

Week in Brief

Upland **offering rates** have ended firmer on balance, influenced by a rally in New York early in the period. The December contract has reached its highest value since July 2015. Certificated stocks have risen to their highest level in 11 months... Electronic markets in China have made strong gains. Xinjiang long staple prices have continued their downward trajectory... Cotton Outlook's latest assessment of global supply and demand appears on pages 11/12.

Hot weather has prevailed over most of the US cotton **growing belt**. The conditions have been considered generally beneficial for plant development, though some dry regions are in need of precipitation, to prevent fruit shedding. Planting is approaching completion in Texas. Storms may have caused some damage in parts of Texas and the Delta early in the period. Sunny conditions have facilitated sowing in the Southeast, where work is almost finished... The latest figure suggest that planted area in Egypt is more than 25 percent behind the target... Hot weather has returned to Turkey's growing regions... Plants in Turkmenistan have been progressing satisfactorily... The Southwest monsoon has covered some major Indian producing states, but its movement this week has stalled. Sowing has begun on a small scale in central regions... Planting is approaching completion in Pakistan, on a reduced area. Good weather conditions have prevailed... An estimate has

emerged of the area sown to long staples in China's Xinjiang region... Field reports have been mixed from Brazil. Initial yields have been disappointing in Bahia... Up to 80 percent of the Argentine crop has been picked... Divergent crop forecasts prevail in Zambia.

The pattern of **international trade** was limited by strong asking rates early in the week, but more active import demand has re-emerged from a range of markets following the subsequent decline in New York. Indian mills have consistently displayed demand for Australian and West African cotton. Bangladesh has bought some of the usual growths, including Central Asian, but large gaps in cover are thought to remain. Some Chinese spinners have made use of quota but others remain hesitant. Late reports indicate a reawakening of import purchasing activity in Indonesia... During the week ended June 16, US upland export sales registrations for shipment this season rose by 170,000 running bales, and those for 2016/17 by a further 96,700... Participation has remained high in China's state reserve auctions. Cumulative turnover is approaching half of the total volume to be offered for sale by August 31. Chinese raw cotton imports during May were less than half the volume during the same period in 2015.

The cotton **yarn** market has been fairly stable... Moderate local demand has emerged prior to Ramadan in Pakistan. Export demand has been persistently weak... Yarn rates in Bangladesh have firmed marginally during the period... A raft of supportive measures has been introduced for the Indian textile industry, including direct financial assistance and more flexible employment laws... China's cotton yarn imports during May were lower than in the previous month. Xinjiang's objective is to establish a complete textile industry chain with the benefit of preferential government policies.



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International Cotton Prices

Futures

New York futures have more than recovered the losses made during the previous week, following a strong rally over two consecutive sessions early in the period. The A Index was propelled above 75.00 US cents per lb for the first time in 2016 on June 20, and by the close, the ICE December contract stood at 65.92, representing its highest value for over a year. However, prices subsequently relinquished some of that ground, with the A Index ending on June 23 at 74.55 cents per lb, to indicate an aggregate gain of 180 cent points. Cotton was joined in its descent late in the period by several other commodities, implying that changes to trade positions, rather than an adjustment to market fundamentals, may have prompted the retreat. Speculative money flows and US dollar fluctuations appear to have been the principal short-term influences on the movement of futures of late. However, firmer offering rates also reflect the tightening supply position.



The 'gap' between international cotton seasons now stands at just five weeks. It is not unusual for cotton available for nearby shipment to be difficult to source at this point in a season. The situation this year has been exacerbated by short 2015/16 crops in several major producing countries. High prices in India, for example, reflect the adversities encountered during the growing period that resulted from the poor performance of last year's Southwest monsoon and from significant pest pressures. Nevertheless, despite a lower exportable surplus overall, trade data show that up to the end of March, exports during the current season exceeded those during the same period in 2014/15 by some 17 percent, mainly on the back of strong buying by Pakistan, in face of the shortfall in its own, pest-damaged crop. Consequently, the volume of cotton still available locally in India has been severely depleted, to the point where domestic spinners have been obliged to turn increasingly to more competitively-priced imports. Given the late stage of the season, and the length of time before Northern Hemisphere new crops come to market, mills have been disposed to take up cotton from trade hands that meets their requirements. Mills buying on a hand-to-mouth basis in a number of other markets, likewise, have sought to cover requirements, with the result that the remaining uncommitted supply of 2015/16 crop cotton is now limited and held typically in strong hands.



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Indian import demand

Persistently high local prices in India, coupled with reports that all but the lower grades are now increasingly difficult to source, have consolidated the active import demand which had emerged during the last reporting period. Mill buyers have focused mainly on African Franc Zone remnants and Australian cotton, to cover the period ahead of the movement of the domestic new crop, which traditionally begins in October but which is dependent on the receipt of timely monsoon rainfall to facilitate planting. Earlier this week, the Southwest monsoon had advanced over important central growing regions, instilling some tentative positivity with regard to new crop prospects. Although progress has since stalled, weather models continue to predict an 'above normal' volume of rainfall during the monsoon period as a whole. Although we have tempered quite sharply our forecasts this month for production in India – and to a lesser extent in Pakistan – on anecdotal evidence that both will sow less area than foreseen earlier - both are still expected to produce bigger crops than in 2015/16, given a partial recovery in yields, compared with the current season.

Long-term outlook

In the short term, tightness of supply may prove supportive of prices. However, the 2016/17 global statistical position continues to imply a bearish outlook, despite an apparent, further reduction in world stocks being in prospect as China continues to divest itself of state reserves.

The policy currently in place in Beijing portends sustained constraints on import volumes, which begs the question as to where any surpluses to customary requirements in other markets will be marketed, and the potential impact on prices. International sellers' initial basis ideas for Indian new crop, for instance, are being pitched substantially below the equivalent current crop values.

Meanwhile, private estimates of United States production have shown a bias to the upside following the good precipitation and the subsequent return of heat in the past week or so, which has benefited plant development. Conditions across the US cotton belt in fact suggest a bumper outturn might be in prospect. In such circumstances, one might foresee the marketing loan coming strongly into play.

Chinese state reserve sales

The pace of buying at China's state reserve sales has remained robust this week, with almost 98 percent of the catalogue offered for sale having been taken up. However, the quantities offered each day have not increased and complaints persist that the delivery of cotton purchased is a protracted affair. Cumulative sales since the auction began are nevertheless now in excess of 900,000 tonnes, or approaching half of the quantity earmarked for sale in this auction series, with just over two months still to go.

As has been mentioned previously, the perception that Chinese mills would be reluctant to buy domestic old crop stocks has proved largely unfounded. Rather, a desire to replenish mill inventories from state reserves has been apparent, given that the remaining commercial supply of Xinjiang 2015/16 crop is tight and import quota limited. Although mills with specific quality requirements have been induced to look to imports, larger mills still in possession of quota are said to be employing it sparingly, with a view to covering their needs later in the year. Nevertheless, the pace of auction sales, and the presumed inventory gaps apparently remaining to be filled, have brought into question current estimates of China's domestic cotton consumption. Cotlook's own assessment is unchanged for the time being, but remains under review.



