 31, 2022.

Prices as at June 30, 2022

2021/2022 A Index			2022/2023 A Index		
Description	Price	Shpt	Description	Price	Shpt
Australian	130.25	8/9	Ivory Coast BEMA	113.25	1/2
Ivory Coast BEMA	141.25	8/9	Burkina Faso RUDY	113.75	1/2
Burkina Faso RUDY	141.25	8/9	Memphis/Orleans/Texas	114.25	11/12
Brazilian	141.75	8/9	Memphis/Eastern	114.75	11/12
Memphis/Orleans/Texas	142.00	8/9	Brazilian	118.75	10/11

The Cotlook A Index

Seasonal Averages

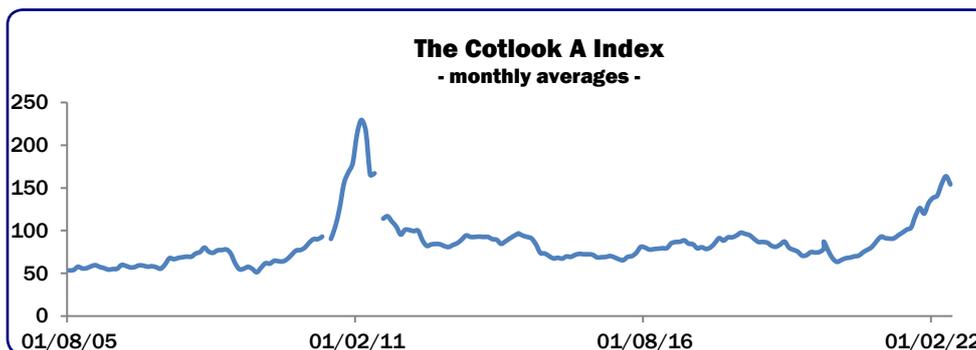
2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	82.77
2017/18	87.99
2018/19	84.35
2019/20	71.33
2020/21	84.96
2021/22*	132.64
* To date	

Monthly Averages

December 2021	120.04
January 2022	132.33
February 2022	138.41
March 2022	141.13
April 2022	154.72
May 2022	163.75
June 2022	154.17

Daily Values

	2021/22	2022/23
June 24	144.30	118.95
June 27	140.20	114.95
June 28	136.00	110.95
June 29	135.50	110.95
June 30	139.30	114.95
Average for week to date	139.06	114.15



YARN INDEX

2005 = 100

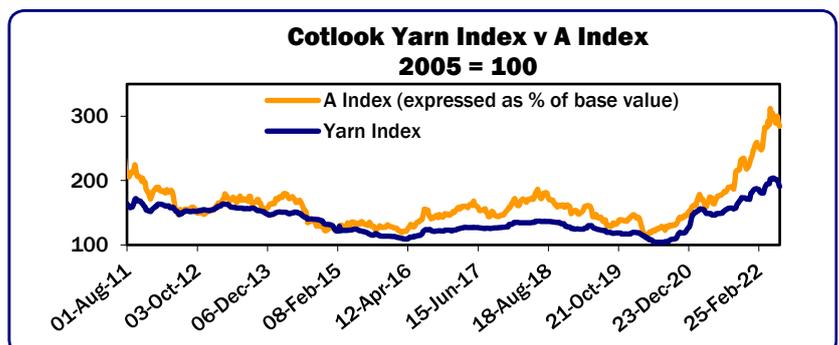
This week	189.90	Last month	202.20
Last week	197.21	Last year	148.82

Export prices (in US dollars per kilo FOB)

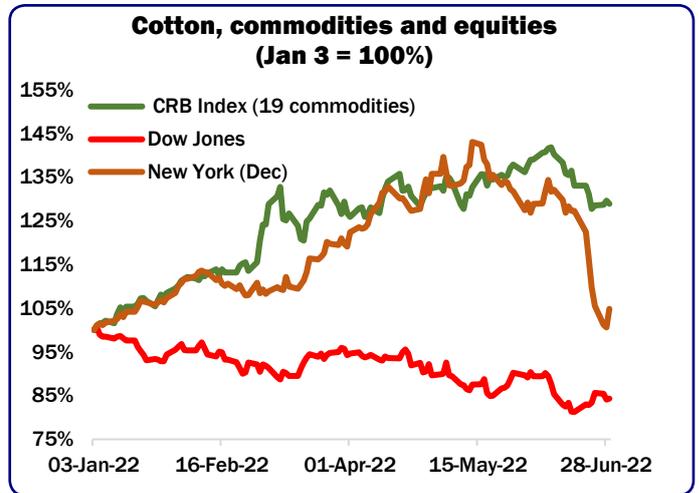
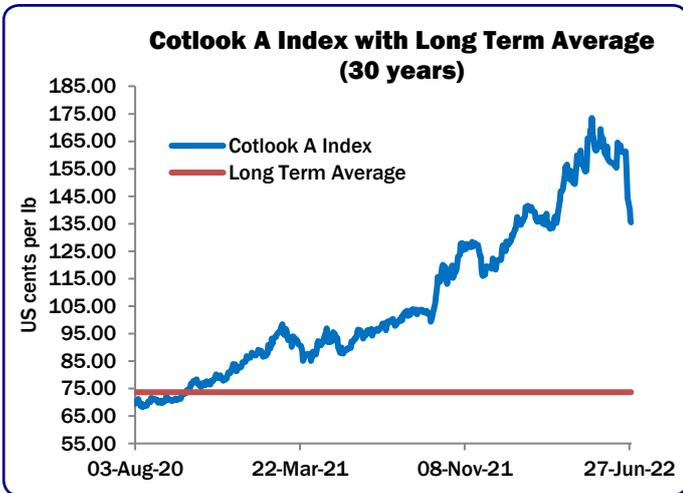
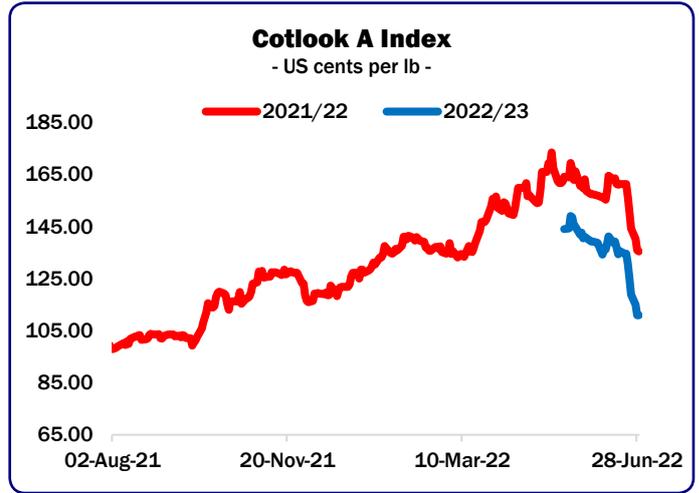
		This week	Change on week	Change on year
Pakistan	20s	3.17	-0.06	0.33
India	20s	4.20	-0.25	1.25
Turkey	20s	4.15	-0.15	1.00
Indonesia	20s	3.70	Unch	0.60
China	21s	3.95	-0.04	0.29
Pakistan	30s	3.55	-0.06	0.33
India	30s	4.55	-0.25	1.25
Turkey	30s	4.50	-0.15	1.00
Indonesia	30s	4.50	Unch	1.10
China	32s	4.04	-0.06	0.22

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

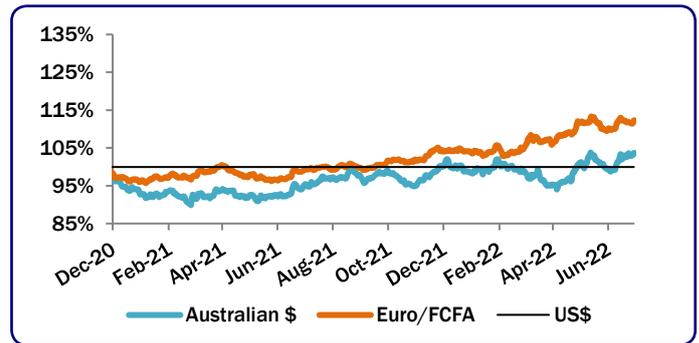
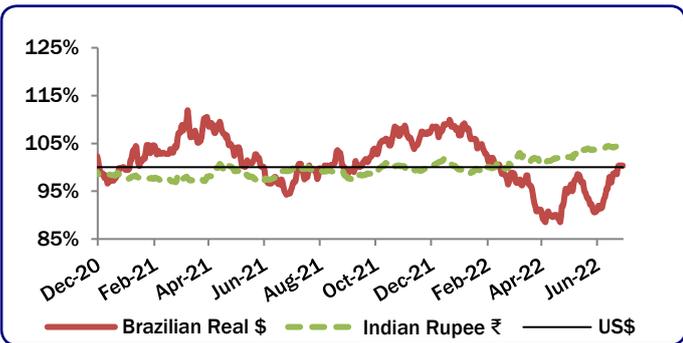


WORLD PRICE TRENDS

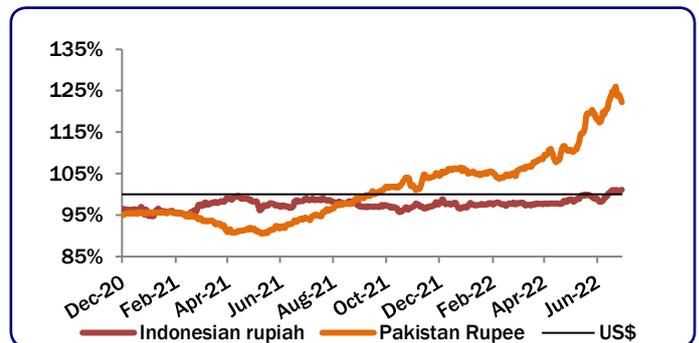
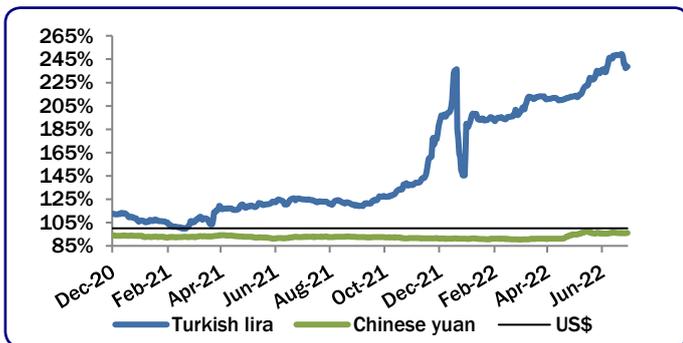


CURRENCY TRENDS

EXPORTERS' CURRENCIES VS. US\$ (AUG 1, 2020 = 100%)

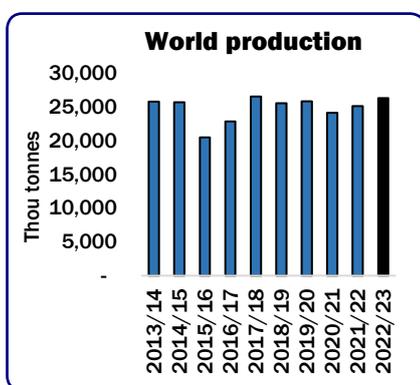


IMPORTERS' CURRENCIES VS. US\$ (AUG 1, 2020 = 100%)



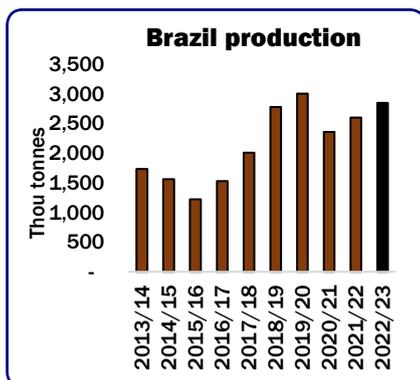
COTLOOK'S PRODUCTION ESTIMATE - IN THOUSANDS OF TONNES -

Our latest forecasts place world cotton production in 2021/22 at 25,102,000 tonnes and forecast output for the season ahead at 26,282,000 tonnes. That figure would mark a rise approaching five percent and a second successive seasonal increase. However, as discussed below, uncertain yield prospects in a number of countries should reinforce the customary caveats with regard to the likelihood of future adjustments to the figures.



