

WEEK IN BRIEF


Upland **offering rates** have moved lower this week, influenced by weaker settlements in New York. The Cotlook A 2017/18 Index has slipped below 90.00 cents per lb, for the first time since late February. In New York, the July/December 'spread' has narrowed, to place July's premium at just over four cents... Prices on China's electronic markets have moved lower in all active contracts. The proportion of cotton sold at daily State Reserve auctions has continued to decline. Preferential policies for new spinning projects in the Xinjiang region have been rescinded... Cotlook's March assessment of global production and consumption appears on pages 7/9.

In the United States, USDA's Prospective **Plantings** report, due for release immediately after this issue, is awaited with interest. West Texas has received some much-needed precipitation. More moisture is required ahead of sowing. Sowing is approaching completion in the south of the state. Unsettled conditions have hampered field work in the Delta and Southeast... The outlook for cotton plantings in Turkey remains positive. A considerable increase in area is anticipated... Cumulative seed cotton arrivals in India are roughly on a par with last year... Farmers are poised to press ahead with planting in Pakistan's Sindh province, once adequate moisture has been received... Early sowing has commenced in parts of China. Large-scale field work is expected to begin ahead of schedule... In Argentina, early arrivals are trickling in to gin yards. The harvest should gain momentum after the Easter holiday... Picking is continuing apace in Australia, and ginning has begun. Early yields have been excellent in some areas.

Mill demand has been fairly subdued in the face of firm asking rates. Many spinners are thought to be covered for the next couple of months. Some demand for shipment in the second and third quarters has been noted. In Bangladesh, spinners with pressing needs have concentrated on hand-to-mouth purchases of cotton afloat, from various origins. Mills in Pakistan have bought some Indian cotton... During the week ended March 22, US upland export sales registrations for shipment in the current season rose by a net 304,300 running bales. Shipments were 438,400 bales... China's raw cotton imports in February totalled 102,675 tonnes, two thirds of US provenance... By March 29, nearly 266,000 tonnes had been disposed of at this year's China State Reserve auctions... Indian raw cotton exports during January were mainly for Bangladesh... Cumulative Egyptian export shipments have exceeded 30,000 tonnes.

The cotton **yarn** market has been relatively stable. In Pakistan, local demand has been moderate. Export enquiries have been too low for most spinners to contemplate volume sales... In India, total cotton yarn exports during January were around a third less than the same month in 2017... Yarn imports to China during February were almost 50 percent down on the previous year... Egypt's Ministry of Trade and Industry will soon release a strategy for the textiles sector up to 2025.

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Weakening prices

Upland offering rates drifted gradually downward in sympathy with New York futures during most of the reporting period, before a more abrupt decline in the No. 2 contract on March 28 sent prices sharply lower. The 2017/18 Cotlook A Index has ended the period below the threshold of 90.00 cents per lb, a level at which one might anticipate a moderate broadening of mill demand. The May contract has ended with a net decline of 185 cent points, and December with a net loss of 101 points.

On-call position

No consensus is readily apparent with regard to the likely next move of New York futures. The exceptional size of spinners' unfixed on-call purchases – a supportive or potentially bullish influence on futures prices – has been well documented. The latest report from the Commodity Futures Trading Commission, for the week ended March 16, showed only a small net decrease in the May contract's unfixed contracts, but a further net increase overall.

During the past week, some fixation activity has been observed, particularly as futures fell sharply at the end of the period. Prior to that juncture, quite a sizeable body of spinners had continued to defer fixation against their outstanding on-call purchase contracts, perhaps in anticipation of a repeat of the speculative sell-off that occurred as the March contract approached maturity.

Traders are not unaware of the possibility that developments wholly unrelated to cotton fundamentals might prompt a shift in speculators' attitude to risk. Amongst such broader economic concerns, the most immediate threat would seem to be the potential repercussions of rising trade tensions between the United States and some major trading partners, most notably China.

Slow physical market

The prevailing uncertainty with regard to the short-term price outlook has served to restrict fresh demand in the physical market, though some sporadic nearby purchases have been noted on the part of spinners with pressing requirements to cover. Many of the larger mill groups, however, are believed to have covered their more pressing requirements for the second quarter and in some cases beyond, and thus appear content for the time being to await further price developments. The scale of mill purchasing over recent weeks has of course been reflected in the strength of this season's US export registrations during the period (though demand has not been confined to that origin). This week's 2017/18 upland registrations fell back modestly from the previous week but remained robust at over 300,000 running bales.

Despite the slackness of mill demand during the past week, most traders' offers from 2017/18 crop long positions have betrayed only limited downward pressure on the 'basis' relative to New York. However, as the season progresses, their resolve may be tested

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if buying interest remains in the doldrums by the time the July contract's expiry has drawn closer - and if the prevailing inverted relationship between that month and the December delivery persists. The July/December spread has this week narrowed somewhat, having fluctuated between 400/500 cents per lb.

China State Reserve auctions

China's State Reserve auctions have again this week been characterised by spinners' marked preference for Xinjiang cotton, which has sold out on most days. Overall, however, during the past four sessions, the proportion of the daily catalogues disposed of at auction has tended to decline, perhaps in anticipation of a lower base price next week. Since the start of the series, nearly 266,000 tonnes have found buyers, representing just over 63 percent of the lots on offer. If one assumes that a similar ratio will be maintained until the end of August (the scheduled conclusion of the auction series), government stocks would by then have been depleted by close to 2.3 million tonnes, leaving roughly three million tonnes or less in the government's control.

Spinning investment in Xinjiang on hold

While State Reserve trading has settled into the routine described above, the more surprising news from China this week has been the moratorium placed on expansion of spinning capacity in Xinjiang. The impressive growth of the region's textile and clothing sectors has been supported in recent years by a range of government incentives, the strategic objective of which is to foster industrial development and trade in a region that lies directly along the axis of Beijing's ambitious *One Belt One Road* initiative. For spinning specifically, however, the incentives have prompted investment at a pace judged too rapid to be sustainable, hence this week's emergency measure.

New crop production outlook

As the main planting period approaches in the Northern Hemisphere, the United States remains a significant source of uncertainty with regard to the world production outlook for 2018/19.

Shortly after this issue has been published, the Department of Agriculture will release its Prospective Plantings report. Since the National Cotton Council's Planting Intentions

survey took place between mid-December and mid-January, the December 2018 contract has advanced by around 200/300 points. This week's area figure is therefore expected at least to match and quite possibly to exceed the 13.1 million acres indicated by the Council in February.

However, a more telling factor will be the weather pattern in West Texas over the coming weeks. Unless this week's welcome precipitation heralds a more fundamental change in the weather pattern, the balance of probability may over the next couple of months shift progressively toward higher abandonment and lower yields in dryland areas than are currently implied by our estimate. Time remains for the situation to change in a region known for unpredictable weather (insurance deadlines range from May 31 to June 20 in most producing areas). Some readers may recall the dramatic transformation that took place over the Memorial Day holiday weekend in late May 2014, when some counties received over five inches of rain in the space of 96 hours.



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CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at March 29, 2018

Description	Price	Change on week	Shipment	Forward		
				Price	Change on week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	96.75	-1.75	5/6	NQ		
Benin Kaba/s 1-1/8"	93.50	-2.25	4/5	89.50	-0.75	1/2
Burkina Faso BOLA/s 1-1/8"	93.00	-2.25	4/5	89.00	-0.75	1/2
Cameroon IRMA/s 1-1/8"	93.50	-2.25	4/5	NQ		
Cameroon PLEBE 1-5/32"	95.00	-2.25	4/5	NQ		
Chad Kero A51 1-5/32"	95.00	-2.25	4/5	NQ		
Indian Shankar-6, 1-1/8"	85.25	-2.00	4/5	NQ		
Ivory Coast MANBO/s 1-1/8"	93.00	-2.25	4/5	89.00	-0.75	1/2
Mali JULI/s 1-1/8"	94.00	-2.25	4/5	90.00	-0.75	1/2
Spanish SM 1-1/8"	93.00	-1.75	4/5	NQ		
Tanzanian RG1 1-1/8"	NQ			NQ		
Texas SM 1-1/8"	91.75	-1.75	4/5	NQ		
Uzbekistan SM 1-1/8"	96.25	-2.00	4/5	NQ		
Zambian SM 1-1/8"	NQ			NQ		
Zimbabwe SM 1-1/8"	NQ			NQ		
Medium grades						
1-1/8" staple unless stated						
Australian Midd	NQ			NQ		
Benin BELA *	92.50	-2.25	4/5	88.50	-0.75	1/2
Brazilian Midd	91.50	-2.00	4/5	88.25	-1.00	10/11
Burkina Faso RUDY *	92.00	-2.25	4/5	88.00	-0.75	1/2
California/Arizona Midd	92.75	-2.00	4/5	NQ		
Greek Midd	94.00	-1.75	4/5	90.75	-0.75	10/11
Indian medium grades **	84.25	-2.00	4/5	NQ		
Iv. Coast BEMA *	92.00	-2.25	4/5	88.00	-0.75	1/2
Mali ROKY/KATI *	93.00	-2.25	4/5	89.00	-0.75	1/2
Memphis/Eastern Midd	91.75	-2.00	4/5	89.00	-0.75	11/12
Memphis/Orleans/Texas Midd	90.25	-1.75	4/5	87.50	-0.75	11/12
Mexican Midd	NQ			NQ		
Tanzanian Type 1SG 1-3/32"	NQ			NQ		
Uzbekistan Midd	93.25	-2.00	4/5	NQ		
Lower grades						
Argentine SLM, 1-1/16"	NQ			NQ		
Brazilian SLM 1-3/32"	NQ			NQ		
Greek SLM 1-3/32"	NQ			NQ		
Indian J-34 SG **	NQ			NQ		
Memphis/Eastern SLM 1-3/32"	89.75	-2.00	4/5	NQ		
Memphis/Orleans/Texas SLM 1-3/32"	88.25	-1.75	4/5	NQ		
Memphis/Orleans/Texas Midd. 1-3/32" Mic. 3.0 NC	83.00	-1.75	4/5	NQ		
Pakistan AFZAL 1-1/16"	NQ			NQ		
Pakistan Type 1467 1-3/32"	NQ			NQ		
Long Staple cottons:						
US Pima Grade 2 1-7/16" #	161.00	-5.00	4/5	NQ		
Egyptian Giza 86 Good+3/8	150.00	Unch	4/5	NQ		
Egyptian Giza 94 Good+3/8	145.00	Unch	4/5	NQ		
Israeli Pima H1, 1-7/16" #	167.00	Unch	4/5	NQ		
Israeli Acalpi	NQ			NQ		

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

** Applicable ICS standards, as adopted by the ICA are as follows: Higher grade - ICS 105 Superfine; Medium grade ICS 105 Fine
Qualities used in US Pima competitiveness programme.

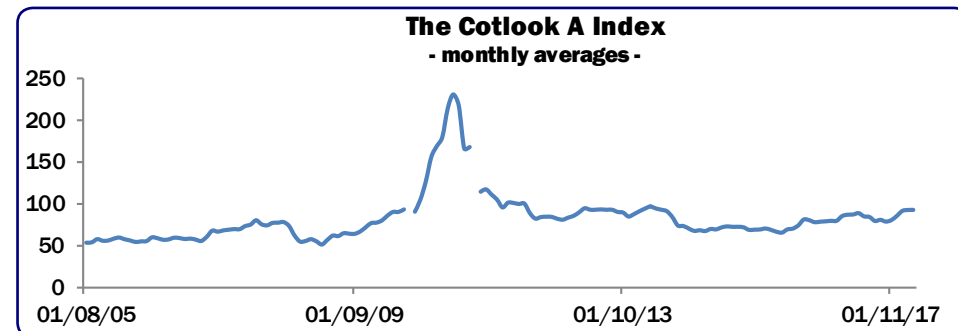
THE COTLOOK INDICES

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

The quotations are compiled and published daily.