CFR Far Eastern Quotations for Principal Growths

Quotations as at June 23, 2016

Description	Price	Change	Shipment	Price	Change	Shipment
American-Type cottons:		since last published			since last published	
Higher grades						
Australian SM 1-5/32"	78.25	1.25	7/8			
Benin Kaba/s 1-1/8"	75.50	2.00	7/8			
Burkina Faso BOLA/s 1-1/8"	75.50	2.00	7/8	73.00	0.75	1/2
Cameroon IRMA/s 1-1/8"	76.00	2.00	7/8			
Cameroon PLEBE 1-5/32"	78.25	2.00	7/8			
Chad Kero A51 1-5/32"	77.25	2.00	7/8			
Indian Shankar-6, 1-1/8"	NQ			73.00	-	12/1
Ivory Coast MANBO/s 1-1/8"	75.50	2.00	7/8	73.00	0.75	1/2
Mali JULI/s 1-1/8"	76.25	2.00	7/8	73.50	0.75	1/2
Spanish SM 1-1/8"	NQ			74.50	-	10/11
Tanzanian RG1 1-1/8"	NQ			72.00	0.75	10/11
Texas SM 1-1/8"	75.50	1.00	7/8			
Uzbekistan SM 1-1/8"	79.75	N 2.75	7/8			
Zambian SM 1-1/8"	74.00	-	7/8			
Zimbabwe SM 1-1/8"	74.00	-	7/8			
Medium grades						
1-1/8" staple unless stated						
Australian Midd	NQ					
Benin BELA *	74.50	2.00	7/8			
Brazilian Midd	73.25	0.50	8/9	73.00	0.75	10/11
Burkina Faso RUDY *	74.50	2.00	7/8	72.00	0.75	1/2
California/Arizona Midd	77.50	1.00	7/8			
Greek Midd	NQ			75.25	0.75	10/11
Indian medium grades **	NQ			72.00	-	12/1
Iv. Coast BEMA *	74.50	2.00	7/8	72.00	0.75	1/2
Mali ROKY/KATI *	75.25	2.00	7/8	72.50	0.75	1/2
Memphis/Eastern Midd	76.75	1.00	7/8	74.50	0.75	11/12
Memphis/Orleans/Texas Midd	73.75	1.00	7/8	73.75	0.75	11/12
Mexican Midd	NQ					
Syrian Midd	NQ					
Tanzanian SG1	NQ					
Uzbekistan Midd	77.25	N 2.75	7/8			
Lower grades						
Argentine SLM, 1-1/16"	67.00	-1.00	7/8			
Brazilian SLM 1-1/16"	71.75	0.50	8/9			
Greek SLM 1-3/32"	NQ					
Indian J-34 SG **	NQ					
Memphis/Eastern SLM 1-1/16"	NQ					
Memphis/Orleans/Texas SLM 1-1/16"	NQ					
Pakistan AFZAL 1-1/16"	NQ					
Pakistan Type 1467 1-3/32"	NQ					
Long Staple cottons:						
US Pima Grade 2 1-7/16" #	147.00	Unch	7/8			
Egyptian Giza 86 Good+3/8	NQ					
Egyptian Giza 88 Good+3/8 #	NQ					
Israeli Pima H1, 1-7/16" #	147.00	2.00	7/8			
Israeli Acalpi	129.00	Unch	7/8			

* 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 2, 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 June 23, 2016

2015/2016 A Index			2016/2017 A Index		
Description	Price	Shpt	Description	Price	Shpt
Brazilian	73.25	8/9	Ivory Coast BEMA	72.00	1/2
Memphis/Orleans/Texas	73.75	7/8	Burkina Faso RUDY	72.00	1/2
Ivory Coast BEMA	74.50	7/8	Indian medium grade	72.00	12/1
Benin BELA	74.50	7/8	Brazilian	73.00	10/11
Memphis/Eastern	76.75	7/8	Memphis/Orleans/Texas	73.75	11/12

Seasons Averages

Season	The Cotlook A Index
2010/11	164.26
2011/12	100.00
2012/13	87.90
2013/14	90.57
2014/15	70.78
2015/16	69.29

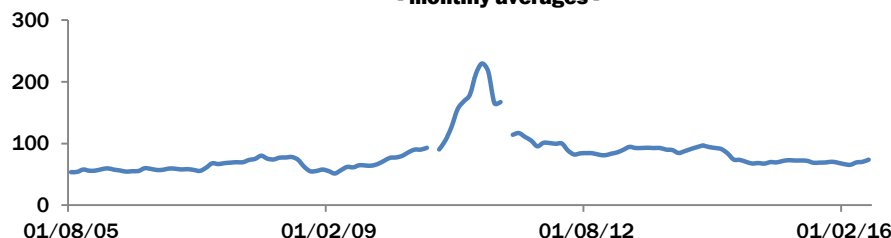
Monthly Averages

November 2015	69.22
December 2015	70.39
January 2016	68.78
February 2016	66.57
March 2016	65.46
April 2016	69.28
May 2016	70.28
June 2016	73.72

Daily Values

Date	2015/16	2016/17
June 17	74.05	73.55
June 20	75.05	74.55
June 21	75.05	74.55
June 22	73.95	72.55
June 23	74.55	72.55
Average for week	74.53	73.55

The Cotlook A Index - monthly averages -



Yarn Index

2005 = 100

This week	114.71	Last month	113.33
Last week	114.64	Last year	122.28

Export prices (in US dollars per kilo FOB)-

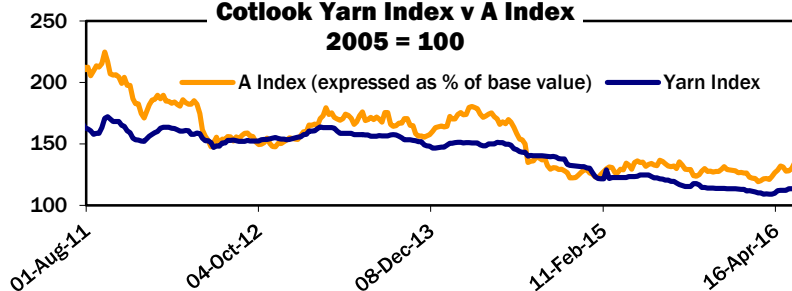
	This Week	Change on week	Change on year
Pakistan 20s	2.27	Unch	-0.17
India 20s	2.20	Unch	-0.20
Turkey 20s	2.65	Unch	0.05
Indonesia 20s	2.50	Unch	-0.31
China 21s	2.59	0.01	0.10
Uzbekistan 20s	2.10	Unch	-0.15
Pakistan 30s	2.66	Unch	-0.18
India 30s	2.45	Unch	-0.20
Turkey 30s	2.85	Unch	0.05
Indonesia 30s	2.80	Unch	-0.48
China 32s	3.15	0.01	-0.06
Uzbekistan 30s	2.30	Unch	-0.15