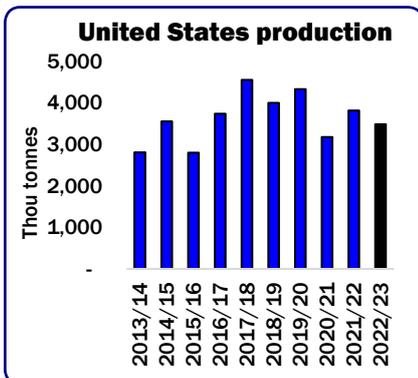
Although the 2021/22 season is well advanced, picking is not yet complete in parts of the Southern Hemisphere. Operations have in recent weeks been hindered by unhelpful weather in Australia and by fuel shortages in Argentina.

As for **Brazil**, where the harvest is just now gaining momentum, significant doubts persist with regard to the size of the crop. The latest official figure indicated by CONAB earlier this month was barely altered at 2.82 million tonnes. However, other forecasts have been tending lower in recent weeks and months to reflect uncertain yield prospects. It is understood that ABRAPA (the



national producers' association) now favours a figure of 2.6 million tonnes, the level to which our own figure has been reduced. Some more pessimistic estimates are as low as 2.4 million – implying a significant downturn in yields.

Planting of the 2022/23 crops is already complete in many parts of the Northern Hemisphere. Amongst the major producers, the situation in the **United States** has been at the forefront of attention over the past several weeks. Planting was all but complete by last weekend, according to the latest data published by USDA's National Agricultural Statistics Service. Just after publication of this issue, the Department will issue its annual Planted Acreage report. Readers will be well aware, however, that the impact of the prevailing drought in West Texas will be the principal factor determining the size of the national crop.



Since last month, our forecast has been reduced by over 100,000 tonnes to 3,484,000 – equivalent to 16 million 480-lb bales, versus the 16.5 million maintained by Washington earlier this month. The outlook for the largest producing region in the US has deteriorated once again over recent weeks. Hopes engendered by the receipt of timely rains in May and early June have tended to recede as the wet spell has given way to a period of mostly dry, windy and exceptionally hot conditions. Estimates of abandonment have been

	Change on Month			
	21/22	22/23	21/22	22/23
Argentina	315	320		
Australia	1,100	1,150		
Azerbaijan	100	100		
Benin	322	320		
Brazil	2,600	2,850	-150	
Burkina Faso	222	225		
Cameroon	159	160		
Chad	72	85		
China	5,825	5,842		
Colombia	10	10		
Côte d'Ivoire	252	250		
Egypt	75	110		
Greece	275	300		
India	5,355	6,035		
Iran	60	60		
Israel	8	10		
Kazakhstan	60	60		
Kyrgyzstan	20	20		
Malawi	8	8		
Mali	304	310		
Mexico	230	260		
Mozambique	25	25		
Nigeria	50	50		
Pakistan	1,275	1,550		
Paraguay	10	10		
Peru	20	20		
Spain	55	50		
Sudan	133	140		
Syria	35	35		
Tajikistan	110	110		
Tanzania	50	50		
Togo	21	25		
Turkey	830	950		
Turkmenistan	195	200		
Uganda	35	35		
USA	3,815	3,484	-22	-108
Uzbekistan	750	750		
Zambia	20	20		
Zimbabwe	40	40		
World Total	25,102	26,282	-172	-108
World excl				
China	19,277	20,440	-172	-108
N Hemisphere	20,860	21,732	-22	-108
S Hemisphere	4,242	4,550	-149	
African Fr. Zne	1,361	1,385		
Central Asia	1,135	1,140		
EU	330	350		

rising and the yields obtainable from dryland fields where plants have been established are in some doubt.

Outside the US, crop reports are so far rather more reassuring.

Planting in **China** was effectively complete by the end of May. Little weather-related disruption was reported from Xinjiang, and the replanting that was required seems to have been completed in a timely fashion. Field reports from various parts of the region suggest that crop development

is about a week ahead of last year. The only note of caution concerns the slightly higher than usual temperatures that have prevailed of late, and their potential to affect yields. Most local estimates have been maintained during the past month or so.

In **India**, after a slightly faltering start, the Monsoon has regained its momentum and planting across the major cotton tracts is thus advancing apace. Rainfall is deficient in some important cotton-producing states and government data so far show progress to be behind the pace of last season.

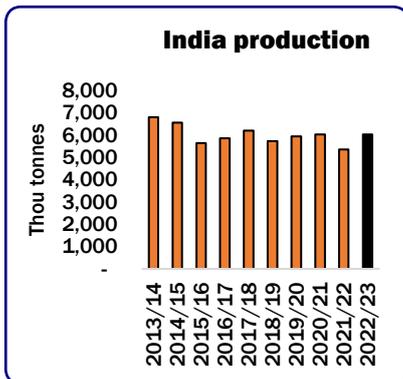
However, our working assumption remains that the incentive of this season's exceptionally high prices will lead to plantings of record proportions, close to 13 million hectares.

Following this season's severe disappointment far less confidence may be warranted with regard to yields during the season ahead.

Enthusiasm for cotton is similarly high amongst growers in **Pakistan**, where planting is already in its final stages. As a result of some water shortages and excessive temperatures, the area planted in Sindh is likely to fall short of that attained last season, but expansion in Punjab should ensure an increase in national cotton area. As in India, given the experience of recent seasons, some caution with regard to yield expectations may be justified. However, reports thus far convey a mood of optimism arising from the healthy appearance of the crop and the absence of any major pest attacks.

Sowing has been under way since last month across the **African Franc Zone**, where farmers will have been encouraged by the increased seed cotton prices announced in most countries. Benin and Mali are aiming to plant cotton on an area respectively four and six percent higher than that achieved last season, while Burkina Faso's objective is a rise of 17 percent. Togo is hopeful of a strong rebound from last season's disappointing results, while the recovery of the cotton sector in Chad is forecast to continue.

Subventions to offset rising input prices, in particular those of fertiliser, have also been agreed. However, disruption to the supply of fertiliser to producers in certain countries is a concern. A clearer picture of prospective yields should emerge once more light has been shed on that issue, and the distribution of seasonal rainfall before and during the sowing period has been assessed.



Cotton Outlook Special Feature

Annual World Long Staple Review 2022

Cotlook's 2022 World Long Staple Review, scheduled for publication in July, will assess the production and consumption outlook for this specialised market as stakeholders respond to the extraordinary price rises for long staple varieties in the past 12 months.

Long staple and ELS production and consumption are increasingly focused in just a few select territories, but the high value and distinct characteristics of long staple cotton mean that the sector commands special attention from dedicated participants. This season's significant shifts in the market – restricted supply, freight disruption, renewed demand to fill empty supply chains, and the consequent record prices – mean that this year's review will be read as closely as ever by our readers.

We invite you to book your company's advertisement in this upcoming publication, which will be distributed to our targeted and comprehensive long staple mailing list, as well as being available to a worldwide readership.

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EDITORIAL OPPORTUNITY

Cotlook Limited is looking to add to our editorial staff and invites interested parties to send expressions of interest and CVs in confidence to vacancies@cotlook.com

The ideal candidate will have some knowledge of international trade in raw cotton and/or cotton yarn, futures trading and supply and demand analysis.

A good command of written English is essential. Proficiency in one or more other languages would be desirable.

The company is based in the Merseyside region but remote working possibilities may be considered.

COTLOOK'S CONSUMPTION ESTIMATE - IN THOUSANDS OF TONNES -

This month's consumption estimates feature substantial reductions for both the 2021/22 and 2022/23 seasons. A net decline (albeit a modest one, below one percent) is now forecast for next season. At 25,168,000 tonnes, the latest figure compares to the initial projection of 26,738,000 tonnes published in February of this year. The scale of the reduction in the intervening period is of course attributable primarily to deepening pessimism with regard to the macro-economic outlook. Inflationary pressures, accentuated by the conflict in Ukraine, as well as the mounting risk of global economic recession, have cast a shadow over the prospects for textile demand.

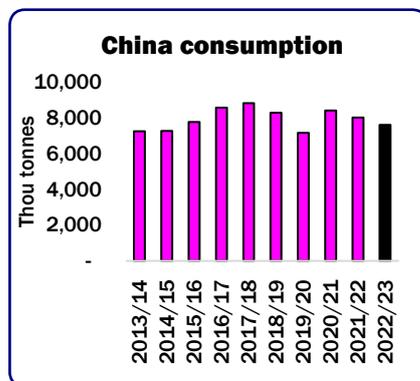
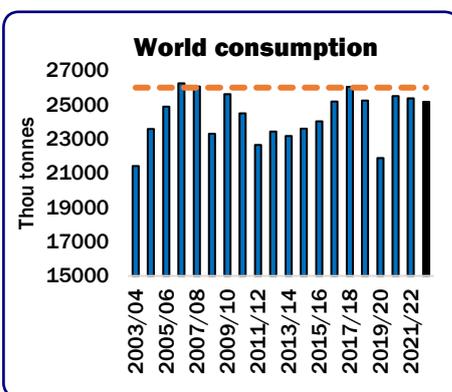
For some time now, spinners have also been struggling to cope with raw cotton replacement costs that bear little relation to the prices obtainable for cotton yarn. A lengthy period of very good margins of profit has thus come to an end, and mills view the months ahead with some apprehension. Plans to reinvest earlier profits in new capacity have in some cases been put on hold.

The position of mills in China has for some time been particularly difficult. The aforementioned disparity between cotton and yarn prices has been exacerbated by the impact of stringent measures to control Covid in major commercial centres such as Shanghai and Beijing. Although

many of those strictures have been relaxed and the government has indicated that it will take steps to assist recovery, the textile sector is now confronted by a *de facto* United States ban on cotton textile and garment exports that have an association with Xinjiang. The measures were contained in legislation enacted several months ago, whose provisions came into force earlier this month.

While manufacturers will endeavour to adapt to the contraction of a major export market, the US mea-

asures seem certain to deal a further blow to domestic consumption. US imports of cotton goods from China (the largest external supplier) were valued at more than US\$8.4 billion in 2021.