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

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



Prices as at March 29, 2018

2017/2018 A Index			2018/2019 A Index		
Description	Price	Shpt	Description	Price	Shpt
Indian medium grade	84.25	4/5	Memphis/Orleans/Texas	87.50	11/12
Memphis/Orleans/Texas	90.25	4/5	Burkina Faso RUDY	88.00	1/2
Brazilian	91.50	4/5	Ivory Coast BEMA	88.00	1/2
Memphis/Eastern	91.75	4/5	Brazilian	88.25	10/11
Ivory Coast BEMA	92.00	4/5	Memphis/Eastern	89.00	11/12

The Cotlook A Index

Seasons Averages

2012/13	87.90
2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	82.77
2017/18	84.43

Monthly Averages

August 2017	79.34
September 2017	80.60
October 2017	78.60
November 2017	80.41
December 2017	85.42
January 2018	91.31
February 2018	88.36
March 2018	92.14

Daily Values

	2017/18	2018/19
March 23	91.55	88.95
March 26	91.05	88.70
March 27	91.05	88.70
March 28	91.30	88.70
March 29	89.95	88.15

Average for week 90.98 88.64

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

YARN INDEX

2005 = 100

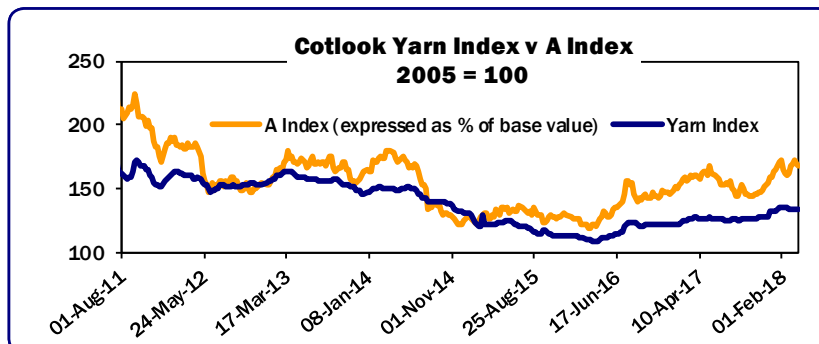
This week	134.73	Last month	134.42
Last week	134.71	Last year	127.40

Export prices (in US dollars per kilo FOB)-

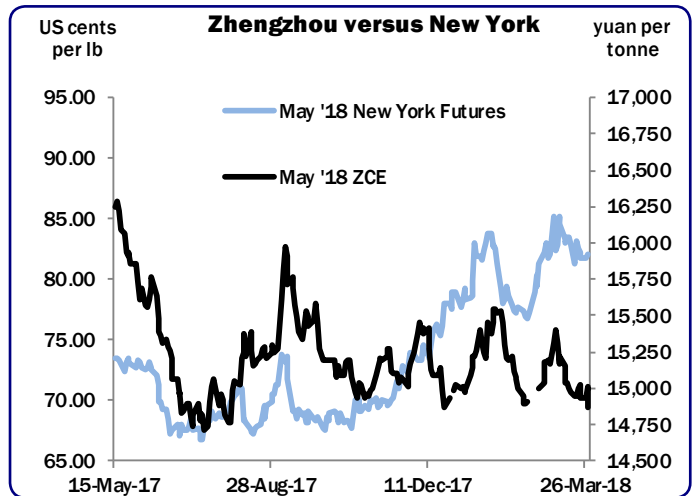
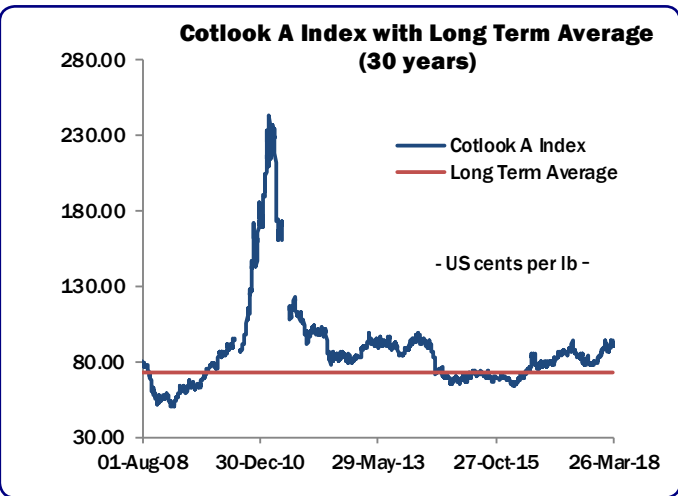
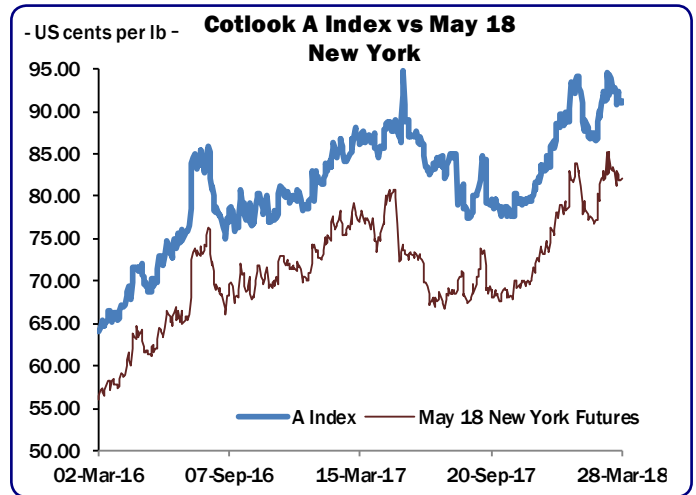
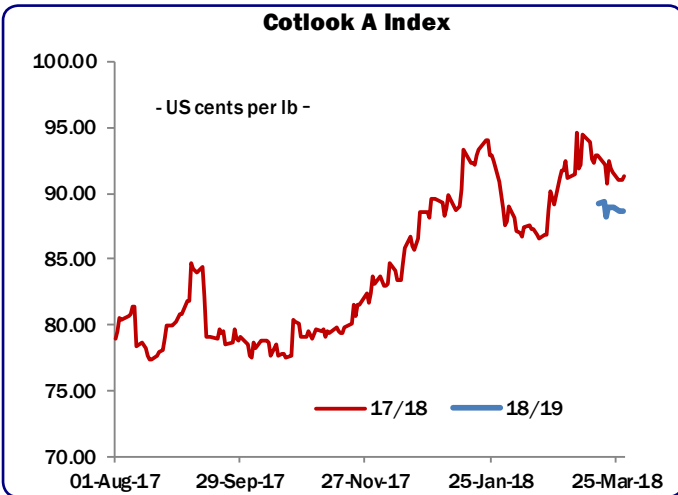
		This week	Change on week	Change on year
Pakistan	20s	2.38	Unch	-0.06
India	20s	2.75	Unch	0.25
Turkey	20s	3.15	Unch	0.25
Indonesia	20s	2.56	Unch	unch
China	21s	3.45	Unch	0.23
Uzbekistan	20s	2.60	Unch	0.40
Pakistan	30s	2.77	Unch	-0.06
India	30s	3.05	Unch	0.25
Turkey	30s	3.35	Unch	0.25
Indonesia	30s	2.85	Unch	Unch
China	32s	3.64	0.01	0.26
Uzbekistan	30s	2.75	Unch	0.25

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

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

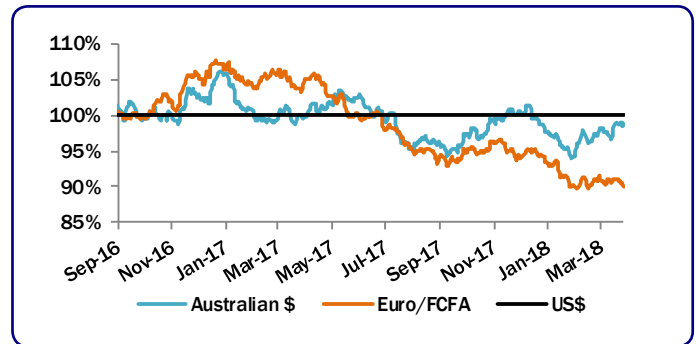
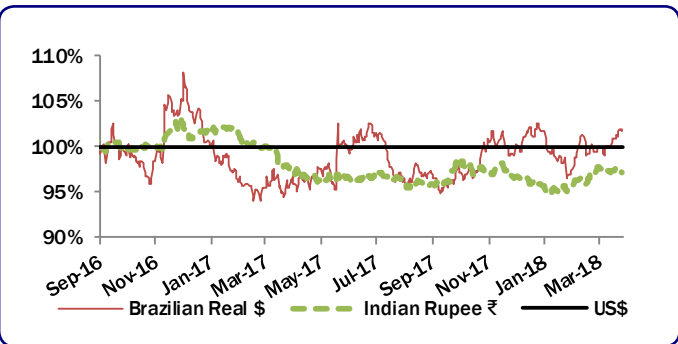


WORLD PRICE TRENDS

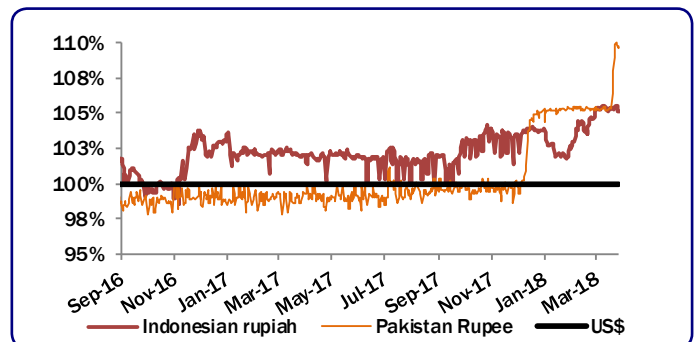
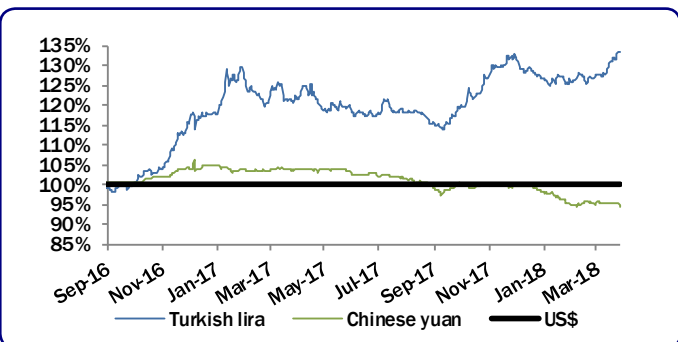


CURRENCY TRENDS

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



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



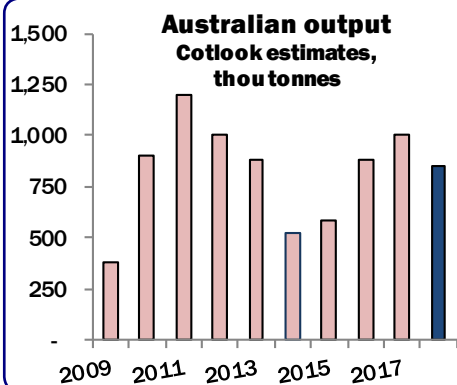
COTLOOK PRODUCTION ESTIMATE - IN THOUSANDS OF TONNES -

Estimated world production during the 2017/18 season has been raised modestly during the past month, to 26,230,000 tonnes. A more substantial increase has been made for the season ahead, which we now forecast will rise modestly to 26,306,000 tonnes.

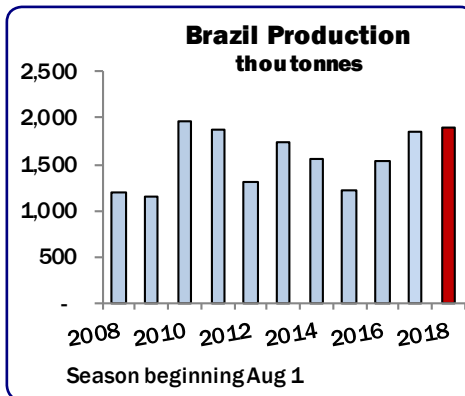
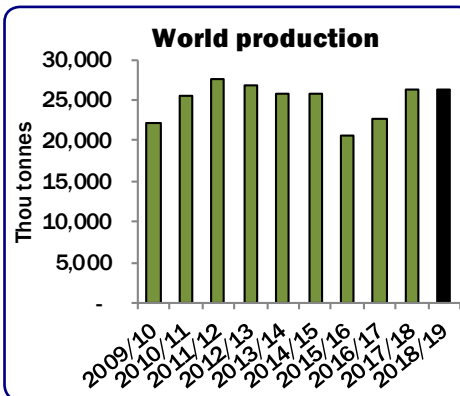
The outlook for cotton in the Southern Hemisphere, where standing cotton is at various stages of development, remains generally favourable.

In **Brazil**, the latest CONAB data acknowledge earlier reports that cotton has been sown on a rather larger area in Mato Grosso than earlier indicated. Based on a projection of yields only slightly lower than last season's record (1,629 kilos per hectare), we have raised our figure by 50,000 tonnes to 1,850,000 tonnes. Many local observers remain of the view that a lint outturn of 1,900,000 tonnes or more is within reach. Their confidence has been sustained by the near-ideal weather that has prevailed so far: warm and sunny conditions have been punctuated by regular rainfall.

In **Australia**, picking is already well advanced in Central Queensland and is poised to gain momentum over the coming weeks in areas further south. Early yield indications have been favourable, hence the increase of 100,000 tonnes in our forecast to one million tonnes.



Cautious optimism has characterised recent field reports from **Argentina**, and our forecast remains unchanged at 220,000 tonnes.



The outlook for the Southern Hemisphere producers in 2018/19 is of course exceptionally difficult to gauge so far ahead of the planting period, but even at this early stage the prospects seem mixed. Brazil appears confident that additional expansion will take place, based on the profitability of cotton cultivation relative to alternative crops. The assumption is that the soybean/cotton 'double-cropping' model that accounts for the bulk of cotton in the largest producing state, Mato Grosso, will continue to serve farmers well.

The downturn shown for Australia next season does not result from any lack of enthusiasm on the part of producers. On the contrary, recent ex-farm prices have offered good returns that have been boosted by the favourable yields mentioned above. The downturn shown in our forecast for next season is linked entirely to doubts with regard to the availability of water for irrigation and moisture for dryland planting. Several months remain for a change in the situation, but as

	Change on Month			
	17/18	18/19	17/18	18/19
Afghanistan	18	18		
Albania	-	-		
Angola	-	-		
Argentina	220	250		
Australia	1,000	850	+100	
Azerbaijan	74	90		
Benin	190	195		
Brazil	1,850	1,900	+50	+50
Burkina Faso	295	305		
Cameroon	105	110		
Chad	30	25		
China	5,740	5,370		
Colombia	10	10		
Côte d'Ivoire	135	140		
Egypt	68	85		
Greece	270	285		
India	6,205	6,460	-85	
Iran	53	60	-7	
Israel	12	12		
Kazakhstan	63	70		
Kyrgyzstan	17	22		
Malawi	10	8		
Mali	294	305		
Mexico	335	300		
Mozambique	23	20		
Nigeria	50	50		
Pakistan	1,790	1,950		
Paraguay	5	5		
Peru	20	20		
Spain	65	60		
Sudan	90	110	+40	+60
Syria	35	30		
Tajikistan	107	115		
Tanzania	60	150		+70
Togo	50	52		
Turkey	900	925		
Turkmenistan	296	305		
Uganda	28	25		
USA	4,579	4,505	-50	
Uzbekistan	780	750		
Zambia	40	40		
Zimbabwe	50	55		
World Total	26,230	26,306	+47	+180
World excl China	20,490	20,936	+47	+180
N Hemisphere	22,872	22,927	-102	+60
S Hemisphere	3,358	3,379	+150	+120
African Fr. Zne	1,109	1,142		
Central Asia	1,263	1,262		
EU	335	345		

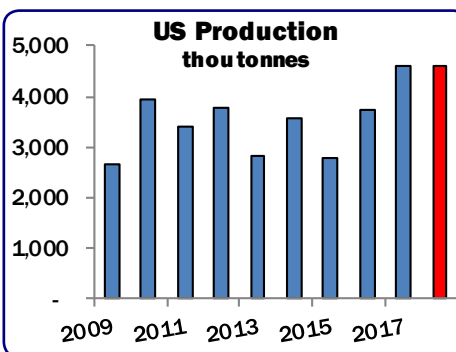
things stand reservoir levels do not seem adequate to sustain plantings on an area similar to that sown this season.