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

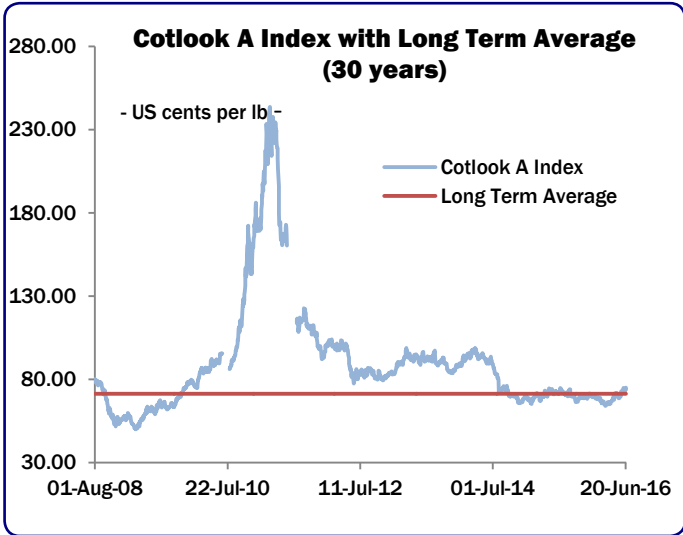
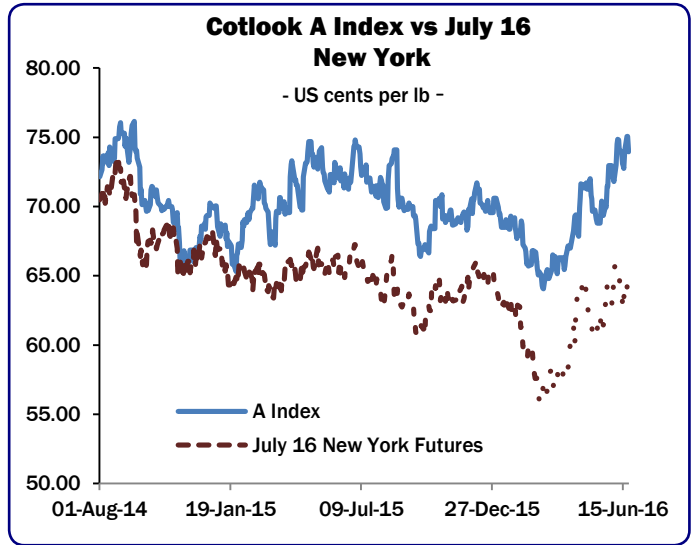
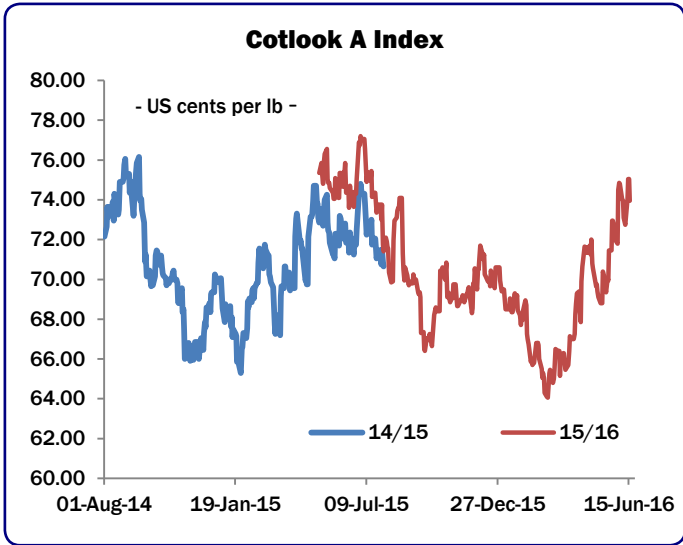
the two most recent calendar years for which complete data are available. The prices shown for Uzbek yarn are not currently part of the Index, and are quoted on an FCA basis.

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

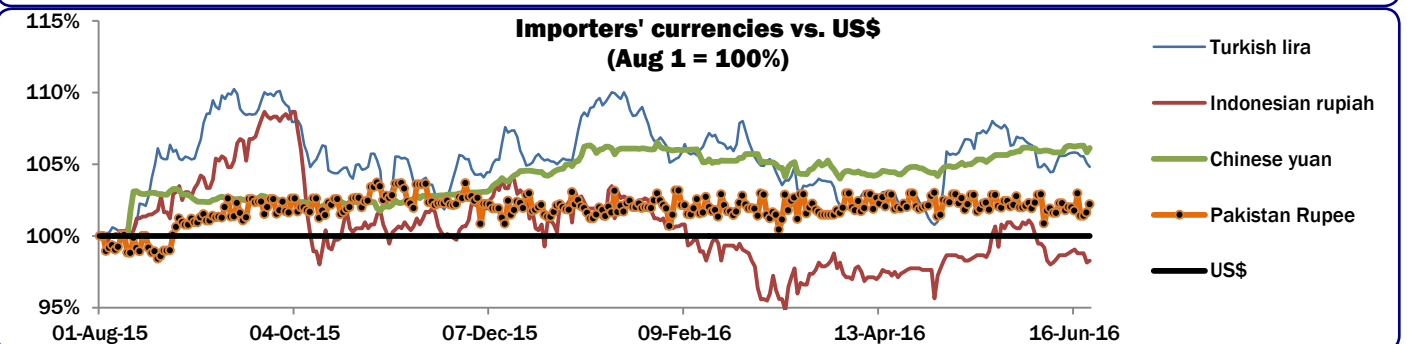
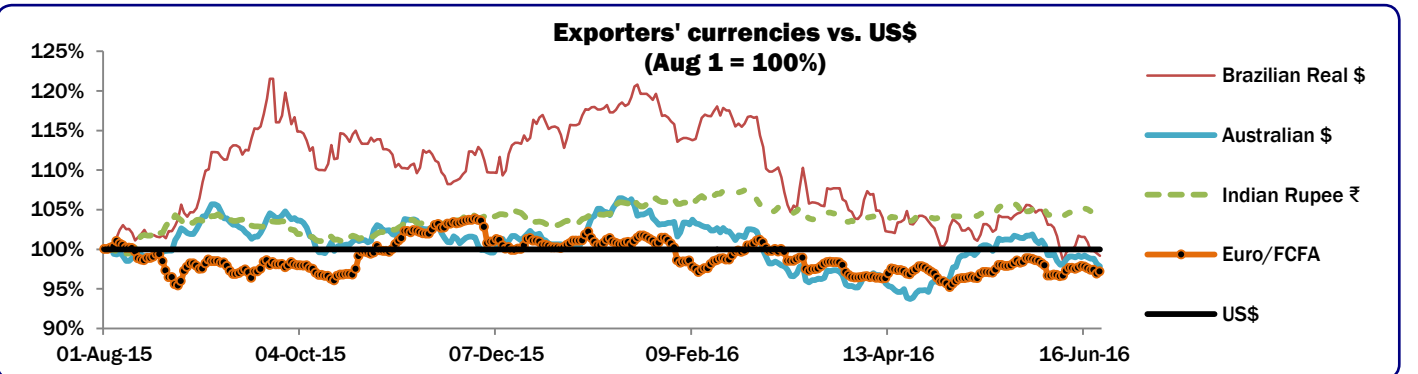
Cotlook Yarn Index v A Index 2005 = 100