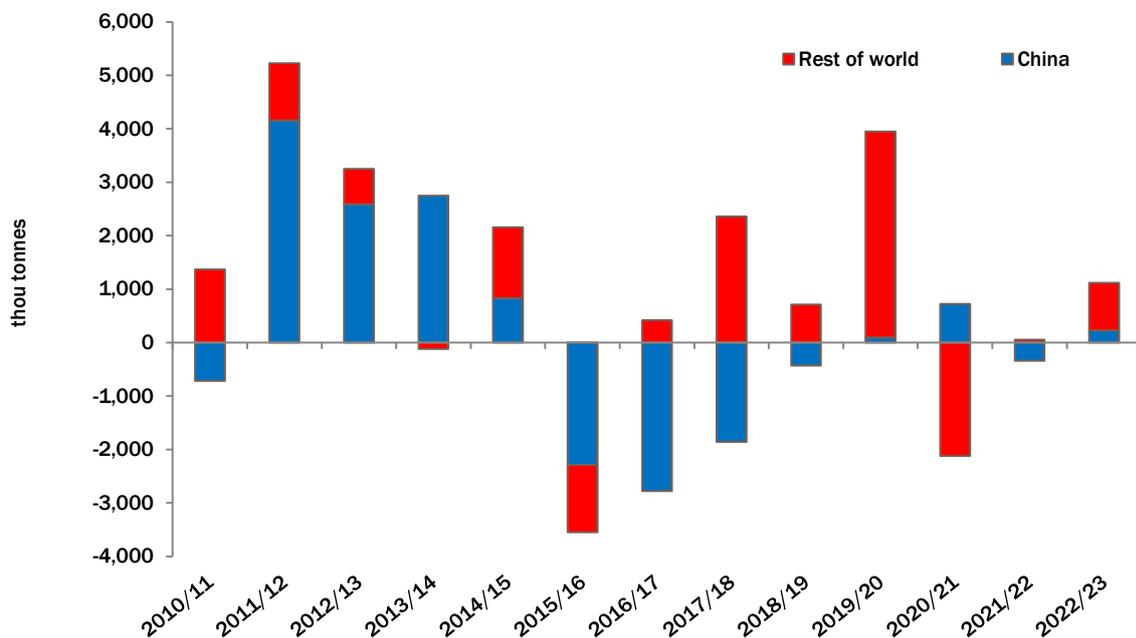
			Change on Month	
	21/22	22/23	21/22	22/23
Argentina	150	150		
Bangladesh	1,600	1,650		
Brazil	725	700		-50
Burma	64	64		
China	8,000	7,600		-200
Colombia	55	55		
Egypt	150	150		
Germany	23	23		
India	5,355	5,610	-220	-140
Indonesia	575	525		-25
Iran	120	120		
Italy	25	25		
Japan	25	25		
Malaysia	35	35		
Mexico	414	420	+14	
Morocco	20	20		
Nigeria	25	25		
Pakistan	2,350	2,400	-100	-200
Peru	65	65		
Portugal	32	32		
Russia	35	35		
South Africa	25	25		
South Korea	105	95	+5	
Taiwan	55	50		
Thailand	145	120	+25	
Turkey	1,850	1,800		-50
Turkmenistan	175	185		
USA	555	550	+15	
Uzbekistan	620	600		-40
Vietnam	1,500	1,500	-50	-50
Others	514	514		
World Total	25,387	25,168	-311	-755
Asia	21,717	21,532	-340	-665
Indian Sub Cont	9,381	9,736	-320	-340
ASEAN	2,335	2,260	-25	-75
Americas	2,043	2,019	+29	-50
NAFTA	969	970	+29	
Africa	359	359		
EU27 (now 28, no entry for Croatia)	145	145		

WORLD STOCK

The accompanying table shows our production and consumption estimates and the resultant adjustments in world stock levels during 2020/21 and 2021/22., together with our prediction for 2022/23. Where available comparable data produced by the United States Department of Agriculture and by the International Cotton Advisory Committee are also shown.

World Cotton Balance Sheet									
Unit = 1,000 tonnes									
COTLOOK	World (excl. China)			China			World		
	20/21	21/22	22/23	20/21	21/22	22/23	20/21	21/22	22/23
Production	17,778	19,277	20,440	6,330	5,825	5,842	24,108	25,102	26,282
China net trade	-2,790	-1,835	-1,985	+2,790	+1,835	+1,985			
New Supply	14,988	17,442	18,455	9,120	7,660	7,827	24,108	25,102	26,282
Consumption	17,106	17,387	17,568	8,400	8,000	7,600	25,506	25,387	25,168
Net change in stock	-2,118	+55	+887	+720	-340	+227	-1,398	-285	+1,114
USDA									
Opening stock	13,226	10,630	10,156	8,034	8,546	7,985	21,260	19,176	18,059
Production	17,849	19,582	20,416	6,423	5,879	5,987	24,272	25,461	26,403
China net trade	-2,798	-1,835	-8,263	+2,798	+1,835	+8,263			
New Supply	15,051	17,747	12,153	9,221	7,714	14,250	24,272	25,461	26,403
Consumption	17,785	18,221	18,188	8,709	8,274	8,274	26,494	26,495	26,462
Other adjustments	+138	+0	+0	+0	-1	-5,987	+138	-83	+22
Ending Stock	10,630	10,156	4,121	8,546	7,985	7,974	19,176	18,059	18,022
Net change in stock	-2,596	-474	-6,035	+512	-561	-11	-2,084	-1,117	-37
ICAC									
Opening stock	12,235	11,301	11,260	9,025	9,305	8,994	21,260	20,605	20,254
Production	18,461	20,059	20,433	5,910	5,730	5,740	24,371	25,789	26,173
China net trade	-2,770	-2,284	+2,284	+2,770	+2,284	+2,260			
New Supply	15,690	17,775	22,718	8,680	8,014	8,000	24,371	25,789	26,173
Consumption	+17,264	+17,830	+17,840	8,400	8,315	8,240	25,664	26,145	26,080
Other adjustments	+639	+14	-4,544	+0	-10	-0	+639	+3	+0
Ending Stock	11,301	11,260	11,593	9,305	8,994	8,754	20,605	20,254	20,347
Net change in stock	-935	-41	+333	+280	-311	-240	-655	-352	+93

Apparent Changes in World Stocks



CHINA

Market prices

Zhengzhou cotton futures have ended the week lower again, resulting from consecutive sharp downward moves early in the period that were only partially offset by gains in the past two sessions. Weekly volume was exceptionally heavy at over 3.8 million contracts.

Zhengzhou Cotton Futures

	Settlement			Volume		Open
	yuan per tonne			number of contracts		Interest
	23-Jun	30-Jun	Chng	Past week	30-Jun	
Jul	18,435	17,665	-770	6,436	7,107	
Sep	18,515	17,760	-755	2,796,340	274,546	
Nov	17,935	17,260	-675	139,642	75,788	
Jan	17,700	17,160	-540	843,285	125,538	
Mar	17,535	17,115	-420	45,952	18,402	
May	17,315	17,065	-250	25,846	9,126	
				3,857,501	510,507	

week and up 33 percent from the same period in 2021. Of the total, 62 percent was destined for Shandong, Henan, and Hubei. Freight costs to 'mainland' destinations have been raised by 50 yuan, to around 700/750 yuan per tonne.

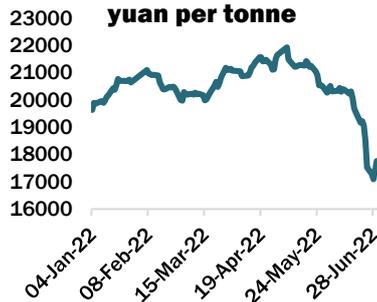
Nevertheless, marketing of the current crop remains considerably behind the pace of last season: data from the China Fibre Inspection Bureau indicate that by June 26, less than two thirds of the 2021/22 crop had been sold by ginners nationwide. Domestic production was virtually sold out by the same point last year.

Xinjiang long staple lint prices have declined further in the last week, by 1,200/1,500 yuan per tonne. The benchmark value for Type 137 is quoted at 49,000 yuan per tonne, equivalent to around 330 US cents per lb.

to settle lower overall. Volume was almost double that of the previous period.

In the man-made fibres market, polyester prices have fallen by 80 yuan per tonne, to settle at 8,470 yuan on June 30. Meanwhile viscose has been quoted unchanged since mid-June, at 15,600 yuan per tonne. Therefore, the discrepancy between viscose values and the CC Index has narrowed further as the latter value has fallen: as a proportion of the CC Index, viscose this week registered its highest level since May 2021.

ZCE September contract



The China Cotton Index (basis Type 3128B) has followed much the same pattern as ZCE futures: the Index fell to a nine-month low on June 28, before reversing direction to settle at 18,369 yuan per tonne on June 30, a fall of 1,423 yuan on the week.

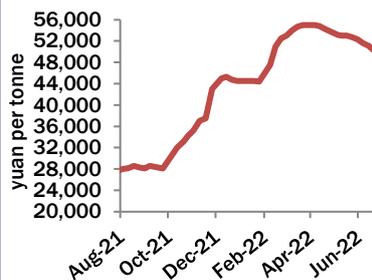
China Cotton Index



Business was slow earlier in the period, as buyers were inclined to hold off new purchases until more stability emerged in the market. However, mill buying became more active as prices fell. Asking rates for Type 3128 Xinjiang cotton in the physical market have declined to around 18,800/19,300 yuan per tonne.

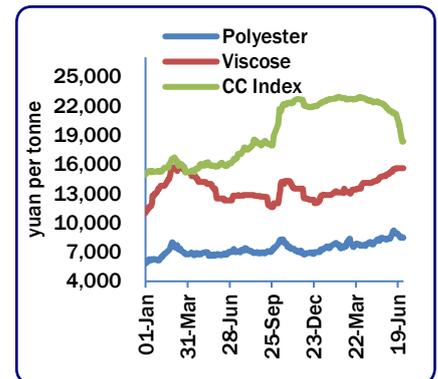
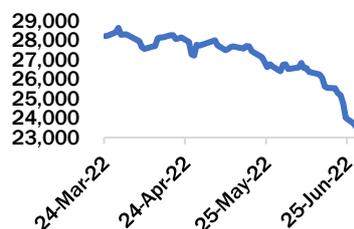
According to the China National Cotton Exchange, from June 20 through 26, 49,100 tonnes of Xinjiang cotton were transported by road to 'mainland' warehouses, up from 39,000 tonnes in the previous

Xinjiang Type 137



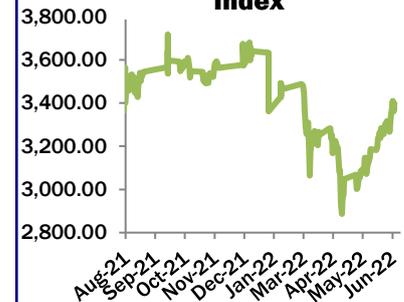
ZCE yarn prices have mirrored the behaviour of raw cotton futures

ZCE yarn September contract

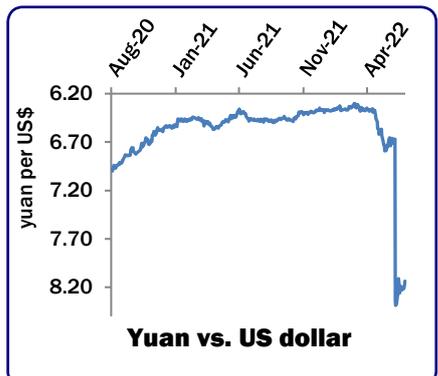


The Shanghai Composite Index of share values has settled higher in five of the last six sessions, to register its highest level since early March during the period.