Planting of the 2018/19 crops has yet to begin in most parts of the Northern Hemisphere, yet perceptions of the outlook in some major producing countries have shifted somewhat in recent weeks.

In the **United States**, the persistence of dry conditions in West Texas continues to cast doubt on the prospects for dryland cotton

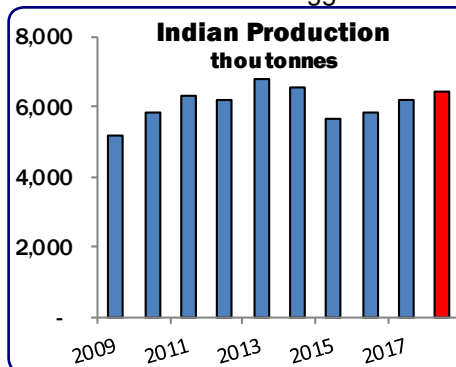
in that major growing region, despite this week's welcome rainfall. Our forecast remains unchanged for the time being, but the longer the chronic drought persists, the more likely will be the potential for higher abandonment and lower yields in Texas. Further light will be shed on the likely cotton area with the release this week (after this issue has been published) of the Department of Agriculture's Prospective Plantings figure. The estimate for 2017/18 is reduced in line with Washington's March forecast.

In **India**, debate centres on the extent to which farmers in certain states have become discouraged by the incidence of pink bollworm during the 2017/18 season, one of the contributors to this month's further reduction of our estimate for the current season. Maharashtra and Telangana are most frequently mentioned in this regard. Our current area estimate implies that any such disenchantment will be largely offset by the firmness of seed cotton prices during the current season, and the



government's proposals to raise the Minimum Support Price for seed cotton, as well as other crops.

However, in a statement issued earlier this month, the Cotton Association of India suggested that



plantings might fall by as much as 12 percent. The other major unknown is of course the behaviour of this year's monsoon. The Indian Meteorological Department's initial forecast is due for release next month.

The recovery of output in **Sudan** this season is reported to have far exceeded our expectations. A presentation to this month's African Cotton Association meeting in Nigeria noted that farmers in both irrigated and rainfed producing regions had increased their cotton plantings substantially, as a result of which the area sown in 2017/18 jumped from 80,000 to 200,000 hectares. Amongst the factors that have driven the increase, the adoption of contract farming was mentioned, as well as the enhanced productivity obtained from the Bt. varieties first introduced in 2012. An increased role for the private sector in providing finance, inputs and machinery was also cited, as well as the firmness of world prices. Further expansion is anticipated next season.

WORLD STOCK

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



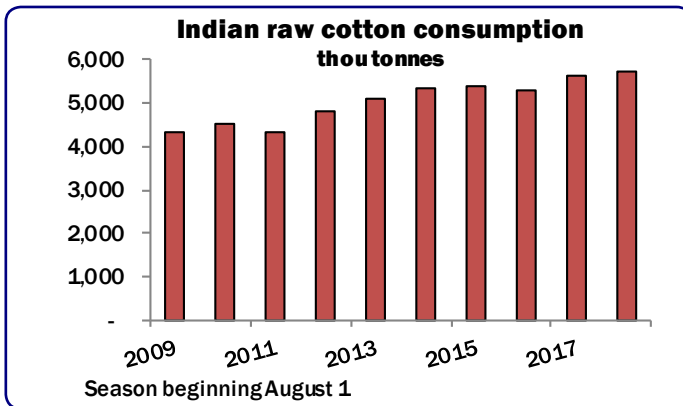
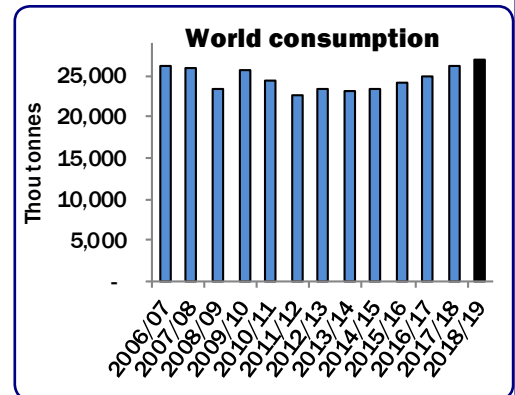
World Cotton Balance Sheet									
Unit = 1,000 tonnes	World (excl. China)			China			World		
	16/17	17/18	18/19	16/17	17/18	18/19	16/17	17/18	18/19
Cotlook									
Production	18,082	20,490	20,936	4,690	5,740	5,370	22,772	26,230	26,306
China net trade	-1,068	-1,087	-1,590	+1,068	+1,087	+1,590			
New Supply	17,014	19,403	19,346	5,758	6,827	6,960	22,772	26,230	26,306
Consumption	16,625	17,514	17,979	8,360	8,700	8,900	24,985	26,214	26,879
Net change in stock	+390	+1,889	+1,368	-2,602	-1,873	-1,940	-2,213	+16	-573
USDA									
Opening stock	8,090	8,552	10,424	12,671	10,542	8,920	20,754	19,094	19,344
Production	18,299	20,562	19,595	4,953	5,987	5,879	23,252	26,549	25,474
China net trade	-1,083	-1,099	-1,502	+1,083	+1,099	+1,502			
New Supply	17,216	19,463	18,093	6,036	7,086	7,381	23,252	26,549	25,474
Consumption	16,288	26,299	17,788	8,709	-	8,970	24,997	26,299	26,758
adjustments	-466	+8,708	-39	+544	-8,708	-15	+85	+0	-54
Ending Stock	8,552	10,424	10,690	10,542	8,920	7,316	19,094	19,344	18,006
Net change in stock	+462	+1,872	+266	-2,129	-1,622	-1,604	-1,660	+250	-1,338
ICAC									
Opening stock	7,660	8,200	9,860	12,650	10,630	9,240	20,310	18,830	19,100
Production	18,190	20,330	20,010	4,900	5,340	5,340	23,090	25,670	25,350
China net trade	-1,087	-1,376	-1,836	+1,087	+1,376	+1,836			
New Supply	17,103	18,954	18,174	5,987	6,716	7,176	23,090	25,670	25,350
Consumption	16,520	+17,280	+18,160	8,000	8,120	8,360	24,520	25,400	26,520
adjustments	-43	-14	-4	-7	+14	+4	-50	+0	+0
Ending Stock	8,200	9,860	9,870	10,630	9,240	8,060	18,830	19,100	17,930
Net change in stock	+540	+1,660	+10	-2,020	-1,390	-1,180	-1,480	+270	-1,170

COTLOOK CONSUMPTION ESTIMATE - IN THOUSANDS OF TONNES -

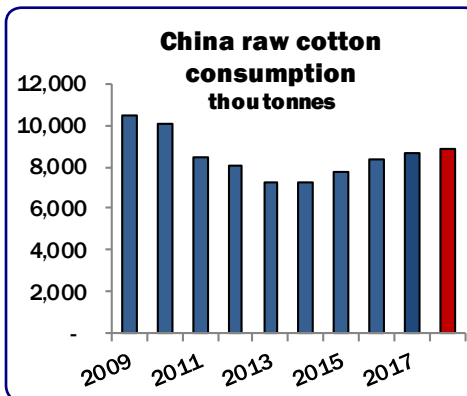
Cotton Outlook's estimate of world raw cotton consumption during the 2017/18 season has been increased by 191,000 tonnes during the past month, to 26,214,000 tonnes. Growth is forecast to persist into next season, for which the projection is raised by 170,000 tonnes, implying season-on-season growth of just over 2.5 percent. World consumption has at last exceeded the level recorded prior to the financial crisis of 2008/09 and the subsequent market volatility of the 2010/11 campaign.

As per the recent pattern, expansion has become concentrated in a small number of major consuming countries. **India** and **China** account for the bulk of this month's upward adjustments.

In the former country, new spindlage has come on line somewhat earlier than foreseen in various states whose governments have offered incentives for inward investment. Gujarat has been prominent amongst the latter. An additional factor has been cotton's improved competitive position vis-à-vis polyester staple, local prices for which have of late risen quite strongly.



As for China, mill use has been supported by a convergence between local and international cotton prices, which has placed domestic spinners on a more favourable footing in relation to their foreign competitors. The fall in cotton yarn



imports last month was sharp, even allowing for holiday influences. The other main driver of growth has been the support given to spinners investing in new capacity in Xinjiang. This week, the local authorities have announced an abrupt halt to any new projects, but local observers believe that capacity already on-line (and unaffected by the latest restrictions) will sustain growth into next season.



	Change on Month			
	2017/18	2018/19	2017/18	2018/19
Argentina	130	130		
Bangladesh	1,500	1,600		
Brazil	725	775		
Burma	64	64		
China	8,700	8,900	40	100
Colombia	55	55		
Czech Rep.	3	3		
Egypt	150	150		
France	10	10		
Germany	23	23		
Greece	15	15		
Hong Kong	-	-		
India	5,610	5,695	156	70
Indonesia	750	790		
Iran	115	120	-5	
Italy	25	25		
Japan	50	50		
Malaysia	35	35		
Mexico	397	397		
Morocco	20	20		
Nigeria	25	25		
Pakistan	2,200	2,200		
Peru	65	65		
Poland	7	7		
Portugal	35	35		
Russia	47	42		
South Africa	25	25		
South Korea	210	200		
Spain	10	10		
Syria	20	15		
Taiwan	140	135		
Thailand	250	228		
Turkey	1,550	1,600		
Turkmenistan	141	145		
USA	729	743		
Uzbekistan	490	550		
Vietnam	1,450	1,525		
Others	442	471		
World Total	26,214	26,879	191	170
Asia	22,567	23,080	196	170
Indian Sub Cont	9,386	9,571	156	70
ASEAN	2,565	2,658		
Americas	2,176	2,239		
NAFTA	1,127	1,140		
Africa	349	354		
EU27 (now 28, no entry for Croatia)	151	151		

CHINA

State Reserve auction

Of the 150,100 tonnes offered for sale during the second week of the auction series, 88,462.5 tonnes were bought, or 58.9 percent, compared with 75.3 percent during the previous week. Of the total, 63,825 tonnes consisted of Xinjiang cotton. Overall figures show 1,132 tonnes were from the 2011/12 crop, 33,678 were from 2012/13 and 53,652.5 from 2013/14. The weighted average price paid was 14,378 yuan per tonne (down from 14,462), equivalent to a price for Type 3128 of 15,615 yuan. The base price for the last-mentioned quality (derived from the average of two domestic price indices and the average of the Cotlook A Index) was 15,121 yuan per tonne.

This week's base price was set at 15,013 yuan per tonne. Based on the movement of local and international values for the first four days of this week, next week's base price should show a further decline. The pace of auction sales has continued to slow since the first day of the series, and on March 29 fell to its lowest proportion of the daily catalogue offered so far, at 46.3 percent. Xinjiang

cotton has sold out in all but one session, but even then, the proportion remained very high, at over 99 percent. During the first four days of this week, turnover amounted to 64,290.3 tonnes, or around 53 percent of the quantity offered.

By March 29, cumulative sales since the start of the auction series amounted to 265,780 tonnes, representing just over 63 percent of the volume offered.

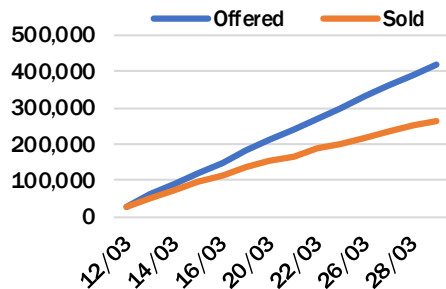
Xinjiang report

Government calls off cotton spinning projects

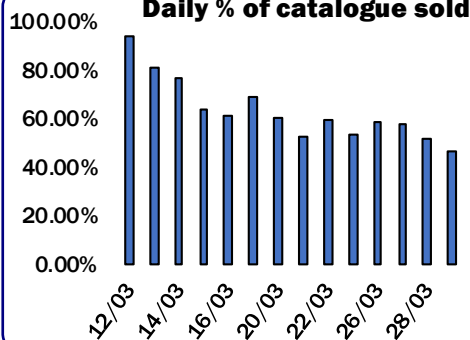
The rapid expansion of spinning capacity in Xinjiang during recent years has prompted local government to suspend all preferential policies in the region, insofar as they affect the construction of new factories, approval of cotton land use, and infrastructure development. Currently operating enterprises will not be affected but newcomers will be subject to the new measures, which aim to prevent disorder in the development of the cotton textiles industry.

Combined spinning capacity in the region had been forecast to reach 20 million spindles in 2018, which was originally a target to be achieved by 2023 (and was subsequently expected by 2020). From 2014 to 2017, fixed-asset investment in Xinjiang reached 136.2 billion yuan with

State Reserve auctions cumulative volume (tonnes)



Daily % of catalogue sold



a capacity of 17.46 million spindles (by the end of 2017), and the number of textile and clothing enterprises increased from 560 to 2,703. The 'One Belt One Road' initiative, various supportive policies and convenient transportation have been the main drivers of the movement westward in the industry.