World Futures Markets



Currency Trends



Dates for your diary 2016

2016 Calendar of Cotton Events	
AFCOT Annual Dinner. Barcelona, Spain Contact: Gérard Kassarian Tel: 02 35 41 20 36 Fax:02 35 42 63 09 http://www.afcot.org/afcot-identity/	<i>October 7</i>
XII International Uzbek Cotton and Textile Fair Tashkent, Uzbekistan Web: http://www.cottonfair.uz Contact: Tel:+99871 202 4200, Fax:+99871 202 4200, E-mail: cotton@uzpex.uz	<i>October 12 - 13</i>
International Cotton Association - Annual Trade Event Liverpool, UK www.ica-ltd.org Contact: Tel: +44 151 236 6041, Fax: +44 151 255 0174, E-mail: events@ica-ltd.org	<i>October 20 - 21</i>
International Cotton Advisory Committee 75th Plenary Meeting. Islamabad, Pakistan Tel: +1 202-463-6660, Email: secretariat@icac.org, Web: http://www.icac.org	<i>October 31 - November 4</i>
US Sourcing Summit Strengthening Enduring Partnerships. Terranea Resort, Rancho Palos verdes, California. Tel: (202) 745-7805 Fax: (202) 483-4040 Email: sourcingusa@cotton.org http://sourcingusasummit.com/	<i>November 5 - 8</i>
ITMF Annual Conference 2016 Annual Conference and Dinner. Jaipur, India Tel: +41 44 283 6380, Fax: +41 44 283 6389, Email: christian.schindler@itmf.org Web: http://www.itmf.org	<i>November 17 - 19</i>
Cotton India 2016-17 Cotton Conference Email: amar.singh@caionline.in	<i>December 5 - 7</i>
Organisers of forthcoming events are invited to contact the editor if they wish their meeting to be considered for inclusion in a future list.	



To view our online calendar click here

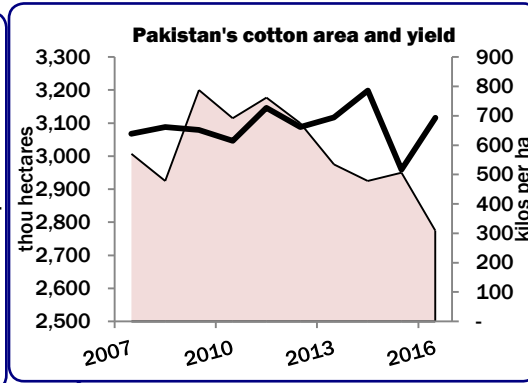
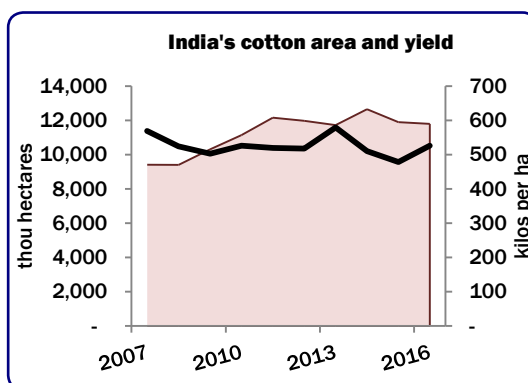
Cotlook's June forecasts

A reduction of 388,000 tonnes has been made to Cotlook's 2016/17 world **production forecast**, lowering the figure to 22,260,000 tonnes. The main adjustments have concerned the Indian Subcontinent.

Perversely, given the current strength of local prices, a less optimistic view than suggested by our previous forecast seems warranted for **India**. The price strength has come at a stage when most of the 2015/16 crop is out of farmers' hands and which thus offers them little additional inducement to expand sowings. The area sown has declined in those districts in the Northern Zone worst affected by last year's whitefly infestations. Although forecasters' comments regarding prospects for the longevity and spread of the Southwest monsoon remain optimistic, in general, elsewhere in the country, expectations of significant periods in which rainfall may prove lacking during the monsoon period prevail in regard to Gujarat. Furthermore, compared with cotton, minimum support prices have been raised proportionately more for groundnut, soya beans and pulses, crops that provided good returns in 2015/16. Conversely, it might be argued that rain delays favour cotton if the planting window for alternative crops should prove to have passed. Our revised estimate thus foresees only a modest decrease in cotton area from around 11,900,000 to 11,800,000 hectares (previously, we anticipated a recovery). It postulates that output will prove to be in the region of 36.5 million bales (of 170 kilos), a figure that may still err somewhat on the optimistic side, depending on the course of the weather and, most importantly, on the intensity of pest pressures. A crop of this magnitude would still represent an increase of three million bales on our estimate of output during the 2015/16 season, when insect damage was a major influence.

In similar vein, a reduction, though more modest, has been made to our production forecast for **Pakistan**. Final plantings, observers say, seem likely to fall short of target by between five and ten percent, at below 2.8 million hectares, which would be the smallest area covered since the 2002/03 season. Observers note that the crop is currently in good condition, however, and contend that if favourable weather holds, and last year's pest ravages are not repeated, a lint output above 1.9 million tonnes may still be achievable, versus the estimated 1.525 million obtained this season.

Other changes made during the past month or so include a modest, further reduction for **China** to 4,570,000 tonnes, of which 3,670,000 tonnes (80 percent) are attributed to Xinjiang. May was a cool, wet month in the latter region and occurrences of hail damage



	Production		Change on Month		Consumption		Change on Month	
	15/16	16/17	15/16	16/17	15/16	16/17	15/16	16/17
Argentina	210	220			130	127		
Australia	575	576			960	1,056		
Azerbaijan	13	13			675	662		
Benin	115	130			65	64		
Brazil	1,375	1,400			1	1		
Burkina Faso	247	270			6,890	6,890		
Cameroon	110	102			85	83		
Chad	70	63			3	3		
China	4,690	4,570	-30		140	137		
Colombia	25	25			12	10		
Côte d'Ivoire	130	169			26	23		
Egypt	57	36			20	20		
Greece	220	210			-	-		
India	5,695	6,205	-255		5,270	5,270		
Iran	60	65			620	608		
Israel	17	13			120	118		
Kazakhstan	42	40	-5		32	31		
Kyrgyzstan	9	9			62	61		
Malawi	20	19			35	34		
Mali	215	216			415	407		
Mexico	198	189	-12	-43	33	32		
Mozambique	20	25			25	25		
Nigeria	35	35			2,175	2,300		
Pakistan	1,525	1,925	-50		95	93		
Paraguay	5	5			7	7		
Peru	25	27			34	35		
Spain	55	57			60	59		
Sudan	40	30			24	24		
Syria	40	43			275	260		
Tajikistan	76	78			10	10		
Tanzania	60	65			60	59		
Togo	34	35			210	206		
Turkey	575	650			290	284		
Turkmenistan	295	305	-3	-5	1,350	1,350		
Uganda	25	30			130	130		
USA	2,802	3,281	+15		773	758	-10	-10
Uzbekistan	835	810	+15		300	310	+30	+30
Zambia	35	34			1,025	1,230		
Zimbabwe	30	35			463	452		
World Total	20,874	22,260	-388		22,900	23,226	+19	+19
World excl China	16,184	17,690	-358		19,297	19,681		
N Hemisphere	18,452	19,791	-388		8,487	8,706		
S Hemisphere	2,421	2,469	+0		2,058	2,242		
African Fr. Zne	930	994			2,253	2,208	-10	-10
Central Asia	1,257	1,242	+12	-10	1,189	1,165	-10	-10
EU	275	267			368	361		
					167	160		

have continued; temperatures have warmed significantly during June but the prospects for yield remain uncertain; last summer, it will be recalled, record high temperatures had a deleterious effect.