Shanghai Composite Index



Meanwhile the central parity rate of the yuan has strengthened slightly against the US dollar, to be placed on June 30 at 8.1365. The currency has



International Prices

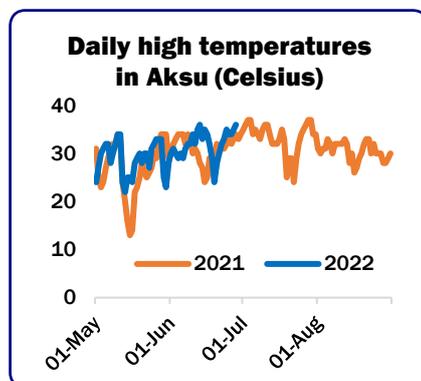
Data as at 30 June, 2022	Approximate delivered mill value		
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	Including sliding scale duty + VAT
Cotlook A Index	21,009	23,108	23,209
Texas SM	21,561	23,717	23,811
Burkina Faso BOLA/s	21,449	23,593	23,689
India Shankar-6	24,064	26,471	26,538
Benin KABA/s	21,524	23,676	23,770
Cameroon IRMA/s	21,449	23,593	23,689
Cameroon	21,524	23,676	23,770
PLEBE 1-5/32"	21,449	23,593	23,689
Ivory Coast MANBO/s	21,599	23,758	23,852
Mali JULI/s			
US Pima Grade 2			
China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	18,369	-234	123.58
ZCE July	17,665	-770	118.85
Xinjiang Type 137	49,000	-1,200	329.66
Xinjiang Type 237	48,500	-1,500	326.30
	yuan/tonne		cents/kilo
polyester	8,470	-80	125.63
viscose	15,600	Unch	231.38
	Yuan/kilo		cents/lb
32s carded yarn	27,260	-400	335.03
40s combed yarn	29,315	-465	360.29
Monthly yuan/dollar customs exchange rate			6.7421
Actual Rate (Jun 30)			8.1365

recently regained some ground after falling to its weakest level since 2005 earlier this month.

Crop development

High temperatures of up to 37 degrees Celsius have caused some heat stress to plants and will continue to rule over most of Xinjiang in the coming days. Irrigation is recommended. Topping should begin during the next week in most of the region, around one week earlier than last year.

Average temperatures in northern China last week were up to six degrees Celsius higher than normal, while excessive rains were received in the south.



In Awati County, Aksu the current pace of growth is about a week faster than last year. The latest field survey conducted by cncotton.com indicates

that the area planted to long staples in the county this year is around 500,000 mu, up nearly 90,000 from last year.

Plants in the neighbouring Alar City are growing well and are 50/70cm tall. Fields are now at the flowering stage. The area cultivated is around 2.4 million mu.

The area sown in Shaya County has been maintained at around 1.8 million mu; average plant height is 60cm.

The area devoted to cotton in Kashgar Prefecture this year is estimated at 5.5 million mu, up 50,000 from last year. Plants are growing well.

Cotton in Korla is generally 60cm tall and is now at the flowering stage.

In eastern China's Jining City, Shandong, plants are now 40/50cm tall with up to three branches and three bolls. Development is on par with last year. Helpful rain will continue in the area for the next few days.

In Anhui Province, plants are 90cm in height with up to nine branches and three bolls. Helpful rains have been received recently.

Plant growth in Hebei is now slightly slower than by the same point in 2021, due to unfavourable weather earlier in the season and lower than normal precipitation received last month. Plants are 65/80cm tall with up to ten bolls and are still in the boll setting stage. Local growers expect seed cotton prices to reach 9/9.4 yuan per kilo, and yield is forecast at around 240 kilos per mu, down slightly from a year ago.

CCA reduces consumption estimate

In its latest supply and demand report, the China Cotton Association has maintained its estimates of beginning stocks and national production for the 2021/22 season, at 8.15 and 5.77 million tonnes, respectively. However, as a result of the tight Covid restrictions implemented in May and poor downstream demand, the forecast for consumption has been reduced by 450,000 tonnes, to 7.5 million (down 11 percent year on year). Imports have also been decreased by 100,000 tonnes, to 1.7 million (down

38 percent). Exports have been raised by 10,000, to 20,000. In consequence, ending stocks by the end of the current season are now placed at 8.1 million tonnes, down 340,000 from CCA's previous report.

CCA June Balance Sheet

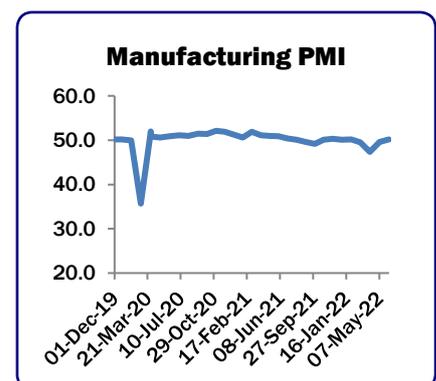
ten thousand tonnes

Type	2019/20	2020/21	2021/22
beginning	807.5	790.5	815.0
production	590.6	592.4	577.0
imports	160.0	275.0	170 (-10)
consumption	765.0	843.0	750 (-45)
exports	3.0	0.0	2 (+1)
ending stocks	790.5	815.0	810 (-34)

Manufacturing PMI expands

According to the National Bureau of Statistics (NBS), the purchasing managers' index for the manufacturing sector was 50.2 in June, up from 49.6 in May and above the level that indicates expansion rather than contraction (50) for the first time since February. The non-manufacturing PMI rose to 54.7, from 47.8 in the previous month. The composite PMI during June was 54.1, up 5.7 percentage points from May.

A senior statistician from NBS attributes the rises to an improvement of the Covid situation in Beijing and Shanghai, and the resultant acceleration of economic recovery.



Industrial profits in May

Profits of the major industrial companies saw a narrower year-on-year decline in May compared with the previous month, as factories across the country restarted production lines following the easing of Covid restrictions.

Enterprises with an annual turnover of at least 20 million yuan (US\$2.97 million) registered a fall

of 6.5 percent last month, compared with an 8.5-percent decline in April. In the first five months of 2022, total industrial profits grew by one percent year-on-year, to 3.44 trillion yuan (US\$514.28 billion). The figure for textiles during January/May was 35.12 billion yuan, down 2.5 percent, year-on-year.

Profits of SOEs down

Data from the Ministry of Finance show that state-owned enterprises (SOEs) reported increased revenue but decreased profits in the first five months of the year, due in part to the impact of the pandemic. The combined profits of SOEs declined by 6.5 percent year on year to 1.63 trillion yuan (about US\$243.5 billion) in the January/May period.

The central government is expected to consider launching further fiscal stimulus measures, to boost domestic demand and drive economic growth. The governor of the central bank said this week that monetary policy will continue to support economic recovery.

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Shanghai port operations

Logistics at Shanghai port have now returned to normal after the severe Covid outbreak that hit the city about two months ago, according to an official from the Ministry of Transport. Next, the ministry will accelerate the full resumption of logistics in the Yangtze River Delta region, the official said.

Customs data show that the value of Shanghai's foreign trade reached 1.503 trillion yuan (about US\$224.7

billion) in the first five months of 2022, a year-on-year decline of 14.7 percent.

Tariff exemptions for US goods

Tariff exemptions for 124 categories of goods imported from the United States will be extended from July 1, 2022, until mid-February 2023, which is a reciprocal measure in response to the US tariff exemptions that were extended in late May. No cotton or associated products are affected.

BANGLADESH

Volatility engenders caution

The recent collapse of ICE futures and that market's continued intra-day volatility have left spinners uncertain in their approach to new raw cotton purchases. Many have preferred to observe developments from the sidelines in the hope that a more stable price structure will emerge, though some fixations have been reported against on-call purchase contracts.

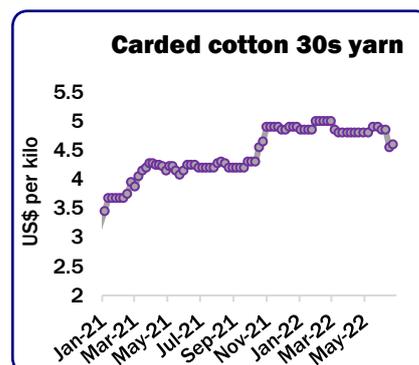
There remains demand for cotton available nearby. US Eastern/MOT Middling 1-1/8" has found buyers at around 140.00/143.00 cents per lb,

CFR Chattogram, for July/August shipment. Further forward, mills have tested prices for the popular African Franc Zone 's' grades, while enquiry for Brazilian 2022 crop has again been quite active. Some additional business has been arranged in Brazilian 1-1/8" (BCI) for December/February shipment at around 123.00/125.00 cents per lb.

Slow yarn market

Spinners' caution in respect of new raw cotton purchases extends also to sales of yarn. Mills have tended to hold back from active marketing of their output; only those faced with difficul-

ties in respect of cash flow have been pressing yarn for sale at discounted rates. More generally, offering rates are nominally maintained at around US\$4.6 per kilo.



PAKISTAN

Crop progress

New crop cotton planting is more or less complete across the belt, although some limited sowing continues in areas where the growing season runs to a later schedule. Final planting figures have yet to be released, but the area under cotton is expected to fall short of this year's target due to severe water shortages. Last weekend's rainfall was welcomed by growers as it provided favourable moisture, after persistent dry conditions had prevailed for several weeks. The condition of plants in the ground has remained good to very good, with no reports of any major pest infestations so far. Arrivals of new crop seed cotton (equivalent to up to 8,000 local weight bales) have continued to reach cotton stations every day, with prices reported around Rs. 8,200/9,200 per 40 kgs. Around 50 ginning factories have now started their operations for the season.

Demand for local new crop increases

Domestic cotton prices have come under pressure during the past week, due of course to the sharp falls witnessed for ICE futures, but also in part to the increased pace of arrivals (this season's harvest is one of the earliest ever). In addition, more rain is forecast across much of the cotton belt from the weekend onwards and mills are mindful that the quality of deliveries

against outstanding contracts may be lower. Reduced yarn prices are also exerting an influence, as is the recent strengthening of the Pakistan rupee against the US dollar (to around 205.50 rupees on June 29). Thus, mill buyers have tried to adjust purchase price ideas lower. Ginners have been prepared to sell at these decreased levels in order to maintain turnover.

On June 29, business for new crop cotton from Sindh was reported at around Rs. 17,200/17,400 per maund, ex gin, while a small amount of Punjab cotton changed hands at a premium of about Rs. 200 per maund.

Import market more active

The tenor of enquiry for imported growths from textile mills has improved notably over the last few days, as buyers respond to lower offering rates (particularly fixed-price) in light of the week's sharp sell-off in ICE futures. Some fixations of on-call purchases also took place, especially when the December contract moved below the dollar mark.

Business for current crop US cotton has been reported for mixed quality recaps between 2,500 and 3,000 'on' December, depending on specifications, while new crop 41-4-36 'green cards' have been sold at around 1,900/1,950, also 'on' December, for shipment in the first quarter of 2023. Fixed-price business in Brazil 2022 crop Middling 1-1/8" has been reported at the equivalent of 2,400/2,500 'on' the same cover

month. West African 's' type 1-3/32" staple has sold at around 1,500/1,500 'on' for shipment in the first half of next year. Argentine Middling has changed hands at around 1,800/1,850, once again 'on' December futures, for nearby shipment.