CCTA survey

According to a survey conducted by the China Cotton Textile Association (CCTA) last week, the rapid development of the industry in Xinjiang during the past three years has made prominent contributions to local employment and economic development, industrial investment and the construction of infrastructure. However, financing difficulties, inefficient subsidy implementation and imperfect support for industrial supply chains have characterised the sector in the region. CCTA advises local government to maintain a sustainable

level of development in the cotton textile industry, to provide subsidies to high-grade yarn producers, and to establish State Reserve cotton warehouses to satisfy local spinners' needs and save on transport costs.

Planting

Latest weather reports suggest an earlier sowing period this year in southern and eastern Xinjiang, beginning in early to mid-April.

On March 26, sowing by the Xinjiang Production and Construction Corps commenced in the Tarim Basin, and the expectation is that more than three million mu (over 200,000 hectares) will have been planted by early April.

Crop data as at March 28, 2018

	National	Xinjiang
Lint forecast	5,740,000	5,050,000
Lint pressed*	5,249,041	5,012,486
%age of forecast	91.45%	99.26%
Lint inspected*	5,229,168	4,966,795
%age of forecast	91.10%	98.35%

*National totals under-record figures for 'mainland'



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WHEN YOU NEED TO BE SURE

Cultivated area in Changji Prefecture, one of the main producing areas in northern Xinjiang, was 1,864,500 mu (124,300 ha) during 2017, up 57.3 percent, year-on-year. Lint output was estimated at 282,800 tonnes, which was 81.4 percent more than in 2016, and seed cotton commanded 6.9/7.2 yuan per kilo, up 11.9 percent, year-on-year. Planted area has been stable during the past four years, at over one million mu. Crops are mainly produced from Manas County, Hutubi County and Changji City.

The planted area in northern Xinjiang's Bortala Mongol Autonomous Prefecture this year is forecast at 1,500,000 mu (100,000 ha), of which 1,400,000 mu will produce machine-picked cotton, 35,600 mu more than a year earlier.

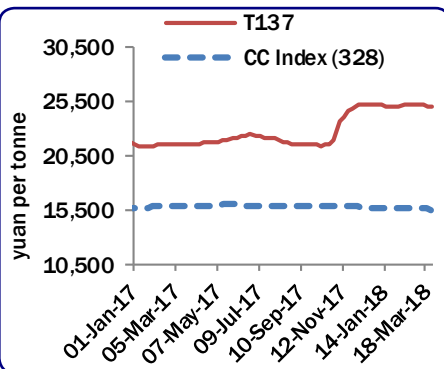
Road movement slows

Latest data from the China National Cotton Exchange (CNCE) show that 40,100 tonnes of Xinjiang cotton were transported by road to 'mainland' warehouses last week, 12,600 tonnes less than in the previous week, and 12,200 less than during the same week last year.

The aggregate volume moved eastwards by road from September 1 through March 28 totalled 1,114,100 tonnes. The main destinations were Shandong (28.2 percent), Henan (23 percent), and Jiangsu (8.2 percent). The average freight cost by road to 'mainland' destinations during the period was placed at around 700/800 yuan per tonne.

Long staple prices weaker

Prices of Xinjiang long staple lint continued to fall during the past week, by 100 yuan for most styles. The benchmark value for Type 137 is now quoted at 25,000 yuan per tonne, equivalent to around 179.2 US cents per lb.



'Mainland'

The Chairman of the Hubei Cotton Association has noted that cultivated area in the region during 2017/18 was 3,040,000 mu (202,667 ha), virtually unchanged from the previous year. Output was 182,000 tonnes of lint, down 6,000, year-on-year, mainly owing to unhelpful weather during the growing period. Local growers and ginners all claim to have incurred losses last year.

CNCE				
29 March 2018				
Delivery	Turnover in tonnes	Average price in yuan per tonne	Chng on week	US cents per lb equiv.
Type 328 (domestic 'MA')				
APR18	20	15,000	+240	107.50
MAY	1,000	14,718	-166	105.48
JUN18	650	14,735	-177	105.60
JUL18	690	14,810	-183	106.14
AUG18	790	14,927	-129	106.97
SEP18	400	15,050	+50	107.85
Total	3,550			

Turnover includes expired March contract

International Prices

Data as at 29 March, 2018	Approximate delivered mill value		
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	inc. 40 percent duty & 11 percent VAT
Cotlook A Index	12,982	14,510	19,603
US SJV SM	13,375	14,950	20,213
Texas SM	13,235	14,793	19,995
Uzbek SM	13,866	15,500	20,976
Australia SM	13,936	15,579	21,085
Burkina Faso BOLA/s	13,410	14,989	20,267
India Shankar-6	12,323	13,771	18,578
Benin KABA/s	13,480	15,068	20,376
Cameroon IRMA/s	13,480	15,068	20,376
Cameroon	13,691	15,304	20,703
PLEBE 1-5/32"	13,691	15,304	20,703
Ivory Coast MANBO/s	13,410	14,989	20,267
Mali JUL/s	13,550	15,147	20,485
US Pima Grade 2	22,946	25,680	35,086

China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	15,577	-93	111.63
CNCE APR	15,000	240	107.50
ZCE MAY	14,870	-155	106.57
Xinjiang Type 137	25,000	-100	179.16
Xinjiang Type 237	24,500	Unch	175.58

State Reserve calculation

	yuan/tonne	cents/lb
Base Price week ending 30 Mar	15,013	108.34
Running average week to date	14,922	108.38

	yuan/tonne	chg on week	cents/kilo
polyester	8,875	Unch	140.22
viscose	14,800	Unch	233.83

Market prices

	Yuan/kilo		cents/lb
32s carded yarn	23,020	20	365.13
40s combed yarn	24,600	Unch	390.19

Monthly yuan/dollar customs exchange rate

Actual Rate (Mar 29) 6.3294

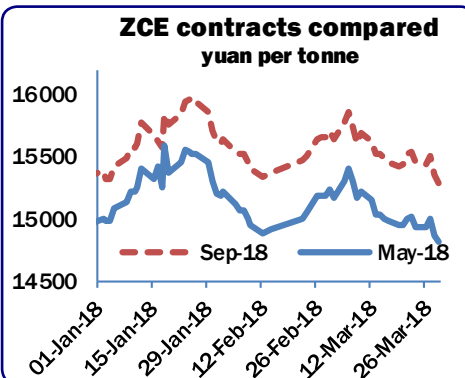
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A report from the Ministry of Agriculture and Rural Affairs shows a decline of 2.2 percent in the domestic cotton price during February, on a month-on-month basis, owing to good supply, poor consumption and high inventories. The Ministry foresees a further decrease of cotton prices later in the year.

On the **Zhengzhou Commodity Exchange**, prices have lost considerable ground in all but the forward March delivery. Turnover has increased sharply from the previous week.

Prices on the **China National Cotton Exchange (CNCE)** also ended sharply lower in all but the nearby April and distant September contracts.

The **China Cotton (CC) Index**, basis Type 3128B, has declined further this week, to be placed on March 29 at 15,577 yuan per tonne, 93 yuan lower than a week earlier.

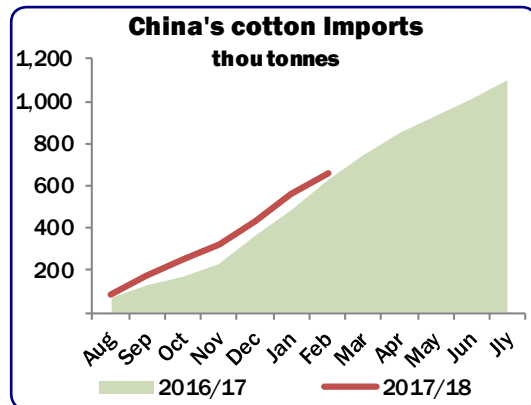


Zhengzhou Cotton Futures					
	Settlement			Volume* number of contracts	Open Interest
	22-Mar	29-Mar	Chng		
May	15,025	14,815	-210	543,556	155,556
Jly	15,200	14,965	-235	324	512
Sep	15,545	15,280	-265	715,754	265,140
Nov	15,795	15,545	-250	14	22
Jan	15,935	15,735	-200	80,136	76,880
Mar	15,905	15,940	+35	-	4
				1,339,784	498,114

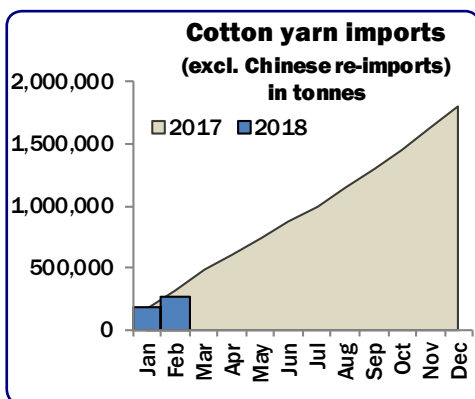
*Counting both the sale and the purchase.

Raw cotton imports during February

Customs data show that raw cotton imports during February totalled 102,675 tonnes, 31,072 tonnes less than in January, or down 23.2 percent, and 25.7 percent less than during the same month a year earlier. The major supplier in February was the United States, which accounted for roughly two thirds of the total.



The quantity imported during the first seven months of the current international statistical season (August through February) totalled 663,441 tonnes.



Cotton yarn imports

Customs data show that China imported 85,204 tonnes of cotton yarn (Customs Code 5205, excluding re-imports) during February, down by 47 percent from a year ago, and 52 percent less than in the previous month. Vietnam was again the main supplier, accounting for roughly 36 percent of the total.

Tax cuts to boost high-quality development

With the aim of boosting high-quality economic development, China will cut Value-Added Tax (VAT) rates as part of a tax reduction package amounting to 400 billion yuan (about US\$63 billion). The decision was made at a State Council executive meeting chaired by Premier Li Keqiang this week.

The tax rate, starting from May 1, will be lowered from 17 to 16 percent for manufactured goods (including

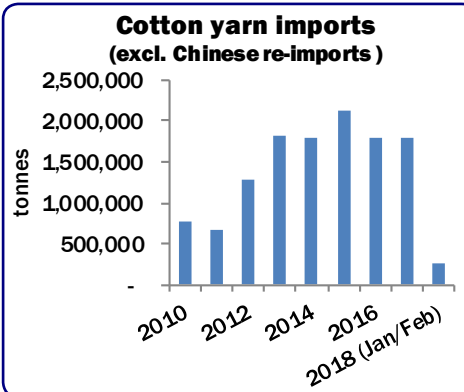
Raw cotton imports (tonnes)

	August/February	
	2016/17	2017/18
World	622,482	663,441
United States	233,775	260,907
Australia	114,129	161,957
Brazil	38,232	76,938
India	123,019	53,145
Uzbekistan	53,046	51,804
Mexico	7,405	8,645
Sudan	6,789	7,760
Greece	14,087	7,199
Turkmenistan	3,484	6,558
Burkina Faso	0	6,439
Benin	0	4,743
Kazakhstan	300	4,081
Zimbabwe	1,653	3,544
Togo	0	2,158
Israel	5,349	2,109
Egypt	689	1,281
Spain	161	1,005
Cameroon	9,789	767
Pakistan	0	567
Turkey	810	496
Central Afr. Rep.	195	306
Others	9,569	1,029

Cotton yarn imports (tonnes)

	August/February	
	2016/17	2017/18
Vietnam	361,739	388,926
India	268,943	224,440
Pakistan	226,271	201,214
Indonesia	62,718	88,154
Uzbekistan	52,446	52,380
Taiwan	48,279	49,899
Malaysia	16,685	23,764
United States	22,768	18,440
Korea South	13,695	13,705
Thailand	7,304	6,016
Tanzania	4,055	1,220
Others	6,188	5,287
Total excl re-imports	1,091,091	1,073,445
China	43,343	31,403
Grand total	1,134,434	1,104,858

Source of Data: China Customs



Beijing over the weekend. Top economists and business leaders voiced concerns about rising tensions between China and the United States, warning that an escalating trade war would be disruptive for both economies and would threaten global growth.

Nobel prize-winning economist Joseph Stiglitz predicted that a trade war would inflict pain on the US

imported cotton yarn, saving around 240 yuan per tonne based on an import price of US\$3.00 per kilo), and from 11 to 10 percent for cotton imports (saving around 100/200 yuan per tonne on an import cost of 91 US cents per lb).

Trade tensions

As the world's largest exporter of textile and clothing, China accounted for over 36 percent (by value) of textiles and clothing imports by the United States in 2017, while the United States market represented 15.5 percent of the country's textiles and apparel export value. The signing of a memorandum by the US President that could lead to tariffs being imposed on up to US\$60 billion of imports from China, by raising them from the current range of 10/20 percent to 45 percent, portends negative influences on export-oriented enterprises. Details of the items to be affected will be released by the US at a later date. However, most observers believe that textiles and clothing will not appear on the list.

China has formulated a list of US products on which it might suspend concessions. If China and the US fail to reach a trade compensation agreement, China has indicated that it will exercise the right to suspend concessions from products in the first part of the list (which includes fresh fruit, dried fruit and nut products, wine, modified ethanol, American ginseng, and seamless steel pipes); concessions on the second part (which includes pork and processed products and recycled aluminium) might be suspended following further evaluation of the impact of US measures.

The prospect of damaging the economic relationship between the world's two largest economies, and the potential consequences of trade tensions, were among the topics discussed at the China Development Forum 2018, held in

STANDARD BRAZIL HVI (SBRHVI): SEVERAL REASONS TO RELY ON THE QUALITY OF BRAZILIAN COTTON

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- CBRA Check Sample Program – 0.5% of all samples tested at HVI labs are checked
- Retest Program
- Brazilian In-house Verification Program
- Brazilian Round Trials Program
- Ongoing training at the labs that are part of the network to ensure testing consistency
- Brazilian cotton quality database accessible through Abrapa's portal

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economy as the country has become 'very dependent' on low-cost imports. Mr Stiglitz said that a trade war with China may create 'a large negative supply shock' for the US: 'if the tariffs imposed on Chinese textiles and apparel increase, the cost of living in the US will go up; the Federal Reserve will increase interest rates, which will slow the economy and create unemployment'.