Our estimate for the **United States** remains marginally above USDA's figure, for the time being. Rains delayed some planting, but ultimately were very well received. Significant precipitation in Texas seems to have encouraged farmers to plant to the fullest extent. A clearer view as to the area under cotton nationally is awaited from USDA's planted acreage assessment, due for publication at the end of the month.

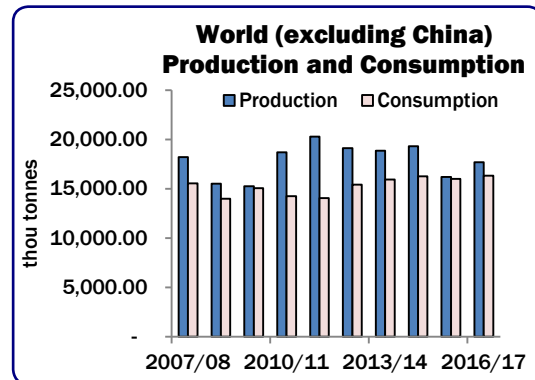
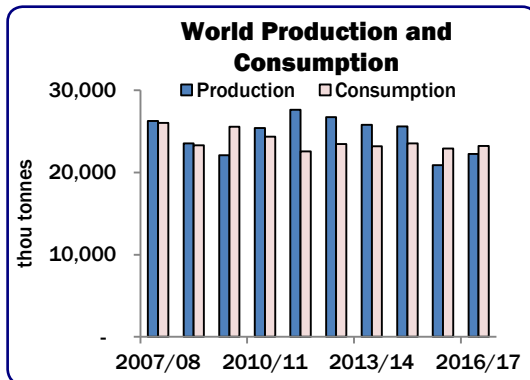
Reductions for this season and next have meanwhile been made for **Mexico**, taking a lead from USDA in the absence of substantive, independent information following the demise last year, for economic reasons, of the Confederación de Asociaciones Algodoneras

Cotlook's estimate of **world consumption** shows little change on the month, at slightly over 23.2 million tonnes. The proportionate growth foreseen compared with 2015/16 is around 1.4 percent; USDA's figure is slightly higher whereas ICAC foresees very little change. In China, debate is in progress as to the actual level of cotton consumption, given the strength of demand for state reserve stocks. This season's imports, however, seem likely to fall short of one million tonnes for the first time since the 2002/03 season.

World Stock

Changes to our production and consumption forecasts suggest that the contraction in world stocks by the end of next season will be somewhat larger than we indicated at the end of May, at close to one million tonnes (versus 559,000). Nevertheless, a net increase is still envisaged in stocks outside of China.

The accompanying table shows our production and consumption estimates and the resultant adjustments in world stock levels during 2014/15 and 2015/16, together with our prediction for 2016/17. 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		
	14/15	15/16	16/17	14/15	15/16	16/17	14/15	15/16	16/17
Cotlook									
Production	19,319	16,184	17,690	6,290	4,690	4,570	25,609	20,874	22,260
China net trade	-1,788	-898	-870	+1,788	+898	+870			
New Supply	17,531	15,286	16,820	8,078	5,588	5,440	25,609	20,874	22,260
Consumption	16,285	16,010	16,336	7,250	6,890	6,890	23,535	22,900	23,226
Net change in stock	+1,246	-724	+483	+828	-1,303	-1,450	+2,074	-2,026	-967
USDA									
Opening stock	8,743	9,696	8,662	13,653	14,788	13,563	22,477	24,484	22,225
Production	19,393	16,470	17,781	6,532	4,899	4,681	25,925	21,369	22,462
China net trade	-1,789	-953	-958	+1,789	+953	+958			
New Supply	17,604	15,517	16,823	8,321	5,852	5,639	25,925	21,369	22,462
Consumption	16,791	16,608	16,783	7,185	7,076	7,294	23,976	23,684	24,077
Other	+140	+57	+14	-1	-1	+1	+58	+56	+15
Ending Stock	9,696	8,662	8,716	14,788	13,563	11,909	24,484	22,225	20,625
Net change in stock	+953	-1,034	+54	+1,135	-1,225	-1,654	+2,007	-2,259	-1,600
ICAC									
Opening stock	8,357	9,408	8,390	12,088	12,876	12,000	20,284	22,284	20,390
Production	19,637	16,570	18,270	6,480	5,170	4,650	26,117	21,740	22,920
China net trade	-1,800	-1,066	-976	+1,800	+1,066	+976			
New Supply	17,837	15,504	17,294	8,280	6,236	5,626	26,117	21,740	22,920
Consumption	16,801	16,550	16,910	7,479	7,080	6,730	24,280	23,630	23,640
Other	+15	+28	+46	-13	-32	-36	+163	-4	+10
Ending Stock	9,408	8,390	8,820	12,876	12,000	10,860	22,284	20,390	19,680
Net change in stock	+1,051	-1,018	+430	+788	-876	-1,140	+2,000	-1,894	-710

China

State reserve auctions

The base price for sales during this, the eighth week (June 20 through 24) of the auction series was set at 12,325 yuan per tonne, 39 yuan lower than in the previous week (12,364 yuan). Once again, only domestic old crop cotton has been offered for sale. By June 22, cumulative sales during the auction series (taking cancellations into account) had reached 917,691 tonnes, including 621,562 tonnes of domestic lots and 296,129 tonnes of imports.

Although sales have continued in a brisk fashion, complaints have persisted regarding delays and other impediments to the rate at which the cotton purchased is reaching mills. The National Development and Reform Commission (NDRC) has urged the China National Cotton Reserve Corporation (CNCRC) to increase work progress, strengthen guidance and enhance delivery efficiency by taking various measures. All problems and complaints should be provided to the China Cotton Association and China Cotton Textile Association, which will jointly seek to enforce discipline.

It is estimated by some agencies that the requirement of domestic mills will amount to no less than 2,500,000 tonnes during the coming four months, prior to the availability in bulk of the 2016/17 new crops, which is much more than the quantity currently earmarked for sale from state reserves. The agencies contend, therefore, that there is still room for Xinjiang cotton prices to rise further.

Xinjiang itself is reported to have consumed some 600,000 tonnes in 2014/15. Estimates for this season are divergent: some suggest the quantity might perhaps be doubled, with a further increase in prospect next season, on the back of large-scale investment by major enterprises; others question whether sufficient supply has been retained in the region this season to support such an increase in raw cotton consumption and note the fact that the region is also a significant producer of viscose fibre.