Yarn and textiles

The past week's sudden, sharp correction in raw cotton replacement costs has led to further downward pressure on yarn offering rates as manufacturers adjust their purchase price ideas lower. Furthermore, in view of the volatility in the market, buyers have tended to cover only against their most urgent requirements. Exporters of textile goods continue to complain of a lack of orders and requests for delays to the delivery of products that have already been manufactured. Overall, market conditions remain very challenging. Another concern for mills is uncertainty about energy prices from July when the current subsidy for the textile sector is set to expire.

Meanwhile, export demand for yarn has seen no improvement this week. Buyers in China, where enquiry is still very quiet, have reduced their price ideas. Offering rates for 20/21s carded yarn have been cut to around US\$560/590 per 400-lb bale, FOB; 30/32s carded yarn is also lower at around \$630/660 per bale.

Polyester staple fibre prices have been maintained at between Rs. 325 and 327 per kg.

INDIA

Production outlook

The Southwest Monsoon has advanced further in the past seven

Monsoon rainfall (from June 1 to 29 2022)			
Region	Actual (mm)	Normal (mm)	% Departure
Northwest	58.6	72.9	-20
Central	109	161.9	-33
South peninsula	132.9	154.9	-14
East & Northeast	382.2	315.8	21
Country-wide	134.6	149.8	-10

Source: Indian Meteorological Department



days to cover most of Gujarat and Madhya Pradesh. However, the rainfall profile for the first month of the season shows significant deficits for almost all of the central cotton producing region, ranging from 31 percent in Maharashtra to 52 percent in Gujarat. Scattered showers in the middle of the country are expected to give way to more widespread precipitation over the weekend. Conditions are favourable for the further advance of the weather system into the Northern Zone by July 1.

According to the Department of Agriculture, the total area planted to cotton across the country advanced

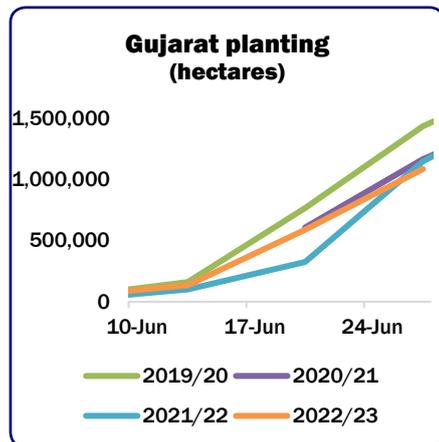
India: planted area (hectares)

	24-Jun-22	Last year	Past week	Y-O-Y diff	Y-O-Y % diff
Haryana	650,500	674,500	25,500	-24,000	-4
Punjab	248,000	254,100	-	-6,100	-2
Rajasthan	538,000	528,400	65,200	9,600	2
Gujarat	589,000	352,100	455,900	236,900	67
Maharashtra	453,000	866,500	399,700	-413,500	-48
Madhya Pradesh	165,000	291,000	27,000	-126,000	-43
Andhra Pradesh	33,000	13,000	7,000	20,000	154
Telangana	357,200	599,600	294,600	-242,400	-40
Karnataka	122,800	121,300	1,600	1,500	1
Tamil Nadu	-	300	-	-300	-100
Odisha	800	3,700	800	-2,900	-78
Others	26,000	29,900	300	-3,900	-13
TOTAL	3,183,300	3,734,400	1,277,600	-551,100	-15

Source: Department of Agriculture

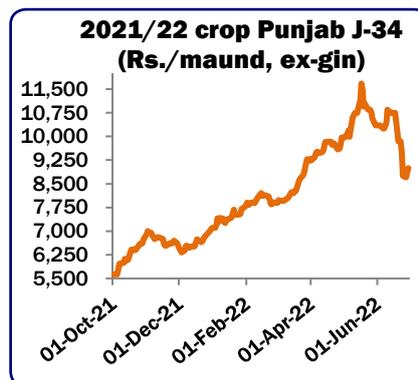
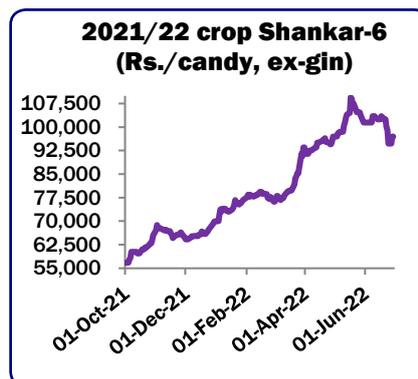
by over 1.25 million hectares in the week to June 24, to reach 3,183,300 hectares, 15 percent lower than at the same moment last year. The Northern Zone is now showing only a 1.5-percent deficit year on year. Maharashtra and Telangana are still some way behind.

Data from the Gujarat Directorate of Agriculture for the week to June 27 show that nearly half a million hectares were added to the state's cotton area in seven days. The running total was 1,085,894 ha, which is five percent less than by the same date a year ago and represents 45 percent of the average final area for the past three years.



around ₹9,000 per maund (139.10 cents per lb).

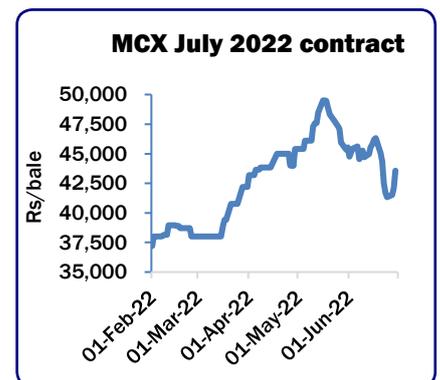
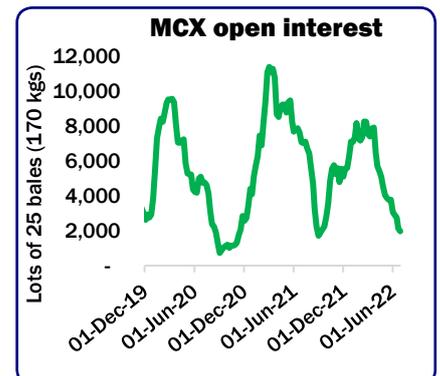
Meanwhile, market observers were somewhat disconcerted by comments from the commerce minister over the weekend. Speaking at the SIMA Texfair 2022 on June 25, Piyush Goyal indicated that since local prices had fallen substantially, the Union



Government was no longer inclined to extend the import duty waiver beyond the eve of the new cotton season in India. Originally, cotton delivered by September 30 was set to be exempt. Subsequently, it was suggested that deliveries with a bill of lading dated before the end of September would also qualify. It is not yet clear which arrangement will now apply, meaning that some cotton already in transit may be subject to additional charges on arrival.

MCX prices

This week's volatility in international markets seemed to affect trading on the MCX cotton futures platform too, although with a somewhat different effect. The most active, nearby contracts made strong gains, while forward deliveries continued to fall. Volume of 6,764 lots (169,100 bales) was the highest since late May. Open interest declined further.



Local market

Asking rates for Shankar-6 have continued their falling trajectory, although a slight increase was reported towards the end of the period in view. On June 29, stocks in warehouses were offered at an average of ₹97,000 per candy (approximately 157.35 cents per lb), down by ₹3,000 or 5.75 cents. The decline for Punjab J-34 was even more pronounced: ₹850 per maund or almost 14 cents per lb, to

MCX cotton futures						
	Closing price June 22	Closing price June 29	Price changes on period	OI at close on June 29	OI changes on period	Volume June 22-29
	Rupees per bale			Lots of 25 bales		
30-Jun-22	45,430	51,520	6,090	236	-853	1,764
29-Jul-22	42,510	43,560	1,050	1,576	601	4,828
30-Aug-22	42,820	39,110	-3,710	39	30	67
31-Oct-22	37,380	34,500	-2,880	115	54	103
30-Nov-22	37,600	35,000	-2,600	-	-	-
30-Dec-22	37,500	34,800	-2,700	2	2	2

TURKEY

Market volatility

Spinners have continued to monitor prices closely and to test trade offering rates for new crop cotton in particular. However, the past week's market volatility has tended to limit mill buyers' appetite for new raw cotton purchases and the volume of business transacted appears to have been fairly limited. Brazilian 2022 crop SLM 1-3/32" has

been booked at 1,800 on December. US Eastern/MOT 41-4-37 'green cards' have found buyers at 2,000 on the same cover month.

For now, demand for yarn is also subdued as downstream manufacturers are equally unsettled by the market's unpredictable behaviour. An eventual resumption of yarn sales and a more stable futures market are thought likely to unlock quite substantial latent raw cotton import demand for fourth quarter shipments.

EGYPT

2022/23 marketing arrangements

Market observers have expressed some unease at the fact that with just two months left before the commencement of the new marketing season on September 1, there has been no announcement of the arrangements for sales of seed cotton in 2022/23. Farmers and traders have not been told whether there will be a repetition of this season's system of publicly run auctions, or if a new process will be introduced, as has been reported in the local press.

Planting progress

According to figures from Catgo, planting advanced only modestly in the five days to June 26, indicating that this year's campaign is drawing to a close. Eighty-one percent of planting intentions have been realised, with the total area recorded as 333,352 feddan (140,008 hectares), 41 percent more than last year's final

total. Seventy percent of this season's cotton area is dedicated to Giza 94, and a further 14 percent to Giza 86. Extra long staple varieties have been planted on almost 3,000 hectares, 70 percent more than last season.

Export sales

In the week to June 25, net new export sales recorded by *Alcotexa* amounted to 947 tonnes, although most registrations were acknowledged to reflect business agreed some time ago. The total committed rose to 61,439 tonnes, still 30 percent behind the same moment last year.

The average price registered for Giza 94 was 263 cents per lb, while that for Giza 86 was 251 cents. Current export demand is said to be very low.

Imported cotton

Importers have asked customers to pause before considering new purchases of cotton from overseas, as they wait for the current volatility in the market to subside. Imports of Greek cotton in particular are said to have become unworkable recently in

terms of price and freight logistics.

Yarn and textiles

In the past few weeks, export demand for fine count yarn has diminished dramatically. In response, severe competition amongst mills has caused prices to fall. Some exporters are reported to be passing on most of their export tax rebate entitlement to customers in an effort to generate business, even though government payments of the rebate are usually subject to significant delays.

In the local market, there is something of a stand-off between those selling raw cotton and manufacturers of yarn and textiles. The former group insist that raw cotton prices will not decrease next season, while lint consumers are of the opinion that prices must give way to reflect the sluggish nature of downstream demand.

In the circumstances, Egyptian delegates attending the *Heimtextil* fair in Frankfurt last week welcomed the opportunity to discuss market conditions with their prospective customers.

FAR EASTERN MARKETS

Australian business

The abrupt fall of New York futures, although not unwelcome to spinners across the region, has tended to engender a degree of caution with regard to the covering of raw cotton requirements. Sporadic transactions involving US recaps have been reported but the bulk of mill buying during the past week has been di-

rected to Australian. As futures have fallen, business has been arranged in **Indonesia** and **Vietnam**, mainly for third quarter shipments, while in the same origin has found buyers in **Thailand** for shipment extending into the fourth quarter.