Industrial profits up

Profits of major industrial firms increased by 16.1 percent year-on-year during the first two months of 2018, according to the National Bureau of Statistics. Among the 41 industries surveyed, 29 posted year-on-year profit growth during the period, including the textiles industry (up three percent).



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CCA COUNCIL

In this week's annual China Cotton Association (CCA) council meeting, Gao Fang, the Executive Vice-Chairman, summarised the Association's performance during the past year and indicated that CCA will continue to participate in rural revitalisation and the development of cotton industry policies, as well as the supply-side reform programme, and enhanced integration in the industry.

In 2017/18, according to CCA data, national output was 6,047,000 tonnes, up 22.5 percent, year-on-year. Planted area in Xinjiang was 28,970,000 mu (1,931,333 ha), accounting for around two thirds of the national total, with an output of 4,980,000 tonnes (up 26.1 percent). Imports totalled around 476,900 tonnes during the first five months of the current domestic statistical season (September through January), up 14.9 percent. Consumption has also increased and is expected to reach 8,430,000 tonnes by the end of 2017/18. Meanwhile, quality parameters are higher compared with previous years.

There are now 1,026 ginneries nationwide, comprising 794 in Xinjiang and 232 in the 'mainland'. The area cultivated by the PCC (army group) last year was 9,940,000 mu (662,667 ha), up 630,000, year-on-year, comprising 8,000,000 mu of machine-picked cotton, or 80 percent. Output was placed at 1,610,000 tonnes (up 120,000).

As for 2018, Gao Fang said domestic consumption will remain robust, but cotton prices will be limited by the oversupply at home and abroad, while national cultivated area will drop slightly from last year (down 1.61 percent).

An official from the Ministry of Finance revealed that the government is considering policies to increase output and quality in the 'mainland' by way of a performance assessment system. According to the National Bureau of Statistics (NBS), latest planting intention survey results imply that national area this year will be virtually unchanged from 2017, and that the Xinjiang area will continue to increase while the 'mainland' area will be smaller.

Officials from the Research Centre for the Rural Economy noted that planted area in the Yangtze River Valley region is expected to decline sharply this year. Therefore, output in the 'mainland' will continue to shrink if machine-picked cotton cultivation remains absent.

A speaker from the China Cotton Textiles Association noted that the domestic cotton textile industry has been developing steadily, and that prices for raw materials have been stable. Yarn output (all fibre types) last year was 19,290,000 tonnes, up 2.4 percent, year-on-year, including 1,520,000 from Xinjiang (up 35.7 percent).

The speaker suggested that high quality cotton planting, which is the key to increasing competitiveness, should be the priority, and that a long-term State Reserve sales policy will help to stabilise market prices. A call was also made for the easing of general trade quotas, to bridge the domestic cotton supply gap, as well as a period of State Reserve procurement, predominantly of high grades, to satisfy market needs, should cotton prices reach 15,000 yuan per tonne at home and abroad.

In view of the discrepancies between figures from different agencies, NBS indicated that the Bureau will work more closely with other organisations in the future.

On the second day of talks, the Director of the Xinjiang Production and Consumption Corps (army group) noted that lint sales from the PCC have been slow this year, despite increased output. He suggested making good use of the subsidy policy, promoting the adoption of improved cotton varieties, lowering the financing costs associated with planting and machine-picked operations, as well as developing a healthy industrial system to make domestic cotton more competitive.

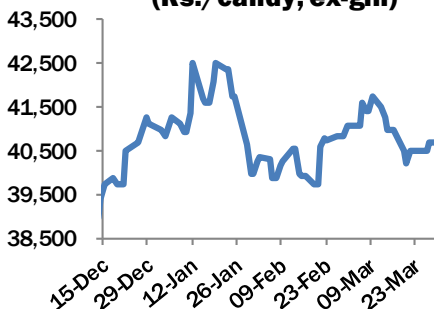
An official from the Ministry of Agriculture said the domestic planted area increased during 2017/18, with stable yields and improved quality. The next step is to increase planting returns, by adopting good varieties and improving the level of mechanisation.

INDIA

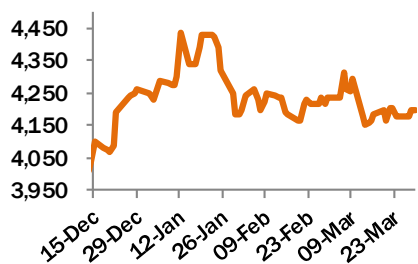
Prices

Asking rates for Shankar-6 were unchanged for much of the week, rising on March 27 and then steadying again to settle at ₹40,700 per candy (79.80 US cents per lb), up by ₹200 per candy overall. Quotes for Punjab J-34 declined marginally over the week; the average price on March 28 was ₹4,200 per maund (78.45 US cents per lb), lower by ₹5 in aggregate.

2017/18 crop Shankar-6 (Rs./candy, ex-gin)



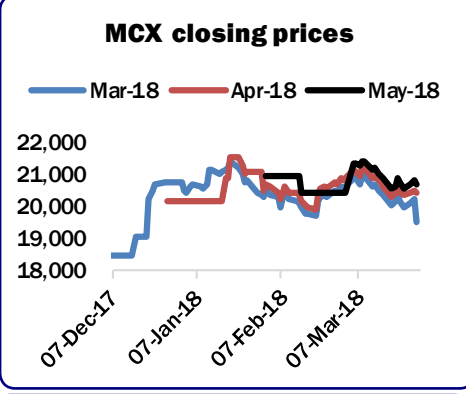
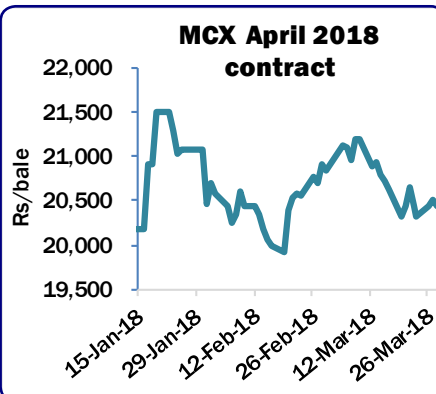
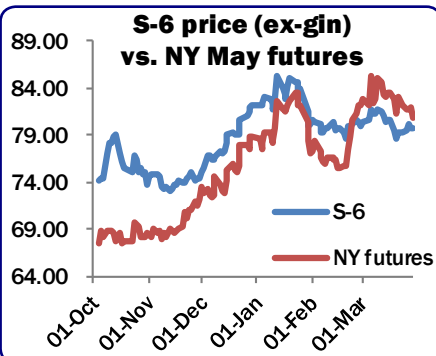
2017/18 crop Punjab J-34 (Rs./maund, ex-gin)



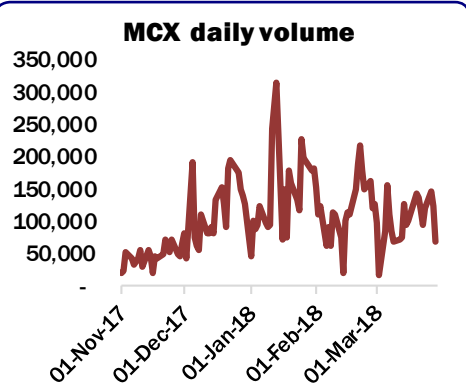
The CCI has placed total arrivals to March 22 at the lint equivalent of 25,776,300 bales (of 170 kilos). This is very similar to the total recorded at the same point last year, and suggests that nearly 71 percent of the projected crop has now reached the marketplace.

India: January import and export data

According to Ministry of Commerce data, cotton exports during January amounted to 158,780 tonnes, 16,437 tonnes less than the month before. The three most important destinations were Bangladesh (64,531 tonnes), Pakistan (57,683) and Vietnam (17,593). The cumulative total for the first six months of the statistical season amounted to 465,814 tonnes, about eight percent lower than the corresponding figure for the year before. Details by country of destination are shown below (in tonnes).



On the MCX futures platform, closing prices were mixed over the week. The lead April contract closed on March 28 at ₹20,450 per bale (₹42,779 per candy), down by ₹200 per bale (₹418 per candy) overall. At the prevailing exchange rate, the equivalent value was 83.90 US cents per lb. Total turnover this week was 552,500 bales.



CCI purchasing

According to officials at the Cotton Corporation of India, the agency has purchased seed cotton equivalent to 400,000 bales at the Minimum Support Price this year, and a further 800,000 as part of their commercial operations. While relatively high prices in India in the last three months have made large-scale price support interventions by the CCI unnecessary, commercial purchasing has continued. The cotton procured

by the CCI will be offered back to the market at a moment that officials deem appropriate.

Arrivals

Seed cotton arrivals from the current crop have continued at a slightly slower pace this week. Private estimates suggest that daily arrivals have averaged about 141,400 lint equivalent bales during the period.

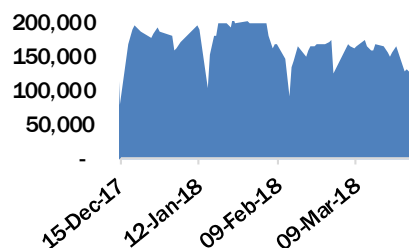
India: cotton exports

	in tonnes	
	2016/17	2017/18
	Aug/Jan	
World	508,338	465,814
Bangladesh	194,402	207,812
Vietnam	69,161	88,950
Pakistan	49,988	60,914
China	129,538	50,388
Indonesia	31,098	29,917
Thailand	10,056	5,438
Mauritius	642	4,280
Malaysia	5,348	4,008
Taiwan	4,799	3,915
Bahrain	1,507	2,833
Italy	-	2,194
Portugal	524	1,303
Turkey	3,675	1,008
Korea South	345	931
Others	7,260	1,923

Data source: Ministry of Commerce

Totals may not add due to rounding

Daily arrivals of seed cotton in lint equivalent bales (170 kgs)



Meanwhile, the figure for imports of raw cotton in January was 12,272 tonnes, up from 10,167 tonnes in December, and just about equal with the total for January 2017. The US, Egypt and Brazil were the most important suppliers.

The cumulative figure for the first six months of the international cotton season (commencing August 1, 2017) thus amounted to 190,284 tonnes, compared with 337,846 during the corresponding timeframe a

year earlier. By country, cotton from the United States accounted for 38 percent of this season's figure so far (against 22 percent a year earlier), Australia for 29 percent (42) and the African Franc Zone for 19 percent (13).

Exports of cotton yarn (5205: containing 85 percent or more by weight of cotton, not put up for retail sale) during January totalled 86,784 tonnes, a third less than the comparable figure a year earlier. Bangladesh took 23 percent of the total, China 19 percent, and Pakistan 10 percent.

During the August/January period, exports of cotton yarn amounted to 588,924 tonnes, representing a year-on-year reduction for the first six months of the statistical season of six percent. Detailed figures are shown in the accompanying table.

CAI announces revival of biannual cotton conference

The Cotton Association of India is to reinstate its tradition of hosting two domestic conferences a year. The first of these, on the theme of "Challenges Facing the Cotton Trade", will be held in Mumbai on April 9. Expected to attend are Textile Commissioner Dr. Kavita Gupta, Mr P. Natraj, Chairman of Southern India Mills Association and Vice Chairman of the Indian Cotton Federation, and Ms Padmanabhan Alli Rani, CMD of the Cotton Corporation of India, as well as 500 delegates representing textile mills, traders, multinational corporations, ginners, exporters, importers and farmers.



India: cotton imports

In tonnes

2016/17 2017/18

Aug/Jan

	2016/17	2017/18
World	337,846	190,284
United States	75,881	72,295
Australia	139,853	55,208
Burkina Faso	2,805	11,252
Cameroon	9,726	9,515
Egypt	11,535	8,941
Benin	4,614	8,524
Mali	17,078	4,637
Brazil	6,933	3,660
Tanzania	9,845	2,334
Cote d'Ivoire	6,228	1,644
Greece	8,620	1,548
Israel	1,894	1,288
Chad	3,900	1,240
Uganda	2,524	1,071
Turkmenistan	6,393	978
South Africa	1,096	961
Zambia	5,312	899
Others	23,608	4,287

India: cotton yarn exports

in tonnes

Aug/Jan


2016/17 2017/18

	2016/17	2017/18
World	625,861	588,924
China	279,001	204,172
Bangladesh	84,715	93,010
Pakistan	33,326	45,714
Egypt	18,350	30,170
Portugal	21,236	26,060
Peru	14,146	20,661
Korea South	17,929	18,645
Vietnam	10,874	12,457
Sri Lanka	9,836	9,376
Hong Kong	16,550	9,234
Turkey	5,546	9,220
Colombia	9,987	8,907
Italy	6,390	6,756
Others	97,977	94,542

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PAKISTAN

Sindh early planting areas still await water supplies

The PCGA's final seed cotton arrivals report is expected in April, as there has been hardly any movement of seed cotton to gins recently. Thus, trade attention is now firmly focused on new crop prospects. The current pick-up in temperatures should facilitate an expansion of planting in Sindh (in Punjab, planting is permitted only from April onwards).

However, water shortages have continued to cause concern, as growers in the earliest planting areas of lower Sindh wait for irrigation water before they are able to sow cotton. An increase in the water supply is anticipated once snow in the northern mountain range begins to melt and water flows through rivers and irrigation canals to fields in growing areas. Overall, growers remain committed to cotton this season and will plant more, influenced by the poorer returns received last season from competing crops, such as sugar.

Desirable local qualities in short supply

Stable conditions have prevailed in the cotton market. Ginners are estimated to be carrying about half a million bales, out of which only 20 to 25 percent consists of better grades. Thus, desirable cotton is held in tight hands. Ginners have been reassured by the recent depreciation of the rupee and are hopeful that current stocks will be disposed of easily, before new crop arrivals begin. Although most mills have remained on the sidelines, some retail buying has been witnessed from hand-to-mouth buyers, predominantly the smaller units.