Market supply has indeed been tight recently, especially in regard to Xinjiang cotton. Market insiders contend that the active transactions in state reserve cotton are attributable to the change in policy from previous years, which allows direct participation by traders. Meanwhile, the policy requires bale-by-bale inspection (both for quality and weight) and since daily inspections in most warehouses are limited, the quantity offered from day to day is hard to increase. In fact, the pattern is for such quantities to decline gradually during the course of every week. For instance, over 30,000 tonnes were offered last Monday while the figure on Thursday, June 23, had fallen close to 17,000, the smallest in the auction series so far.

Market prices

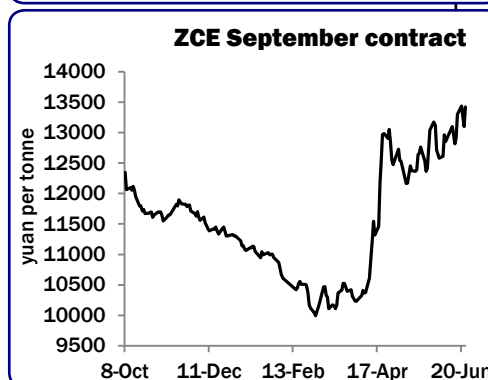
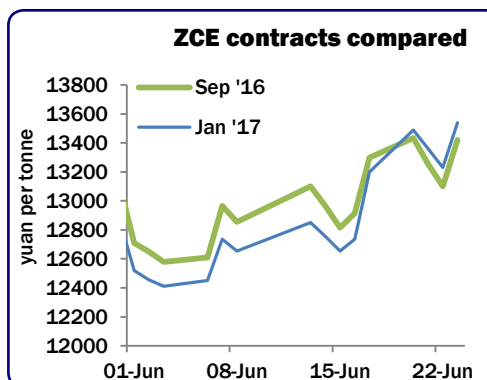
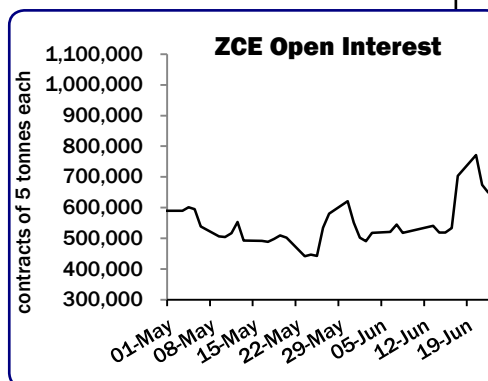
Supported by a tight market supply, prices of handpicked Type 3128B /2128B in the 'mainland' have increased to 13,300/13,500 yuan per tonne, ex-warehouse. Australian new crop remains prominent in the moderate turnover in imported lots held at ports, at a price of around 14,000 yuan per tonne.

Following the strong inflow of speculative participation in the **Zhengzhou cotton contract** that pushed open interest on Monday to a recent peak of over 771,000 contracts, the figure declined sharply, before turning higher once again on June 23.

The brief, intervening dip was attributed by some observers to the utterances by the National Development and Reform Commission (NDRC) that industry bodies should act to ensure the flow of supply from the state reserves.

Price movements and changes in open interest have moved in tandem in that price gains have occurred with expansions in the open interest and losses have seen the open interest shrink. The latest price upturn is attributed to speculative cash movements on the back of the perceived supply tightness and concern about the weather.

Over the five-day trading period ended June 23 as a whole, the balance of price movements showed strong gains. All contract months ended the period firmly above the 13,000 yuan per tonne mark. The recent pattern has also brought January to a premium on September, which is a distinct change from the earlier price relationship.



Zhengzhou Cotton Futures					
	Settlement		Volume*	Open Interest	
	yuan per tonne		number of contracts		
	16-Jun	24-Jun	Chng	Past week	24-Jun
Jly	12,795	13,225	+430	3,492	5,076
Sep	12,915	13,420	+505	3,412,124	256,140
Nov	12,690	13,515	+825	1,278	2,420
Jan	12,735	13,540	+805	2,147,998	388,460
Mar	12,745	13,500	+755	1,388	874
Jly	12,740	13,550	+810	54,758	30,538
				5,621,038	683,508

*Counting both the sale and the purchase.



CNCE

23 June 2016

Delivery	Turnover in tonnes	Average price in yuan per tonne	Change on week	US cents per lb equiv.
Type 328 (domestic 'MA')				
Jul	3,250	13,072	+323	90.92
Aug	12,420	13,067	+285	90.92
Sep	15,360	13,071	+387	90.92
Oct	17,470	13,118	+547	90.92
Nov	15,090	13,094	+516	90.92
Dec	9,280	13,091	-	90.92
Total	75,100			

The certified stock has barely changed of late, standing on June 23 at 881 lots (each of 185 bales, ±5).

Similarly, strong price gains have been recorded in average prices on the **China National Cotton Exchange**, which have also moved across the 13,000 yuan per tonne threshold. The volume transacted during the period, of 75,100 tonnes, is slightly more than the corresponding figure a week earlier.

During the past week, prices of **Xinjiang long staples** from the 2015/16 crop have maintained a weak tendency by losing a further 100 yuan per tonne. The benchmark value for Type 137 is now 20,900 yuan per tonne, equivalent to 145.36 cents per lb; Type 237 is quoted at 19,300 yuan. The premium for Type 137 on the CC Index has maintained a gradual, downward inclination.

The **China Cotton (CC) Index** (basis Type 3128B) has increased by 48 yuan during the course of the week in review, to 12,717 yuan per tonne.

In sharp contrast to the strength of prices on the cotton exchanges, values for **man-made fibres** have barely altered of late. The typical going rate for polyester staple on June 23 was in fact the same as a week earlier, at 6,610 yuan per tonne, whilst that for viscose staple had declined by ten yuan, to 13,510 yuan per tonne.

Xinjiang report

Adverse weather events

A recent heavy hailstorm hit Bole, the main planting area in northern Xinjiang region, causing serious damage to the PCC (army group) and local producers' crops. Local sources contend that the affected area was limited and that the effect on total output may not be major. Subsequently, another hail event occurred around Shuanghe, a county-level city located some 30 kilometres east of Bole City and 50 kilometres southwest of Alashankou and the border with Kazakhstan, causing devastation to cotton, grapes and other crops on several thousand hectares.

Very hot and dry conditions have meanwhile prevailed in southern Xinjiang's main planting areas of Kashgar, Aksu and Korla. Irrigation has been slow and crop development has been significantly affected. In general, however, this month's hot weather in the region has been favourable for plant development, following a cool start to the growing season.

It is now estimated that the area under long staples is no less than 900,000 mu (60,000 hectares), from which output in the range of 90,000/100,000 tonnes should be attainable. If so, excess supply may bring pressure to bear on the long staple market next year. Yields are by no means certain at this stage of the growing season, however, and these will depend on weather developments. Of the total area, 714,650 mu (15 mu = 1 hectare) have been sown using machines, exceeding the target for planting by this method of 600,000.

Preferential policy for textiles and clothing

The Aksu Textile Industry Zone is planning to complete fixed asset investment of 4.644 billion yuan in the textile and clothing industries during this year. Aksu's current spinning capacity has reached 4.3 million spindles, accounting for nearly half of Xinjiang's total.