During the week ended June 24, the raw cotton market in **Japan** was fairly quiet. Sporadic nearby covering was observed but volume did not exceed a couple of thousand bales. It is reported that demand for cotton/polyester blended fabric has been

increasing of late at the expense of pure cotton constructions.



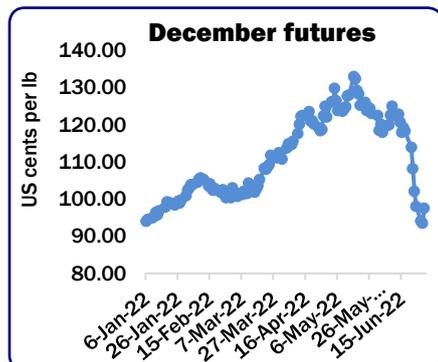
UNITED STATES

Macro-economic influences rather than cotton fundamentals determined the direction of futures for most of the reporting period. Technical factors were also in play, along with speculators evening out their positions ahead of the last trading day of the month and quarter. Hence, maximum daily price limits varied nearly every day. After fulfilling buy and sell orders, many traders moved to the sidelines to await the release of the USDA's Planted Acreage report, scheduled for release on June 30.

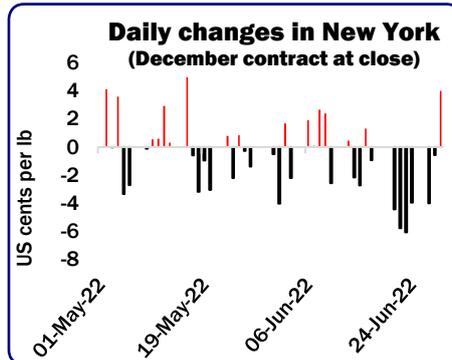
Hot, dry weather has prevailed across the cotton belt, and triple-digit heat has taken a toll on many stands. Failed acreage has been reported in parts of West Texas, and if a widespread rain is not received soon, more losses will ensue. In South Texas, the crop is maturing rapidly under the heat, and many plants in the Coastal and Upper Coastal Bend districts are at or near cutout, while bolls are popping open in the Rio Grande Valley. Drought conditions are unabated in the Far West, and California producers are concerned that they may be unable to keep up with water demands as plants enter the heavy fruiting stage.

ICE futures plummet

ICE No. 2 futures contracts traded with wide price ranges during the period under review, finishing sharply lower in four out of the five sessions. Speculative selling placed substantial pressure on cotton futures, and daily trading limits vacillated from a maximum permissible limit of 7.00 cents per pound on June 23 down to 4.00 cents on June 29. A market correction occurred on June 29, with most deliveries reaching and then settling at the 400-point upper limit. December ended the week at 97.48 cents/lb, down 1,059 points overall. First Notice Day for the maturing



July '22 delivery was June 24, and a total of 28 notices had been issued and stopped as of June 29. Once a contract enters its delivery period, daily limits on price movements are removed: the expiring contract fell by an almost unprecedented 3,256 points on June 24 and recorded an overall decline of 3,904 points for the week. Open interest amounted to 204 contracts as of June 29; the last trading day is July 7.



ICE No. 2 Cotton Futures

(in cents per lb)
No. 2:

	29-Jun	22-Jun	Change
Jly-22	104.28	143.32	-39.04
Oct-22	104.98	114.66	-9.68
Dec-22	97.48	108.07	-10.59
Mar-23	93.40	103.67	-10.27
May-23	91.02	101.01	-9.99
Jly-23	88.81	98.51	-9.70
Oct-23	83.86	92.73	-8.87
Dec-23	81.80	89.22	-7.42
Mar-24	81.22	88.37	-7.15
May-24	80.62	87.52	-6.90

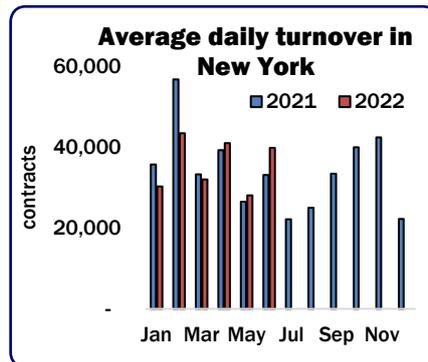
Certificated stock as of June 28 totaled 12,561 bales.

Chicago Futures

(in cents per bushel)

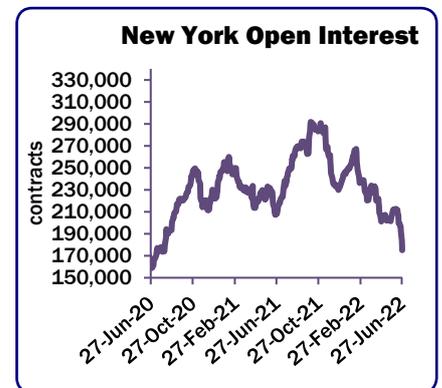
	29-Jun	22-Jun	Change
Soybeans			
Jly-22	1674.25	1652.75	21.50
Sep-22	1495.00	1493.25	1.75
Nov-22	1478.25	1476.50	1.75
Wheat			
July-22	915.50	976.50	-61.00
Sep-22	930.00	988.75	-58.75
Dec-22	944.00	1004.25	-60.25
Corn			
July-22	770.25	768.00	2.25
Sep-22	664.00	702.00	-38.00
Dec-22	653.75	693.75	-40.00

The volume traded has increased during the period under review, with

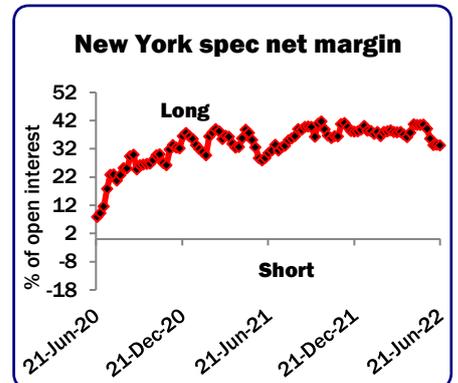


218,847 contracts changing hands, compared with 155,052 during the previous (holiday-shortened) reporting period. The daily average for the month of June, therefore, amounts to 39,715 contracts per session, which is greater than the corresponding figure of 33,034 recorded for June 2021.

Open interest for the board was reported at 175,241 contracts as of June 29, down 16,620 on the week. December '22 accounted for 114,217 contracts, followed by March '23 with 28,895, May '23 with 10,102, and July '23 with 8,544 contracts. Interest in the forward December '23 delivery amounted to 12,618 contracts as of June 29.



According to the latest CFTC Commitments of Traders report, speculators increased their net long margin during the week ended June 21, to 34.4 percent of the total open interest (191,861 on the report date), up from 33.2 percent the previous week. Speculators reduced longs by 531 and shorts by 321. Commercial traders decreased longs and shorts by 6,741 and 9,717, respectively, for a resultant net short margin of 37.9 percent of the total open interest, which was unchanged on the week.

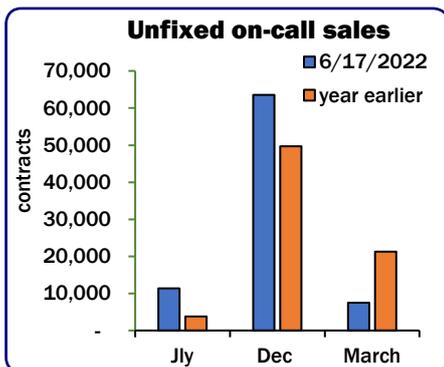


Unfixed on-call sales decrease

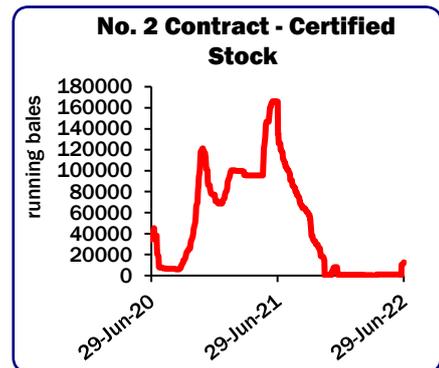
The CFTC On-Call Cotton report for the week ended June 17 showed

US UPLAND AND PIMA STATISTICS

a decline of on-call sales. Total on-call sales were reported at 107,442 contracts, a decrease of 4,929 contracts on the week. Those on July fell by 7,442 contracts to 11,423, while December and March rose by 1,496, and 110, respectively, to 63,592 in the former and 7,492 in the latter. Unfixed on-call sales for the first three active months amounted to 82,507 contracts, compared with the 74,865 contracts reported this time last year.



Certificated stocks increased to 12,561 bales during the week ended June 29, their highest level since December 17, 2021. The majority of the bales were held in Dallas/Ft. Worth, TX area warehouses (12,431), followed by Memphis, TN (94), and Galveston, TX (36 bales). There were 7,026 bales awaiting review, and no bales in both cert stocks and the CCC loan as of June 28.



The Commodity Credit Corporation reports that 81,058 bales of 2021/22-crop upland were redeemed from the government loan program during the period ended June 20, and no new bales were entered. There was no activity reported from the 2018/19 crop, leaving its outstanding stock at five bales. Thus, the unpaid balance for the 2021/22 and 2018/19 seasons declined to 845,055 bales, which included 827,496 bales held

LOAN STATISTICS

CCC Data as of June 20, 2022 (running bales):

Crop	Total Entries	Repossession	Forfeitures	Outstanding Stock
21/22	7,637,566	6,792,516	0	845,050
20/21	8,447,571	8,447,357	214	0
19/20	11,786,598	11,784,517	2,081	0
18/19	8,250,161	8,177,517	72,639	5
Totals	36,121,896	35,201,907	74,934	845,055

Last period's total (June 13) 936,113
 *Including 17,559 bales held by individuals and 827,496 by cooperatives

Details by state for 2018/19 crop, 2020/21 crop, and 2021/22 upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	- OUTSTANDING -		
	2021/22	2020/21	2018/19
N. Carolina	56,490	-	-
S. Carolina	48,808	-	-
Georgia	194,476	-	-
Alabama	37,810	-	-
Florida	14,958	-	-
Virginia	2,530	-	-
Southeast	355,072	0	0
Tennessee	48,340	-	-
Illinois	772	-	-
Missouri	72,170	-	-
Mississippi	128,822	-	-
Arkansas	117,002	-	-
Louisiana	7,486	-	-
Memphis Terr	374,592	0	0
Texas	89,986	-	5
Oklahoma	2,609	-	-
Kansas	1,154	-	-
South West	93,749	0	5
New Mexico	1,932	-	-
Arizona	12,383	-	-
California	7,322	-	-
Far West	21,637	0	0
Upland Total	845,050	0	5

Pima CCC Loan Activity

running bales to June 20, 2022

	Total Entries	Repayments	Forfeitures	Outstanding Stock
2021/22	206,767	170,378	-	36,389
2020/21	292,322	292,322	-	0
2019/20	499,089	462,700	0	36,389
Previous Total Outstanding (June 13)				36,785

	2021/22	2020/21
Arizona	4,106	0
California	25,828	0
New Mexico	1,124	0
Texas	5,331	0
Pima Total	36,389	0

by cooperatives and loan servicing agents and 17,559 by independent farmers.

Physical sales have been quiet during the period, as indicated by low turnover on the spot market and *The Seam*. Spot market sales totaled 2,022 bales during the week under review, all from West Texas. Basis levels have varied widely, in reflection of the small number of offers in the market and according to the urgency of demand.