On March 28, desirable quality supplies were commanding between Rs. 7,600 and Rs. 8,000 per maund (at the prevailing exchange rate, roughly 79.80/83.00 US cents per lb), ex-gin, up Rs. 100/200, compared with last week.

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

Nearby imports largely restricted to Indian

Mill enquiry for imported growths has been moderate over the reporting period. Many spinners have moved to the sidelines following the recent depreciation of the rupee against the US dollar, but aggressively-priced Indian offers have continued to attract some buying interest.

An additional few thousand tonnes have moved off, Shankar-6 (29 mm staple, strength 29 gpt) finding buyers at between 83.00 and 84.00 cents per lb, CFR Karachi, while purchases of slightly "off" grades have continued in reasonable volumes, at around two or three cents less. Other origins have held little appeal, due to the much higher prices asked. New crop Brazilian, Mexican and US growths have attracted a degree of attention from prospective forward buyers and some business has been arranged.

Fine count spinners have remained very cautious buyers as demand for fine count yarns has slowed lately.

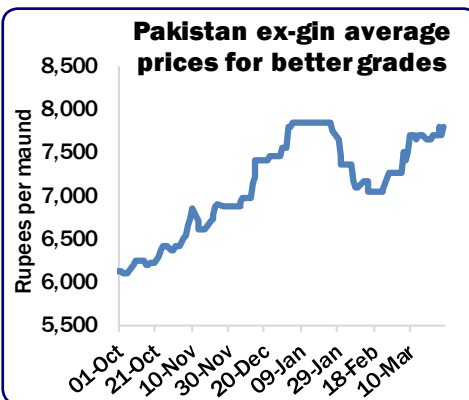
Yarn and textiles

Stable conditions have prevailed in the local yarn and textiles market, on which demand has been described as moderate. Textile manufacturers have been obliged to cover against their more pressing requirements at higher prices as imported yarn prices have also moved higher following the rupee depreciation. Thus, most spinners remain tight sellers.

As far as exports are concerned, foreign buyers have maintained low price ideas and sellers have refrained from making volume sales.

High raw cotton replacement costs have to some extent been offset by the recent currency depreciation, and the general range of export asking rates for 20/21s carded yarn has been maintained in US dollar terms, at around US\$420/445 per 400 lb bale, FOB, while those for 30/32s carded yarn are also unaltered at around \$490/515.

Polyester staple prices have seen increases and are quoted in the range of Rs.160/162 per kilo.



TURKEY

Import demand has remained at a low ebb in recent days. Prospective mill buyers have been deterred from engaging in new business not only by the current level of upland offering rates, but also by the prevailing weakness of the lira against the US dollar.

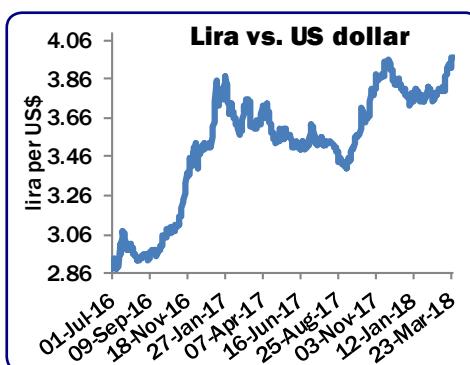
Fixation activity against on-call purchases has become somewhat more active as May futures have declined into the low 80s, a level that is well above spinners' earlier expectations.

Recent buying has included some Turkmen low grades, but for the most part spinners have been covering their more pressing requirements by purchasing supplies still available from

the Turkish 2017/18 crop. It is reported that liquidity in the spinning sector is generally rather tight, with the result that transactions have frequently had to be facilitated by deferred payment terms. On the Izmir bourse, 41

colour grades have moved off at prices between TL7.70/7.80 per kilo (roughly 87.50/89.00 US cents per lb).

The prospects for new crop plantings continue to be viewed with considerable optimism. Farmers' returns from the 2017/18 cotton crop were good, and some observers thus anticipate an increase in area of 10 to 15 percent. Sowing is expected to be under way by mid-April.



BANGLADESH

During the period under review, demand from hand-to-mouth mills for afloat cotton has been increasing gradually. However, many of the bigger spinning groups are covered through to shipment June/July. Those buyers that have been in the market have typically been looking for Indian, African Franc Zone, Central Asian, Brazilian and Australian styles.

Perhaps of more significance has been the recent 'on-call' buying activity from several buyers that have been drawn to supplies for shipment requirements further forward and during next year. Origins including African Franc Zone, Brazil and Australia have been at the forefront. Conversely, some buyers have taken a wait-and-see approach, both for fixing their 'on-call' purchase contracts and in their approach to further fixed price business.

Recent confirmed upland business has included Australian, SM (BCI), 1-5/32", Micronaire 3.5/4.9 NCL, 29 GPT minimum, bought at 1,600 cent points 'on' July ICE futures, for shipment June and Indian Middling (BCI), 29 mm, Micronaire 4.0/4.9 NCL, 29 GPT at 85.50 cents per lb, for shipment prompt.

Further forward, purchases have comprised Benin/

Mali, KABA/s or JULI/s, 1-1/8", Micronaire 3.8/4.9 NCL, 29 GPT minimum, acquired at 1,250 'on' ICE futures cover month (2019), for shipment January/August 2019. Similar origins with staple 1-5/32" have commanded 1,360 points 'on' cover month, for shipment April/August 2019, while Benin, KABA/s 1-1/8", Micronaire 3.8/4.9 NCL, 29 GPT minimum has been booked at 1,200 'on' July 2019 futures, for shipment June 2019.

Apart from upland requirements, Turkmenistan ELS 2017/18 crop top grade, 1-7/16" minimum, Micronaire 3.5/4.9 NCL, 37 GPT minimum, has changed hands at 124.50 cents per lb, for June 2018 shipment.

This week's ex-warehouse asking prices in Narangonj have generally been pitched slightly firmer. Shankar-6 1-1/8" is offered at 86.50/87.00 cents per lb, and MCU-5 30/31 mm at 50 points to a cent higher. Consigned stocks of African Franc Zone 's' grades, staple 1-1/8" have been increased by a cent at 98.00/99.00 cents per lb, whereas asking prices for Brazilian top grades, 1-1/8" have been quoted unchanged at around 95.00/96.00 cents per lb.

Yarn and textiles

Typical offering rates for carded cotton 30s yarn have been maintained. The range is currently around US\$ 3.30/3.40 per kilo.

EGYPT

Crop data

The quantity of lint cotton from the 2017/18 crop pressed by March 12 was 1,389,318 metric cantar (69,466 tonnes), according to the Cotton Arbitration and Testing General Organisation (CATGO).

Cotton trading

Recently, Sudanese cotton was purchased in tenders by two public shippers, for 500 and 250 tonnes. The prices paid were E£1,585 Egyptian and E£1,600 per cantar CIF, respectively, or around 79.00 US cents per lb. The Holding Company has set a resale price from public-sector shippers to its affiliated mills of E£1,630

Egyptian pound per cantar but this could rise shortly if a request from shippers for a price increase is accepted. Such shippers have been granted permission to hold their own purchasing tenders.

On the export front, a weak pattern of demand has recently prevailed, though few observers foresee an end-season carryover above 5,000 tonnes. A major shipper is offering credit terms for forward purchases by Egyptian 'Free Zone' mills.

Last week saw export registrations of an additional 540 tonnes, raising the cumulative amount committed by March 24 for shipment this season to 50,722.53 tonnes.



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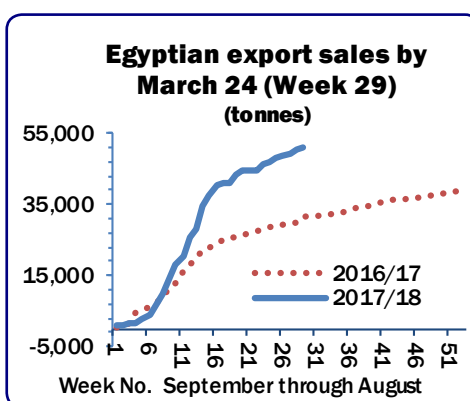
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Of the latter quantity, shipments so far stand at 31,969.23 tonnes.

The new registrations comprised 390 tonnes of Giza 94 and 75 tonnes each of Giza 96 and Giza 87. The respective prices were shown as 147.00, 170.00 and 172.00 US cents per lb, FOB.

Yarn and textiles

A strategy for the textiles industry through to 2025 is to be released shortly by the Ministry of Trade



and Industry. Mr. Magdy Tolba, deputy chairman of the 'Supreme Textiles Industries Council' (the Minister of Trade and Industry is the chairman) stated that the main points of the strategy would be to establish a database for companies to build their capacities to meet potential demand, and activate mutual commercial agreements between Egypt and other countries (such as the Qualifying Industrial Zones agreement with the United States).

FAR EASTERN MARKETS

During the week under review, rather dull conditions have persisted on many raw cotton import markets in the region, though pockets of business have emerged here and there. As the week has progressed many mills have preferred to await a clearer price trend and considered shippers' recent current crop asking prices to be set too high. It remains to be seen whether the sharper downturn of prices at the end of the reporting period will foster a more active buying interest.

Despite the generally lacklustre conditions, some purchases have been concluded for shipment from nearby to third quarter, with perhaps a greater emphasis on the later period. This may well indicate that many of the bigger mill groups have covered a greater proportion of their foreseeable requirements (and have thus looked further forward for supplies) or simply that nearby cotton is too expensive. This week, US Eastern/M/O/T and Brazilian have been the main growths traded across several markets. Conversely, Indian business has had little mention on most markets in the region, regardless of this origin's relative price advantage.

During the past week in **Taiwan**, CFR business has included around 1,000 tonnes of US Eastern/M/O/T lower grades, booked at between 70.00/73.00 US cents per lb, for shipment April/May.

For a Taiwanese-owned operation in Lesotho, 815 tonnes of Zimbabwe SM light spotted 1-1/8" G-5 28 GPT minimum have been secured at 1,050 US cent points 'on' May ICE futures, for shipment May/June, 440 tonnes of Zambian Middling to SM light spotted 1-3/32" G-5 27 GPT minimum at 850 points 'on' July, for shipment June/July at seller's option and 900 tonnes of Zambian/Malawi Middling/Barely Strict Middling 1-3/32" G-5 27 GPT minimum at 870 points 'on' July, for shipment June/July/August equally, all CIP Lesotho.

Recent purchases in **Indonesia** have involved US Eastern/M/O/T 31-3-37 'green cards' G-5 purchased at around 92.00 cents per lb, for shipment April/May. Various Australian grades (SLM/Middling/SM 1-5/32" G-5) have been taken up at prices between 94.50 and 97.50 cents, for shipment May. A transaction has been arranged in Argentine/Tanzanian at seller's option, Middling 1-3/32" G-5 at 81.50 cents, for shipment August/December.

Recently in **Vietnam**, some Brazilian Middling 1-1/8" G-5 'on-call' new crop business has been mentioned,

traded at around 850/875 points 'on' July futures, for shipment September/October.

A mill in **South Korea** has bought about 3,000 tonnes of US for shipment during the third quarter, for local and overseas operations.

In **Thailand**, US cotton continues to attract interest from buyers, particularly 2018/19 crop as there is more room to cover 'on-call', than for the small outstanding current crop requirements. There has also been some interest in new crop Brazilian for shipment July/August/September, albeit in small quantities.

Raw Cotton Imports

According to data from the Japan Cotton Traders' Association (JCTA), raw cotton imports to **Japan** for the international cotton statistical season (commencing August 1)

Country	Japan Raw cotton imports (tonnes)		
	2015/16	2016/17	2017/18
	Aug-Jul	Aug-Feb	Aug-Feb
U.S.A.	27,588	24,093	15,104
Australia	11,263	13,212	7,890
Greece	12,689	6,203	3,167
Brazil	6,333	4,174	2,139
Argentina	3,360	1,662	1,151
Mexico	1,487	974	708
India	787	757	236
Zimbabwe	782	423	597
Turkey	353	363	176
Egypt	243	129	147
Spain	0	90	21
Peru	68	60	0
Senegal	0	24	0
Burkina Faso	125	0	0
Cameroon	25	0	0
South Africa	94	0	0
Total	65,197	52,163	31,337

to the end of February reached 31,337 tonnes, compared with 25,976 at the end of January.

In terms of origin, over 48 percent were from the United States, 25 percent from Australia, 10 percent from Greece, 7 percent from Brazil and nearly 4 percent from Argentina. Other origins accounted for just over 1,880 tonnes in total.

Thailand's raw cotton imports during February amounted to 16,826 tonnes, or almost 30 percent less than the quantity recorded during the same month last year. The biggest fall concerned imports from the United States, which amounted in February this year to 8,110 tonnes, versus 15,298 in February 2017.

The cumulative figure for the first seven months of the 2017/18 international statistical season totalled 123,340 tonnes, or 14 percent less than a year earlier.

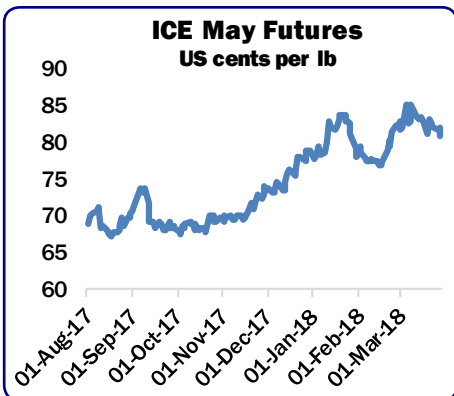
UNITED STATES

USDA will release its Prospective Plantings report on March 29, shortly after the deadline for this publication. Industry opinions about 2018 cotton acreage vary widely, the only consensus being that acreage should show an increase from last season.