In a recent industry conference, an official from the Xinjiang Textile Industry Management Office detailed the preferential policy for the textiles sector in Xinjiang, which includes an annual two billion yuan textile and clothing industry special fund to support development (from a total sum for this purpose of

International Prices

Data as at 23 June, 2016

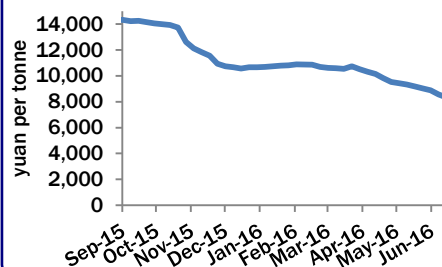
	Yuan per tonne equiv. + insurance	Approximate delivered mill value	
		Including one percent tariff + 13 percent VAT	Including 40 percent duty & 13 percent VAT
Cotlook A Index	11,172	12,694	17,042
Texas SM	11,309	12,851	17,259
Uzbek SM	11,924	13,552	18,230
Australia SM	11,707	13,304	17,887
Burkina Faso BOLA/s	11,309	12,851	17,259
India Shankar-6			
Benin KABA/s	11,309	12,851	17,259
Cameroon IRMA/s	11,382	12,933	17,373
Cameroon PLEBE 1-5/32"	11,707	13,304	17,887
Ivory Coast MANBO/s	11,309	12,851	17,259
Mali JULI/s	11,418	12,975	17,430

China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	12,717	48	88.45
CNCE July	13,072	323	90.92
ZCE July	13,225	430	91.98

State Reserve calculation	yuan/tonne	cents/lb
Base Price week ending June 23	12,325	85.73
Running average week to date	12,458	86.65

	yuan/tonne		cents/kilo
polyester	6,610	-	45.97
viscose	13,510	-10	93.97
32s carded yarn	20,400	-	310.70
40s combed yarn	23,200	-	353.35
Monthly yuan/dollar customs exchange rate			6.5216
Actual Rate (Jun 23)			6.5658

Type 137 premium on CC Index



20 billion yuan), preferential tax and electricity rates, a further increase in the differentiated textile and clothing freight subsidy (1,000 yuan per tonne in the south and 800 in other Xinjiang regions), increased support in the four special prefectures in southern Xinjiang, and interest subsidies for fixed-assets investment and working capital loans. Other subsidies include staff training, social security and support for the finishing industry (in the form of promoting high standards for printing and dyeing wastewater treatment facilities) and for export-oriented companies, as well as for employing skilled technicians from the 'mainland'.

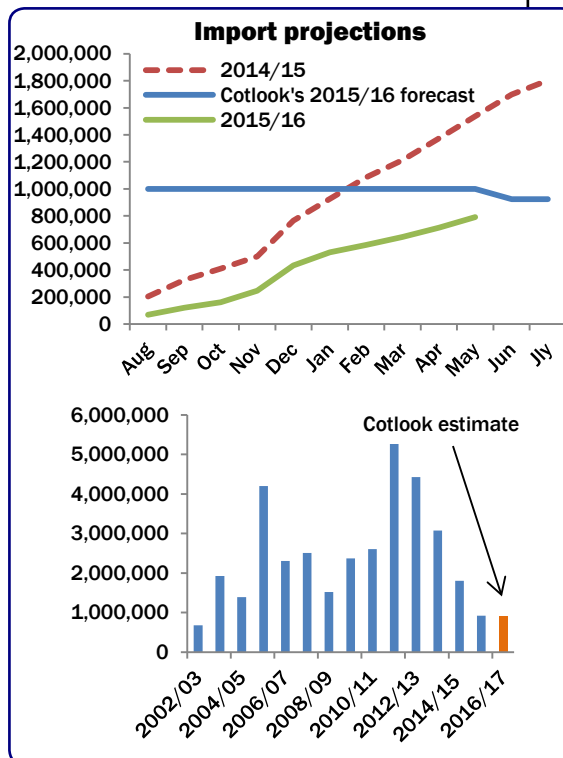
The policies clearly spell out the central government's strong commitment to support the textile and garment industry in Xinjiang. Currently, the largest investment in Xinjiang is still upstream in the spinning industry, which is reflected by the increased supply of yarn offered to 'mainland' enterprises (to some extent, displacing foreign imports). The future objective, however, is to create a spinning - weaving - clothing industry chain. The main obstacle to the achievement of this goal is perceived to be the recruitment of the right calibre of professional staff.

May raw cotton imports

According to customs data, imports of raw cotton during May amounted to 78,235 tonnes, which is some 12.2 percent more than in April but equivalent to less than half the quantity imported during the same month last year. The US was the largest supplier.

Cumulative imports during the international cotton statistical season, which commenced on August 1, 2015, now amount to 792,001 tonnes, or less than 52 percent of the comparable figure in 2014/15. Australia headed the list of suppliers, followed by the United States and Uzbekistan. Imports during the season as a whole now seem unlikely to much exceed 925,000 tonnes and unless a change in policy occurs, a similar figure might be anticipated in 2016/17.

	Raw cotton imports	
	May	Aug/May 15/16
World	78,235	792,001
Australia	9,742	195,975
United States	34,456	140,831
Uzbekistan	9,658	133,291
India	4,036	112,367
Brazil	5,168	108,476
Cameroon	7,968	42,303
Mexico	406	13,163
Benin	586	10,894
Sudan	1,347	7,067
Cote d'Ivoire	1,999	5,287
Israel		4,898
Burkina Faso	782	3,904
Mali	999	2,612
Egypt		1,956
Zimbabwe		1,525
Chad		1,100
Others	1,089	6,354



Exports of raw cotton from August through to the end of May (presumably consisting mainly of the re-export of consigned stocks) amounted to 26,081 tonnes.

Cotton yarn stocks at ports

According to port traders, imported yarn stocks in bonded areas are estimated currently at 72,000 tonnes, some 8,000 tonnes less than the figure in late May. The total comprises 13,000 in Guangzhou (from India, Indonesia, Vietnam, Pakistan, Uzbekistan, China Taiwan and the United States), 18,000 in Qingdao (mainly from India, Pakistan and Vietnam), 12,000 in Ningbo (mainly from India and Pakistan), 20,000 in Zhangjiagang (from India, Pakistan, Indonesia, Vietnam and Uzbekistan and 9,000 in Shanghai (from India, Pakistan and the United States).

Prices asked for Indian carded 32s and two-fold carded 32s (both have been actively traded) have increased by around 200 yuan per tonne to 20,000/20,300 and 26,000/26,500 yuan per tonne, respectively.

Cotton yarn imports

During May, China imported 155,028 tonnes of cotton yarn (excluding re-imports of Chinese made supplies), versus 163,930 tonnes during the same month a year earlier. Imports were lower from the customary, main suppliers, including both India and Pakistan. The category of goods in question is cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not put up for retail sale.

From August through May, imports amounted to 1,595,326 tonnes, or 78 percent of the quantity imported during the whole of the 2014/15 season. The proportions by major supplying countries were as follows: India 78 percent; Vietnam 93 percent; Pakistan 63 percent; Uzbekistan 86 percent; Indonesia 70 percent; Taiwan 78 percent.