Trading on *The Seam's* business to business exchange amounted to 792 bales (all from the Southwest) this week, and an average price of

Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	96.23	792	0	792
Total	96.23	792	0	792

SPOT MARKETS

OFFICIAL QUOTATIONS FOR SLM 1-1/16" (41/4/34):
 Prices (cents per lb) Turnover

	29-Jun	22-Jun	
Southeast	114.98	(124.66)	0
N. Delta	113.98	(123.66)	0
S. Delta	113.98	(123.66)	0
E. Tx/Okla	106.98	(115.66)	0
West Texas	106.98	(115.66)	2,022
Desert Southwest	104.98	(114.66)	0
San Joaquin Valley	105.48	(115.16)	0
7 MARKET AVERAGE	109.62	(119.02)	

Turnover for the period ending June 29 2,022
 Total turnover for season to June 29 1,622,650

Selected markets to June 29 (June 22 in parenthesis)

NORTH DELTA			
	Middling (31)	SLM (41)	
1-1/16" (34)	115.23 (124.91)	113.98	(123.66)
1-3/32" (35)	116.23 (125.91)	113.98	(123.66)
Basis for SLM 1-1/16" (41/34):			
NY No.2 Oct '22 +900			
SAN JOAQUIN VALLEY			
1-3/32" (35)	114.38 (124.06)	107.48	(117.16)
1-1/8" (36)	117.88 (127.56)	108.28	(117.96)
Basis for Midd.1-3/32" (31/35):			
NY No.2 Oct '22 +940			
WEST TEXAS			
15/16" (32)	103.23 (111.91)	101.98	(110.66)
1" (33)	105.23 (113.91)	102.73	(111.41)
1-1/32" (34)	107.48 (116.16)	106.98	(115.66)

W. Texas Micronaire (cent points per lb):			
	29-Jun	22-Jun	
24 & Below	-1800	-1800	
25-26	-1800	-1800	
27-29	-1250	-1250	
30-32	-825	-825	
33-34	-575	-575	
35-36	0	0	
37-42	0	0	
43-49	0	0	
50-52	-325	-325	
53 & Above	-400	-400	

Strength grams/tex (cent points per lb):			
	Mfs Terr	W Texas	SJV
20.0-20.9	*	-400	*
21.0-21.9	-850	-375	*
22.0-22.9	-800	-375	*
23.0-23.9	-750	-350	*
24.0-24.9	-700	-350	-500
25.0-25.9	-650	-275	-400
26.0-26.9	-300	-250	-300
27.0-28.9	0	0	0
29.0-29.9	0	0	0
30.0-30.9	25	10	75
31.0-32.9	50	25	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 June 29, with June 22 in parenthesis, were as follows:

AMERICAN PIMA			
GRADE	1-3/8" (44)	1-7/16" (46)	
2	294.25 (294.25)	300.00 (300.00)	
3	281.50 (281.50)	289.25 (289.25)	
4	261.00 (261.00)	268.75 (268.75)	

MICRONAIRE DISCOUNTS (cent points per lb):

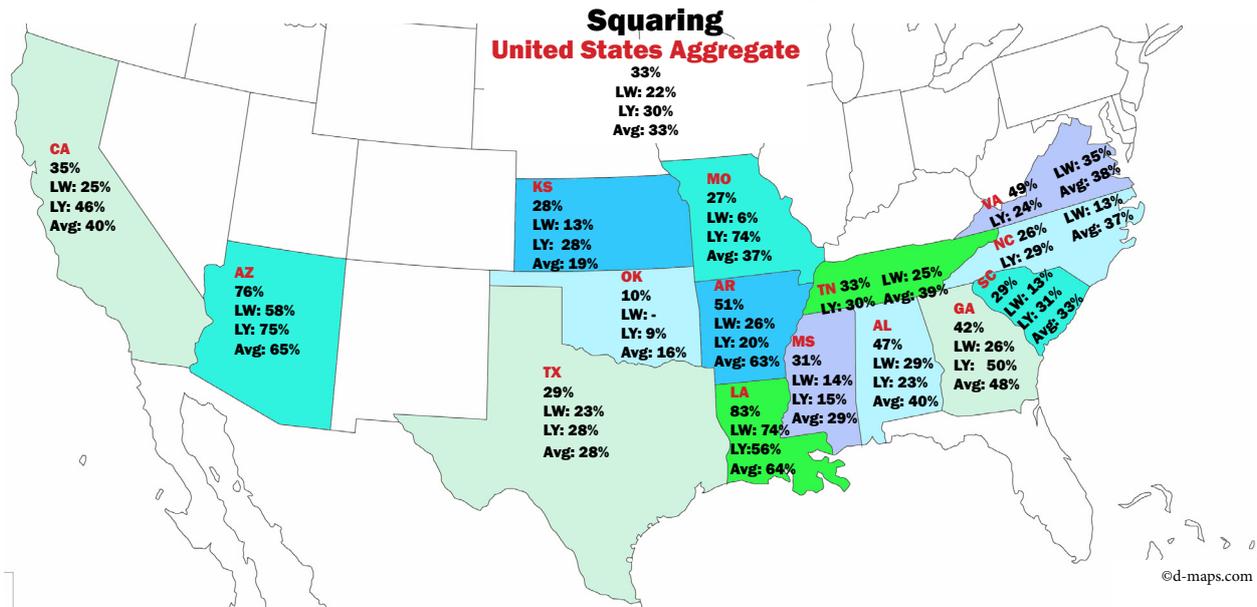
2.6 and below	-1900
2.7 to 2.9	-1400
3.0 to 3.2	-900
3.3 to 3.4	-400
3.5 and above	Base

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

96.23 cents per pound was paid. For the second consecutive period, no activity was reported on the grower to business side.

Plant development beltwide is slightly ahead of schedule, based upon the latest crop progress report released by the National Agricultural Statistics Service for the week ended June 26. Squaring was at 33 percent,

US cotton crop development by June 26.



which was three points better than the same time a year ago and on par with the five-year average. Blooms are increasing beltwide, and boll-setting was reported at eight percent, up one percentage point from the previous year and one point ahead of the average.

Drought conditions expanded across the cotton belt as shown in the US Drought Monitor map for the week ended June 21, and the unseasonable heat has continued to take a toll on the crop, with a deterioration witnessed in plant health. Beltwide, 37 percent of stands were categorized 'good to excellent' (down three points on the week), 33 percent were 'fair' (one point lower), and 30 percent were 'poor to very poor' (up four points). A marginal improvement was reported in Kansas, while no changes were observed in Alabama and California. Meanwhile, the greatest decline in plant health occurred in Tennessee and North Carolina, where the proportion of stands rated 'good to excellent' dropped by 12 and 10 percentage points, respectively, to 46 percent in the former state and 52 percent in the latter.

In Texas, the largest cotton-producing state in the nation, only 17 percent of plants were categorized 'good to excellent' (down two points), 37 percent were 'fair' (four points lower), and 46 percent were 'poor to very poor' (up six points on the week).

Fruit development was ahead of the normal pace as of June 26, with squaring at 29 percent, compared with the average of 28 percent. Ten percent of the crop was blooming, which was two points better than the average.

Following windy conditions and triple-digit heat early in the period under review, scattered thunderstorms developed in **West Texas**, and light to moderate rain fell, mainly in the Panhandle. Locally heavier amounts were recorded in isolated areas, but droughty soils quickly absorbed the moisture. Most fields on the High and Rolling Plains remain dry, and rain is urgently needed to settle the dust and to ease stressful growing conditions.

Cool daytime temperatures from the 70°s to the 80°s (F) were reported after the storms, giving the young crop a brief respite from the intense heat that has ruled for most of this month. Many plants are exhibiting signs of stress or have 'failed', owing to the combination of heat, wind and lack of soil moisture.

Squares are forming on some of the older, irrigated stands, but growers are concerned that as fruiting increases, they may not be able to keep up with water demands. Mostly sunny, near average temperatures are in the short-term forecast, with daytime highs projected from the mid to upper 90°s (F). Winds of between 10 and 25 mph are possible, and the hot, windy weather will further

increase soil moisture evaporation rates and exacerbate already dire growing conditions.

Meanwhile, the **South Texas** crop is developing rapidly under hot, sultry weather. Plants are entering the heavy fruiting stage, and many dryland stands are at or nearing cutout. Bolls are forming, and although irrigation water is being applied a widespread rain would be welcomed soon to reduce fruit shed and ease water demands. Scattered showers fell late in the period, and there is a 40-percent chance that a low-pressure system located over the western area of the Gulf Mexico could bring light to moderate rain to coastal locales in the upcoming days. In the Rio Grande Valley, stands are loaded with bolls, and many of the older ones are popping open under the heat. Thus, the forecast precipitation will help fibers in bolls at the tops of plants fully mature.

Record-setting daytime highs in the low 100°s (F) were reported in parts of the **Memphis Territory** early in the period under review as hot, hazy, humid conditions prevailed. Consequently, a downturn in the health of the crop was reported across the Delta during the week ended June 26, with the percentage of the stands categorized as 'good to excellent' ranging from 46 percent in Tennessee to 78 percent in Arkansas. Although the heat helped push fruit development across the Delta, squar-

Boll Setting

6/26/2022

-percentages-

	June 26	Previous Year	5-Year Average
Southeast			
North Carolina	0	0	0
South Carolina	2	1	2
Georgia	5	4	4
Alabama	2	2	2
Virginia	14	4	1
Memphis Territory			
Tennessee	3	1	2
Missouri	0	8	2
Mississippi	3	0	3
Arkansas	2	1	7
Louisiana	12	3	11
Southwest			
Texas	12	9	10
Oklahoma	0	0	0
Kansas	0	0	0
Far West			
Arizona	17	26	20
California	5	9	3
Summary	8	7	7

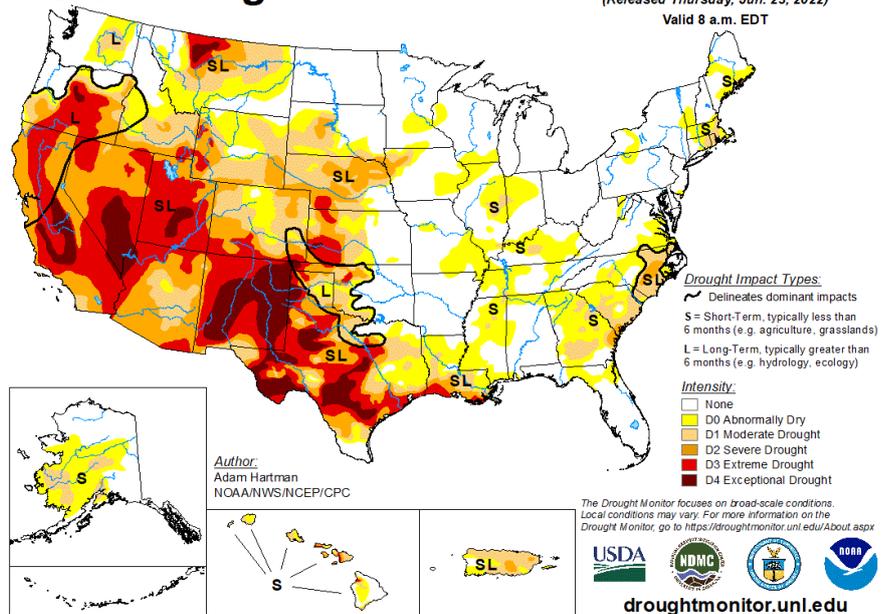
*These 15 states planted 99 percent of last year's cotton

U.S. Drought Monitor

June 21, 2022

(Released Thursday, Jun. 23, 2022)

Valid 8 a.m. EDT



The U.S. Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC.