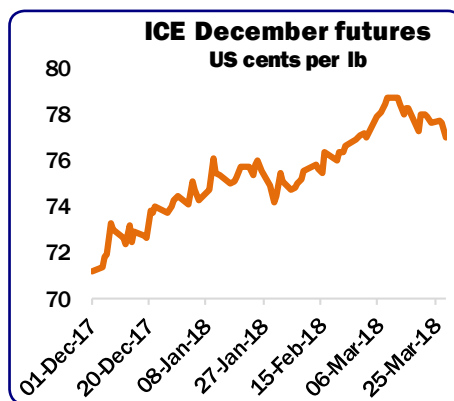
Excessively dry conditions in West Texas (the largest growing region in the US) have caused additional concerns for the upcoming season with talk of abandonment increasing. However, beneficial rain was reported across the region on March 28. Planting is nearly finished in South Texas, the earliest region to sow cotton.

No. 2 May cotton loses ground

Cotton futures have moved lower during the week. On the day before USDA's release, the May '18 contract



posted its lowest close since February 22 while the December '18 contract settled at its lowest level since February 26.



The spot month traded in an 80.67 to 83.86-cent range and closed on the last day of the period at 80.74 cents/lb, having incurred a loss of 128 cent points during that session. The spot month lost ground in four of the five sessions for a net loss of 185 points during the period under review.

ICE No. 2 Cotton Futures

(in cents per lb) No. 2	28-Mar	21-Mar	Change
May-18	80.74	82.59	-1.85
Jly-18	81.18	82.79	-1.61
Oct-18	79.31	79.14	0.17
Dec-18	76.99	78.00	-1.01
Mar-19	77.23	78.19	-0.96
May-19	77.40	78.26	-0.86
Jly-19	77.41	78.28	-0.87
Oct-19	74.78	75.75	-0.97
Dec-19	73.01	73.53	-0.52
Mar-20	73.10	73.62	-0.52

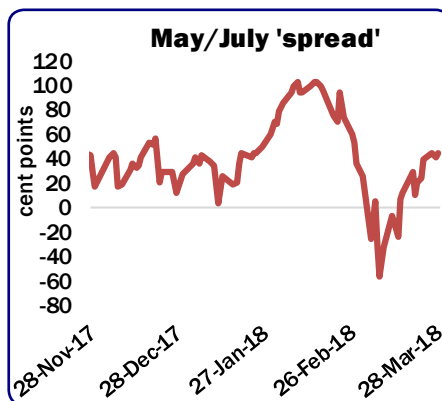
Certificated stock as of Mar. 27 totaled 60,218 bales.

Chicago Futures

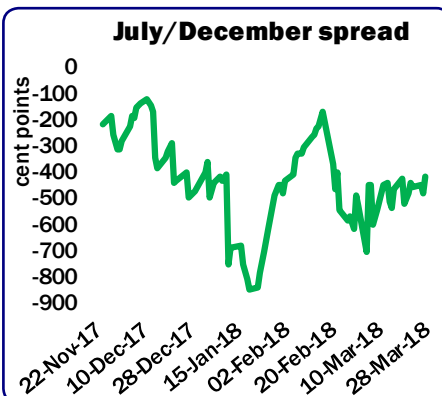
(in cents per bushel)	28-Mar	21-Mar	Change
Soybeans			
May-18	1018.00	1029.75	-11.75
July-18	1028.75	1040.50	-11.75
Sep-18	1021.25	1030.25	-9.00
Wheat			
May-18	445.50	453.50	-8.00
July-18	462.75	469.25	-6.50
Sep-18	479.50	485.50	-6.00
Corn			
May-18	373.50	375.00	-1.50
July-18	382.25	383.00	-0.75
Sep-18	389.00	389.50	-0.50

The December '18 contract also fell during the reporting period to settle at 76.99 cents/lb, down by 101 points on the week.

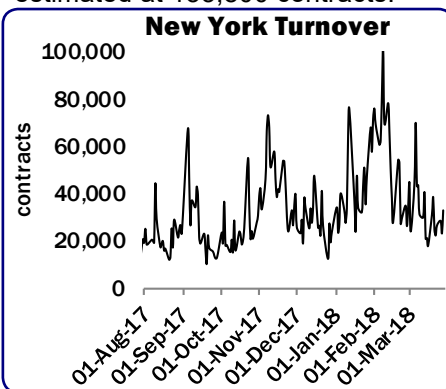
The May/July spread widened out to a 44-point July premium on March 28, against the 20-point premium recorded a week earlier.



The July/December spread had weakened further by the end of the period to a 419-point July premium versus last week's 479-point July premium.



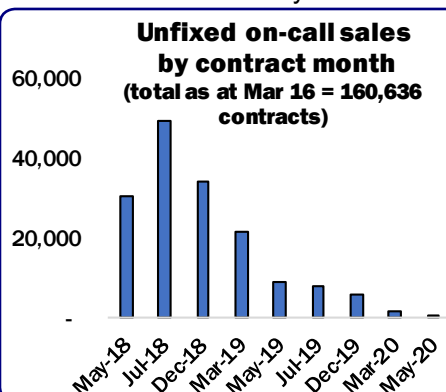
On March 28, a large 'long-only' speculative fund started its position rolls, moving contracts from May into July. Another similar fund is expected to do likewise from April 6. Spread trading picked up late in the week and May open interest decreased to a last-reported 113,887 contracts on March 27 while July interest has been on a steady rise in the last week and stood at 73,324 contracts. Interest in the new crop December contract has also increased and was marginally higher than that in July, at 73,529 contracts on the same date. Total open interest on March 27 amounted to 279,871 contracts. For the week ended March 28, trading volume was estimated at 133,800 contracts.

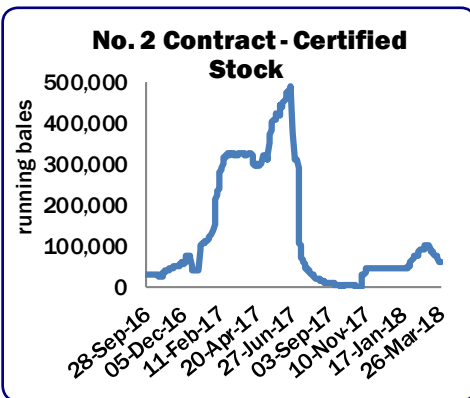
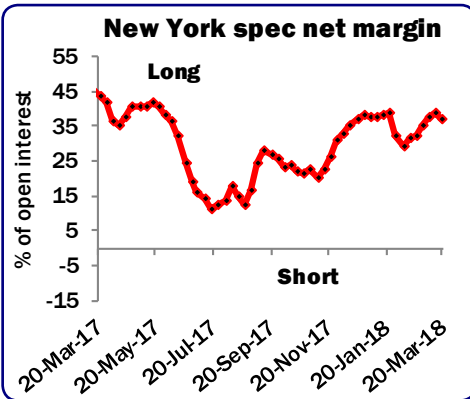
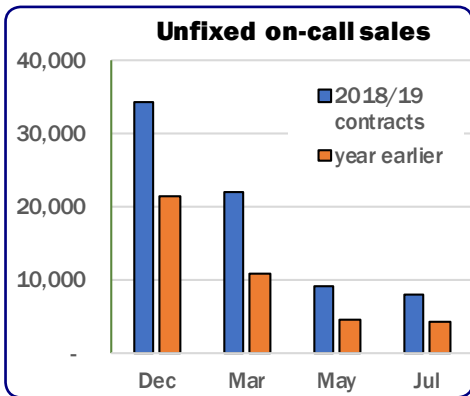


ICE Futures US will observe a market holiday on Friday, March 30.

Unfixed on-call sales continue to rise

For the week ended March 16, the CFTC On-Call Cotton report showed an increase of on-call sales. Total on-call sales were reported at 160,636 contracts, a net addition of 4,283 contracts on the week. May unfixed on-call sales were down 1,470 contracts to 30,482 while July and December unfixed on-call sales were up 2,248 and 1,047 contracts, respectively, to 49,602 and 34,137. Unfixed on-call sales for new crop 2018/19 amounted to 73,118 contracts, well above 40,933 contracts this time last year.





Speculators trimmed their net long position to 37.0 percent of the total open interest (as reported on March 20 in the CFTC commitments of traders numbers), against 38.7 percent a week earlier. Speculators reduced longs by 2,742 and added 1,941 shorts during the period. Commercial traders added 1,804 longs and cut short holdings by 3,834 positions in the same period for a resulting net short margin of 39.5 percent of the open interest (272,367 contracts on the report date).

Certificated stocks leveled off for a few days at 60,218 bales after 2,406 bales in decerts were reported in Galveston, Texas warehouses on March 2

LOAN STATISTICS

CCC Data as of March 19, 2018 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
17/18	9,573,740	6,454,970	0	3,118,770
16/17	<u>9,372,917</u>	<u>9,372,752</u>	<u>16</u>	<u>149</u>
Totals	18,946,657	15,827,722	16	3,118,919
Last period's total (Mar. 12)				3,285,857

*Including 249,154 bales held by individuals and 2,869,765 by cooperatives

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

	2017/18	2016/17
N. Carolina	120,395	-
S. Carolina	85,709	-
Georgia	345,756	117
Alabama	130,030	32
Florida	21,154	-
Virginia	<u>16,706</u>	-
Southeast	719,750	149
Tennessee	216,450	-
Missouri	216,349	-
Mississippi	393,804	-
Arkansas	290,677	-
Louisiana	<u>48,266</u>	-
Memphis Terr	1,165,546	0
Texas	914,323	-
Oklahoma	98,655	-
Kansas	<u>36,970</u>	-
South West	1,049,948	0
New Mexico	25,613	-
Arizona	94,030	-
California	<u>63,883</u>	-
Far West	183,526	0
Upland Total	3,118,770	149

Pima CCC Loan Activity

running bales to March 19, 2018

	Total Entries	Repayments	Forfeitures	Outstanding Stock
2017/18	342,919	197,908	-	145,011
2016/17	<u>284,963</u>	<u>284,963</u>	-	0
	627,882	482,871	-	145,011
Previous Total Outstanding (Mar. 12):				146,539
	2017/18		2016/17	
Arizona	13,217	-	-	-
California	116,873	-	-	-
New Mexico	4,648	-	-	-
Texas	<u>10,273</u>	-	-	-
Pima Total	145,011	-	0	-

CCC Loan Activity

For the week ended March 19, current crop upland entries into the Commodity Credit Corporation's loan program rose by 41,240 bales to 9,573,740. A total of 208,178 bales were redeemed during the period, while no repayments were reported from the 2016/17 season. The outstanding stock for both crop years therefore decreased to 3,118,919 bales, of which cooperatives and loan servicing agents accounted for the majority with 2,869,765, leaving

Basis Levels		2017/18 Option-to-Purchase Prices**	
2017/18 cents per lb		cents per lb	
Southeast	SLM 1-3/32" 50 "off" to 50 "on"	-	-
Memphis Territory	SLM 1-3/32" 100 to 200 "off"	-	-
Texas/Oklahoma	SLM 1-3/32" 300 to 350 "off"	-	-
Far West - SJV	Midd 1-3/32" 450 to 650 "on"	-	-
DSW - Arizona	Midd 1-3/32" even to 125 "off"	-	-
May '18 New York Futures FOB railcar/truck - Southeast and Memphis Territory. FOB whse - Arizona uncompressed, California compressed.			
** Premium required by growers to enter commitment to sell cotton held in the CCC Loan			

SPOT MARKETS

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

	Prices (cents per lb)		Turnover
	28-Mar	21-Mar	
Southeast	81.24	(83.09)	0
N. Delta	79.74	(81.59)	1,814
S. Delta	79.74	(81.59)	0
E. Tx/Okla	75.25	(77.25)	13,242
West Texas	74.50	(76.50)	8,142
Desert Southwest	75.74	(77.59)	0
San Joaquin Valley	76.24	(78.09)	0
7 MARKET AVERAGE	77.49	(79.39)	

Turnover for the period ending March 28 23,198
Total turnover for season to March 28 1,692,799

Selected markets to Mar. 28 (Mar. 21 values in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	80.49 (82.34)	79.74 (81.59)
1-3/32" (35)	81.49 (83.34)	79.74 (81.59)

Basis for SLM 1-1/16" (41/34):
NY No.2 May '18 -100

SAN JOAQUIN VALLEY

1-3/32" (35)	85.14 (86.99)	78.24 (80.09)
1-1/8" (36)	88.64 (90.49)	79.04 (80.89)

Basis for Midd.1-3/32" (31/35):
NY No.2 May '18 +440

WEST TEXAS

15/16" (32)	72.00 (74.00)	70.50 (72.50)
1" (33)	74.00 (76.00)	71.25 (73.25)
1-1/32" (34)	74.75 (76.75)	74.50 (76.50)

W. Texas Micronaire (cent points per lb):

	28-Mar	21-Mar
24 & Below	-2000	-2000
25-26	-2000	-2000
27-29	-1275	-1275
30-32	-925	-925
33-34	-700	-700
35-36	0	0
37-42	0	0
43-49	0	0
50-52	-225	-225
53 & Above	-350	-350

Strength grams/tex (cent points per lb):

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

* Strengths have no history of being produced.
Note: Official quotations for cotton of 3.5-3.6 & 4.3-4.9 Micronaire, strengths 23.5-25.4 g/tex, compressed in Mixed lots, FOB car/truck.

PIMA SPOT QUOTATIONS

Selected markets to March 28 compared with Mar. AMERICAN PIMA

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

MICRONAIRE DISCOUNTS (cent points per lb):

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

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

independent growers with the balance of 249,154 bales.

Spot market sales totaled 23,198 bales in the week ended March 28, raising the season total to 1,692,799. Cotton sold included East Texas/Oklahoma (13,242) followed by West Texas (8,142) and the Delta (1,814).