US EXPORT SALES

During the week ended June 23, net sales increases for shipment next season were just 46,300 bales. The major destinations were Turkey (25,500), Portugal (8,800), Mexico (3,700), Japan (3,500) and Indonesia (2,600).

Upland sales registrations for shipment in the remainder of the current season rose by a net 48,100 running bales. Increases recorded primarily for Vietnam (33,900, including 11,900 switched from China and 2,200 switched from South Korea), China (25,400, including a decrease of 9,700), Mexico (3,500, including a decrease of 100), Peru (1,800) and Japan (1,600, including a decrease of 200), were partially offset by reductions primarily for India (6,600), Colombia (5,300), Turkey (3,600), South Korea (2,100) and Bangladesh (1,100).

US export sales

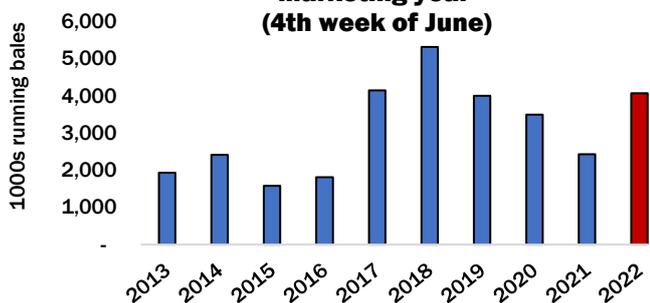
in thousand running bales

Week Ended June 23	2021/22			2022/23	
	Upland	Pima	All cotton	Upland	Pima
Previous unshipped commitments	4,408.5	63.7	5,147.1	4,020.3	53.1
New sales	84.2	0.8	85.0	50.8	0.5
Cancellations	36.0	0.0	36.0	4.5	0.0
Net sales	48.2	0.8	49.0	46.3	0.5
New commitments total	4,456.7	64.5	4,521.2	4,066.6	53.6
Week's shipments	364.4	6.4	370.8	0.0	0.0
Cumulative shipments	11,510.9	58.0	11,568.9	0.0	0.0
Unshipped commitments	4,092.2	58.0	4,150.2	4,066.7	53.6

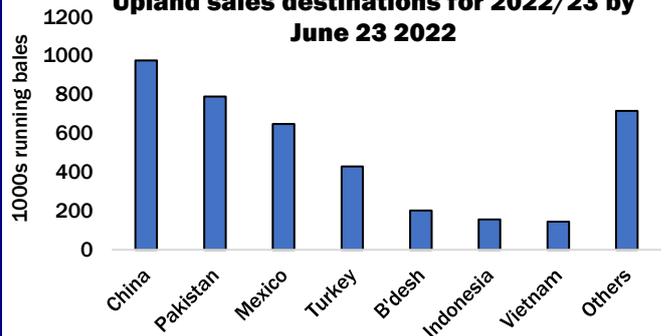
Upland export shipments during the period amounted to 364,400 running bales. The major destinations were China (102,600), Turkey (70,800), Vietnam (43,000), Pakistan (29,800) and India (26,500).

Net sales of Pima during the period amounted to 800 running bales for 2021/22. Shipments were 6,400 bales.

Upland sales commitment for next marketing year (4th week of June)



Upland sales destinations for 2022/23 by June 23 2022



Crop Condition					
6/26/2022					
-percentages-					
	VP	P	F	G	EX
Southeast					
North Carolina	1	14	33	50	2
South Carolina	4	10	27	52	7
Georgia	1	10	33	51	5
Alabama	0	4	20	73	3
Virginia	0	0	18	82	0
Memphis Terr.					
Tennessee	9	11	34	42	4
Missouri	6	8	26	60	0
Mississippi	7	11	19	56	7
Arkansas	1	1	20	50	28
Louisiana	1	3	19	73	4
Southwest					
Texas	20	26	37	17	0
Oklahoma	3	9	35	53	0
Kansas	1	2	57	39	1
Far West					
Arizona	0	0	17	49	34
California	0	0	15	80	5
Summary	12	18	33	34	3

ing continues to lag behind the normal pace in Arkansas, Missouri, and Tennessee, while blooming was at or ahead of the average in Louisiana and Mississippi.

Thunderstorms developed in parts of the Lower **Southeast** during the period under review, and light to moderate rain was received, with brief, heavy downpours reported in coastal areas. Intermittent storms remain in the near-term forecast for the region, and between 0.50" and 1.00" of precipitation is projected. Hot, humid weather prevailed earlier in the period, and heat index readings from the upper 90°s to low 100°s (F) were reported. Hence, many fruiting stands in non-irrigated fields were wilting during the heat of the day. Where possible, producers have been applying irrigation water to help ease stressful growing conditions. As of June 26, a vast majority of the crop was rated 'good to excellent', ranging from 52 percent in North Carolina to 82 percent in Virginia. Growers continue to monitor insect counts and apply treatments when needed.

Excessively hot temperatures from the upper 90°s to low 100°s (F) ruled across the **Far West** during much of the period under review, pushing fruit development. In California, 35 percent of the state's crop was squaring as of June 26, and five percent of stands were blooming. Second rounds of irrigation water are being applied in the San Joaquin Valley, where possible, but concerns abound regarding the ongoing drought and dwindling well water. As plants enter the heavy fruiting stage, rain, will be needed to help ensure average yields.

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 15.20 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) minimize potential loan forfeitures, 2) minimize 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

- 2021/2022 season -

- value if applied today, June 30, 2022 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	138.01
B) Three Far Eastern 'fine count' CFRs	138.68
C) Three Far Eastern 'coarse count' CFRs	140.75
D) Cheapest US Midd. 1-3/32" CFR	140.00

ADJUSTED WORLD PRICE CALCULATION

Deduct from A		
Average cost to market	18.68	
Loan Quality Differential		
(at average location) between:		
Middling 1-3/32"	54.50	
SLM 1-1/16"	52.00	2.50
E) Total Adjustment Factor		21.18
F) Adjusted World Price (A - E)		116.83
G) Fine Count' Adjustment Factor	must be above zero	
2021 Crop (current values 2.25-(B-A))		1.58
H) Coarse Count' Adjustment Factor	must be above zero	
(current values A-C-5.60)		-8.34
I) Loan Deficiency Payment, Basic Loan (52.00) - F		-64.83

American Pima Competitiveness Payment

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	284.00
P2) P1 adjusted for quality and transportation	274.43
P3) Basic ELS Loan Rate (95.00) adjusted for quality 2-2-46	94.95
P4) Basic Loan Trigger = 113% of P3. P2 must be lower than P4 for four weeks for payments to be triggered	107.29

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

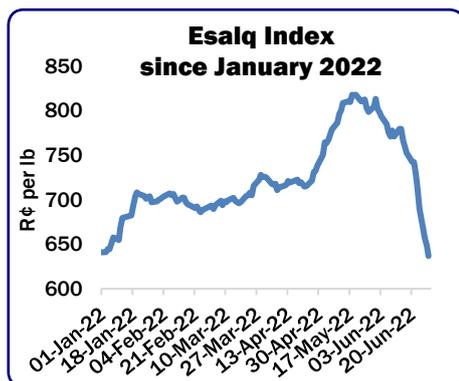
Payment Calculation

P5) Friday/Thursday US Pima CFR Far Eastern Average	NQ
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality)	294.00
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 June 30	N/A

BRAZIL

Local market collapse

The past week has seen a spectacular fall in local spot values, which have replicated a similar movement in New York futures. The *Esalq* Index (41-3-35, delivered mill South Brazil) stood on June 29 at R\$636.70 per lb, having lost more than 22 percent in value since its peak in mid-May. The Index has relinquished all of the ground gained since the turn of the year.



Uncertain production

The harvest is gaining ground in the main cotton states. In the largest of these, Mato Grosso, activity will expand over the next month as the harvest embraces the *safrinha*, which accounts for about 85 percent of the state's crop but is sown later than conventional cotton.

Uncertainty persists with regard to the crop's yield potential. Most production forecasts are now well below the latest official number (2,815,400 tonnes). Many fall within a bracket of 2.4/2.6 million.

ARGENTINA

Harvest progress

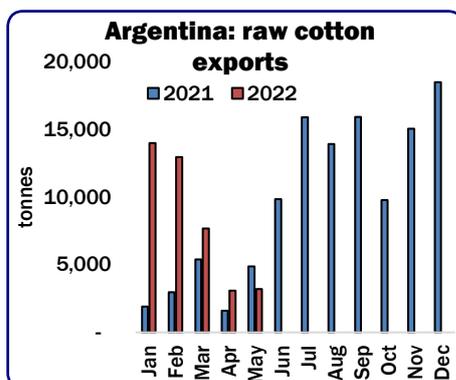
The weather over the past week has been rather overcast in the main cotton areas, with some scattered light showers. The conditions are not ideal but do not appear to have had any material impact on the progress of the harvest, which continues nonetheless to be hampered by fuel shortages. Private estimates place the proportion completed to date at 55 to 60 percent. The authorities in Chaco indicate that 72 percent of the crop has been picked in the province. Clearer weather is forecast for the weekend and early part of next week.

Exports

Little or no export business has come to light during the past week; most of the available new crop lots on offer have found buyers on the local market. Exporters have, however, been applying cotton against existing export commitments and seeking to expedite shipments.

During the week ended June 29, a further 302 tonnes were declared for export, raising the cumulative total for 2022 to 49,492 tonnes.

Raw cotton exports in May were higher than the previous month but still modest at 3,196 tonnes, versus 4,870 tonnes



shipped in the corresponding period a year ago. However, cumulative shipments remain considerably ahead of the same point last year: the total for January/May is 40,869 tonnes, versus 16,735 by the same moment of 2021.

Shipments in May were destined for Vietnam (1,163 tonnes), Taiwan (1,083), Indonesia (702) and Pakistan (248).

Argentina's raw cotton exports

	January - May		
	2020	2021	2022
Vietnam	2,944	1,799	16,141
Pakistan	6,695	10,580	12,686
Indonesia	626	751	3,665
Turkey	984	2,978	3,303
Taiwan	-	-	2,761
Thailand	172	237	1,727
China	-	-	395
Colombia	411	390	191
Malaysia	514	-	-
Totals	12,346	16,735	40,869

EUROPEAN MARKETS

Techtextil fair

The assessment of last week's *Techtextil* trade fair in Germany has been encouraging, both in terms of attendance and as regards discussion of product development with potential customers. Overall, the event has been judged a success.

However, the steep drop in New York futures which started on Thursday puzzled many delegates and spinners more generally. Some mill buyers have nonetheless taken the opportunity to cover some of their needs for the last quarter of the year. Spanish new crop has commanded lofty basis levels. Attention has also been drawn to West

African new crop styles for shipment first quarter of 2023.

The asking prices quoted for organic cotton, unaltered for some time, have eased a little but are still considered too high by most mill buyers.