Grower To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Mfs Terr	82.80	0	1,814	1,814
Southwest	65.36	2,643	10,860	13,503
Total	67.43	2,643	12,674	15,317

Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	72.47	922	5,470	6,392
Total	72.47	922	5,470	6,392

Basis levels were mostly unchanged this week.

Grower sales on *The Seam* totaled 15,317 bales, sold for an average price of 67.43 cents, while business sales totaled 6,392 bales and had an average selling price of 72.47 cents.

marginally ahead of China, following a recovery of sales to that market. Also noteworthy are the size of the season-on-season increases in sales to Pakistan and Bangladesh, which so far this season rank as the fifth and seventh largest export markets, respectively.

US Pima

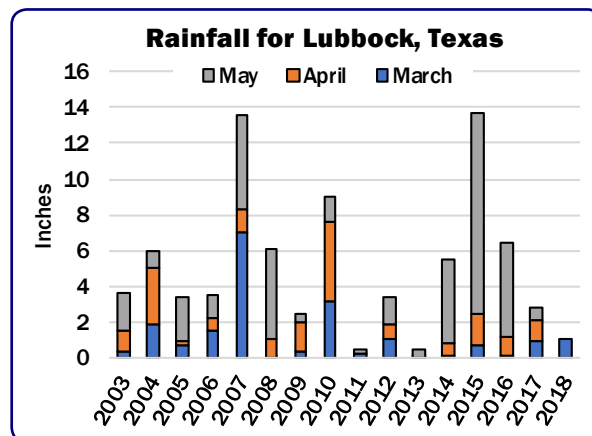
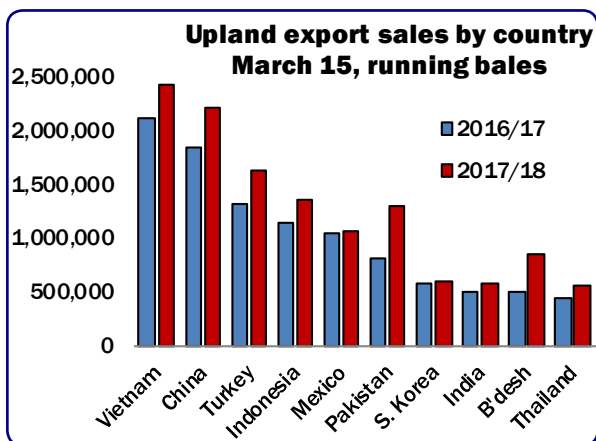
Pima sales remain steady into China but shippers' offering prices have moved lower and are typically quoted on CFR Far East terms between 160.00 to 162.00 cents/lb, as shippers endeavor to spur new buying interest.

Beneficial rains have been reported across California's San Joaquin Valley, although sun and warmer weather returned this week. Planting has started on a very limited

basis and is expected to expand over the coming weeks.

Welcome rain falls in West Texas

Stormy weather was reported in **Texas** late in the period as a cold front marched across the state. Isolated thunderstorms produced hail and damaging winds in **West Texas**. Much-needed, light to moderate precipitation was received, and coverage was fairly widespread. According to the National Weather Service, 1.00" of rain was recorded in Lubbock during the period, which is nearly equal to the monthly average of 1.10". However, cumulative precipitation amounts from November through March remain well below the average. The precipitation will help to ease dry soils and make fields more



Upland exports

During the week ended March 22, upland export registrations for shipment during the current season totalled 304,300 running bales, maintaining the robust pace of the preceding weeks. The delayed report for the previous week revealed registrations amounting to a further 338,400 running bales, for which Bangladesh (71,100 bales) and Vietnam (65,300) were the two largest destinations.

An analysis of upland export registrations by mid-March shows substantial increases for most major markets, as illustrated in the accompanying chart. Vietnam remains the single largest destination, but is only

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US PRICE MECHANISM

US PRICE MECHANISM

- 2017/2018 season -

- value if applied today, March 29, 2018 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	89.93
B) Three Far Eastern 'fine count' CFRs	90.93
C) Three Far Eastern 'coarse count' CFRs	NQ
D) Cheapest US Midd. 1-3/32" CFR	90.20

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 14.50

Loan Quality Differential

(at average location) between:

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

E) Total Adjustment Factor	17.05
F) Adjusted World Price (A - E)	72.88
G) Fine Count' Adjustment Factor	must be above zero
2017 crop (current values 2.15-(B-A))	1.15
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.40)	NQ
I) Loan Deficiency Payment, Basic Loan (49.49) - F	-23.39

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

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

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

Payment Calculation

P5) Friday/Thursday US Pima CFR Far Eastern Average	165.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+2.04)	169.04
P7) Theoretical value (P5-P6)	N/A
P8) No. of completed wks. P5 must exceed P6 for four consecutive weeks.	0
P9) Official current rate payable through Thursday March 29	N/A

US EXPORT SALES

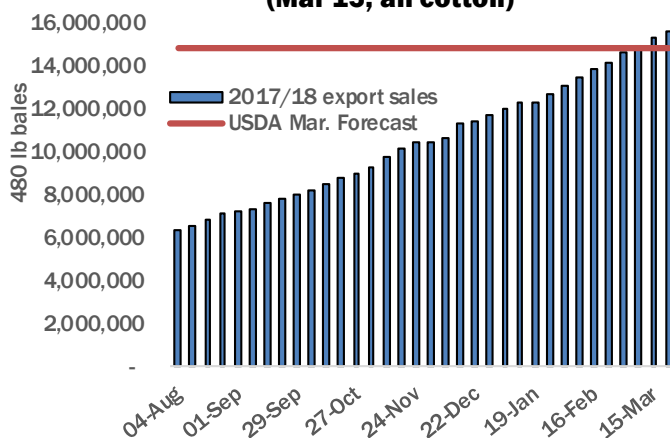
During the week ended March 22, net sales of upland cotton for shipment during the current season amounted to 304,300 running bales. Increases were reported for Vietnam (96,100, including 400 switched from Japan and a decrease of 900), Indonesia (82,600, including 900 switched from Japan, 300 switched from China and a decrease of 500), China (33,900, including 13,200 switched from Turkey, 900 switched from Hong Kong and a decrease of 2,200), Thailand (21,200, including 300 switched from Japan and a decrease of 100) and Bangladesh (17,700). Reductions were reported primarily for Mexico (3,400), India (3,300) and Japan (2,800).

Net sales of 62,100 running bales for 2018/19 were primarily for Thailand (25,100), China (15,400) and Vietnam (10,100).

Upland export shipments of 438,400 running bales were destined primarily for Vietnam (79,700), China (58,500), Turkey (57,400), Pakistan (42,100) and Indonesia (41,900).

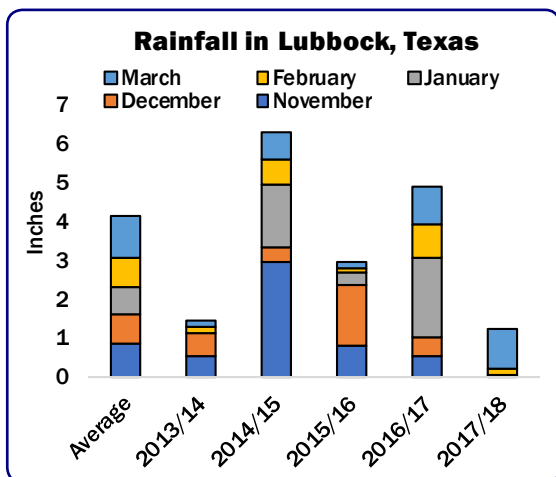
Net American Pima sales for 2017/18 amounted to 5,200 running bales. Increases were reported mainly for China (2,000), Peru (1,000) and India (1,000).

**US export sales
(Mar 15, all cotton)**



EXPORT STATISTICS

Official return, week ended, Mar 22.	UPLAND	PIMA
-in running bales-		
2017/2018 season		
Previous Outstanding Commitment	7,122,500	177,500
New Sales	324,000	5,200
Cancellations	19,800	100
Net Change in Sales Commitment	304,300	5,200
Shipped during the period	438,400	14,800
Cumulative Shipments to, Mar 22.	7,517,000	383,800
Total Outstanding Commitment	6,988,400	167,900
Theoretical Disappearance	14,505,400	551,700
2018/2019 season		
Previous Outstanding Commitment	2,283,200	41,800
Net change in Sales Commitment	62,100	1,600
Total Outstanding Commitment	2,345,300	43,400



manageable, but an extended period of wet weather will be required in the next month to six weeks prior to planting to ensure adequate subsoil moisture for proper germination and seedling development. No further rain, though, is in the near-term forecast.

As the storm system slowly moved eastward, rain and gusty winds were reported from south-central to northern locales, with severe weather producing damaging winds, hail and tornadoes. Heavy precipitation amounts of between 3.00" and 4.50" were recorded, causing flash flooding. Soils are saturated, and water levels in area lakes and ponds have improved. Spring field preparations have been halted across most of the state.

Mostly cloudy, warm conditions have ruled in **South Texas**. Planters have worked long hours trying to get as much seed in the ground as possible before the forecast storms arrive. Between 0.50" and 2.00" of precipitation is projected, with heaviest amounts expected in the Upper Coastal Bend. Although the moisture will halt sowing activities, it will reduce the need to irrigate, enhance germination and spur seedling development. Daytime highs in the 80°s (F) are in the near-term forecast, which will help soft soils firm and allow planting to resume soon in fields with lighter soils.

Spring-like weather has been reported in the **Memphis Territory** of late. Scattered thunderstorms have developed, producing light to moderate rain. Additional precipitation is in the near-term forecast as a cool front slowly moves through the Delta, and locally heavy amounts are

projected in stronger storms, which could cause flash flooding. The application of fertilizers and pre-plant herbicides, therefore, will be at a standstill for several days. Soil moisture levels range from adequate to surplus throughout the region, and an extended period of sunny, warm weather would be welcome to boost soil temperatures. Planting of corn is expected to begin as soon as fields are able to support heavy machinery, and cotton sowings will quickly follow.

Meanwhile, temperatures have ranged from abnormally cold to near-seasonable in the **Southeast**. Scattered showers fell earlier in the period, hindering outside activities. Warmer, sunny skies, though, soon returned, allowing spring field preparations to proceed, where soils had firmed. Stormy conditions, though, are in the near-term forecast, and rain accumulations of between 1.00" and 2.00" are projected, which will halt outside activities but will help enhance soil moisture.

Open skies and warmer temperatures have been reported in the **Far West** of late, following unseasonably



cool, rainy weather earlier in the period. The National Weather Service reports that daily maximum precipitation amounts set records in several areas of California's San Joaquin Valley on March 22, ranging from 0.42" in Hanford to 1.06" in Fresno. March has been unusually wet in the SJV, where 2.41" were recorded in Bakersfield through March 24, compared with the monthly average of 1.21". Local weather analysts stated that 4.19" fell in Fresno through March 24, matching the 1918 record as the 10th wettest March on history. (The normal rain total for the month of March is 2.03".) Although the precipitation has been welcomed, it has delayed sowing. Above-average readings in the mid-80's (F) are in the near-term forecast, which will help warm chilled soils. Fields are ready for sowing, and widespread planting of the 2018/19 crop is expected soon.

Beneficial snow has fallen in the Sierra Nevada Mountains during the period under review. Moderate to heavy amounts of as many as 50.00" were recorded, boosting the winter snow pack. According to the California Department of Water Resources' latest report released on

March 28, the snow water equivalent was at 16.10" as of March 27, which was 58 percent of the April 1 average.

Elsewhere, fieldwork is advancing at a steady pace in Arizona, under favourable conditions. Sowing is expanding in central parts of the state, and work is expected to gain momentum quickly. Seeds are sprouting rapidly in Yuma County, and early plant development is satisfactory.



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ARGENTINA

The harvest has yet to gain real momentum, and seed cotton arrivals thus remain rather sluggish. Activity is expected to increase steadily after the Easter weekend.

More rain was received in some cotton-producing provinces on March 24 and 25. Accumulations in Chaco were recorded of up to 40 millimetres over the two days, whereas in Santa Fe several areas received 100 mm or more.

Early new crop lint is becoming available on a small scale. Samples inspected so far convey a generally favourable impression as far as grade and other quality specifications are concerned.

Commercial activity has remained rather slow and sporadic. Domestic mills have been selecting the more desirable new crop lots as they have become available. Supplies from the 2016/17 outturn have also met with occasional interest. Export registrations amounting to 175 tonnes have been recorded during the past week.

Export shipments remained very sluggish during February, amounting to just 737 tonnes (Colombia 435, Pakistan 147, Indonesia 109, Turkey 47). The cumulative total for the first two months of the calendar year is 2,843 tonnes, against 8,270 during the corresponding period of 2017. At 15,073 tonnes, the cumulative total for the first seven months of the statistical season amounts to less than one third of the corresponding total a year earlier.



AUSTRALIA

Good yields from early picked irrigated fields

Central Queensland still has a few later-planted crops to come off, but generally picking in that region is nearing an end. Harvest momentum during the second half of March has been building and picking in western Queensland is also nearly complete. Growers in the Queensland and New South Wales (NSW) border region will be out in full force just after the Easter holiday. The Darling Downs irrigated crops are currently under defoliation. Picking in southern NSW will start by mid-April.

So far, yields from the irrigated crops that have been supplied with a full water allocation appear to be well above average, up to 15.5 bales per hectare (ha) and more generally between 10 and 14 bales per ha. Conversely, dryland yields (and quality) have been showing somewhat mixed results, depending on the plants' exposure to water in the development stage.

In terms of temperature, there have not been the long bouts of excessive heat experienced last season. Conditions in tropical regions have been very wet and dry elsewhere. Irrigated land that had a boost from any late precipitation is showing good results and later planted dryland pastures in several regions have benefited from welcome rainfall in February, which will be reflected in better yields.

Local observers estimate that at least 50,000 bales have already been ginned in Queensland, which reflects a very early start.