	Cotton yarn imports tonnes	
	May	Aug/May
India	39,395	490,470
Vietnam	49,651	413,642
Pakistan	30,373	359,282
Uzbekistan	8,834	81,533
Indonesia	9,869	80,133
Taiwan	8,094	64,228
United States	1,898	27,263
Korea South	1,336	24,934
Malaysia	2,246	23,687
Thailand	1,464	18,841
Others	1,868	11,313
Total excl re-imports	155,028	1,595,326
China	6,356	62,413
Grand total	161,386	1,657,739

Source of Data: China Customs

Turkmenistan

Sales of the exportable surplus from the 2015/16 upland crop are now virtually complete. Only a minute volume – just 773 tonnes of upland, most being low grades – are currently on offer for auction at the Exchange in Ashgabat. The quantity of upland cotton sold this season stands at around 210,000 tonnes. The figure for long staple varieties is around 14,500 tonnes, and sizeable quantities still feature on the list of offers at the auction. The current list includes around 5,810 tonnes. However, in general, long staples are less appealing to the international trade on price and demand considerations. Hence, sales have progressed at a more pedestrian pace. Some observers believe that the long staple remnants will be carried forward into the 2016/17 marketing season.

Our estimate of the 2015/16 crop has been adjusted downwards to 295,000 tonnes on an understanding that the supply available to the domestic industry has not matched the quantity expected earlier in the season. Within the total, production of long staples is put at around 22,500 tonnes.

The new crop is said to be making satisfactory progress under conditions that are not yet ideal but are seen as somewhat better than last year. A recent heatwave, when the temperature rose rapidly to over 40 degrees Celsius, proved to be short-lived and more normal conditions for the time of year have since returned in the cotton producing areas. At this stage, most expectations for the potential size of the crop are similar to the 2015/16 season, including those for long staple production.

Auction sales (in tonnes)						
Cumulative totals by June 21, 2016						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Upland	244,524	141,634	237,424	167,117	246,976	209,706
Long staple	19,911	18,300	19,443	17,204	19,726	14,348
Total	264,435	159,934	256,867	184,321	266,702	224,054

Source: Official data

Pakistan

Planting nears completion

New crop planting is now nearing completion though work in some of the late-sown areas of upper Sindh and southern Punjab may persist until the end of the month. At this stage, a wide consensus prevails that the area put under cultivation will fall short of the target of three million hectares by around 5 to 10 percent. Conducive weather conditions during the crucial crop development phase can improve yields, however, and thus enhance the production outlook. The weather has remained hot and dry, with day-time highs reaching into the low-40s degrees Celsius.

The Ministry of Textiles has asked the government to set a support price for new crop seed cotton of Rs. 3,000 per 40 kilos and to prepare for the procurement of two million bales (in equivalent seed cotton) by the Trading Corporation of Pakistan (TCP). The Punjab government's agriculture wing has been lobbying for such a move. Private sources are sceptical that the government will implement such measures, particularly in view of the problems faced in procurement and disposal by the TCP two seasons back.

Very modest new crop seed cotton arrivals have continued to reach cotton stations from the earliest districts of lower Sindh and are being sold at between Rs. 3,050 and Rs. 3,200 per 40 kilos. Quality is reported to be very good (apart from the usual high moisture content at this point in the crop movement phase).

New crop cotton rates advancing

Steady to firm conditions have prevailed in the cotton market. The sharp drop on June 21 in ICE cotton futures failed to have much effect on domestic prices as the local supply and demand position determined market conditions. New crop arrivals have remained extremely modest and have attracted good buying interest. On June 22, business was reported at between Rs. 6,000 and Rs. 6,100 per maund, ex-gin, for prompt delivery, which is higher than the initial rate of around Rs. 5,800.

Remnant stock lots from the current crop are being liquidated with more vigour as ginners wish to dispose of inventory, while mills have started to be slightly more active buyers. Business in the better quality 2015/16 crop stocks from upper Sindh and Punjab has taken place at unchanged prices between Rs. 5,400 and Rs. 5,800 per maund (roughly US 63.00/67.65 cents per lb), ex-gin. Lower grades, mostly from lower Sindh, have continued to attract a discount of some Rs.700 to Rs.800 per maund.

The Karachi Cotton Association's official spot rate for 2015/16, Grade III (Staple: 1-1/16" & Micronaire: 3.8/4.9 NCL) was set on June 22 at Rs.5,600 per maund, ex-gin, (up Rs.100 on the week).

Spinners are concerned over the sharp escalation in new crop domestic prices and have complained that these are not workable in terms of ruling yarn values, which have been mostly flat. However, the lack of seed cotton arrivals in any volume has remained the key element in driving new crop rates upward. Mills hope for more balanced rates after the Eid holiday, in early July, when arrivals are expected to pick up momentum.

Trading Corporation of Pakistan

On June 22, the *Trading Corporation of Pakistan* (TCP) was able to dispose of 21,100 bales of 2014/15 crop stocks.

8,000 bales of Grade 1 Staple 1-3/32" and Grade 2 staple 1-1/8" attracted Rs. 6,060 per maund and 13,100 bales of Grade 2 staple 1-3/32" were purchased at Rs. 5,985.

Unsold stocks held with the TCP total 22,900 bales.

Active demand for imports continues

On the import front, a reasonably active mill buying interest for foreign growths has been witnessed during the last few days. Current crop US upland 'recaps' have continued to attract buying interest and further business has been concluded, with prices depending on the specifications. Some current crop Burkina Faso Type BOLA/s 1-1/16" has been concluded at around 70.00/71.00 cents per lb, CFR Karachi. Business in Indian new crop has been mentioned at around 70.50/71.00 cents per lb and 'on-call' at 700 US cent points 'on' March ICE cotton futures.

Fine count spinners have booked more volumes of Turkmen long staples, in a range of qualities.

May raw cotton imports

During May, raw cotton imports totalled 35,868 tonnes, compared with 23,212 tonnes in the same month of last year and 52,464 tonnes shipped in April. May's figure is the lowest since October last year. Total imports for the August/May period amount to 451,718 tonnes, compared with 157,996 in the corresponding period of 2014/15.

Yarn and textiles

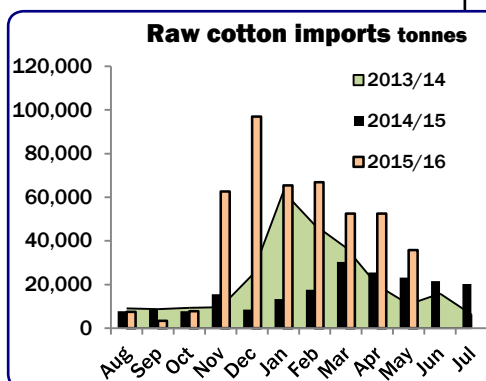
Unchanged conditions have prevailed in the local yarn and textiles market. Yarn demand has remained moderate over the last few days, with satisfactory yarn offtake from local weavers and knitters. Some pre-holiday requirements from downstream manufacturers have been filled.

However, many of buyers are only willing to pay prices below those acceptable to spinners.

Export yarn demand from foreign sources has failed to improve. Although mills have faced less aggressive competition in coarse count yarns, mainly Indian, owing to the firmness of Indian cotton prices, they have still struggled to book volume sales at prices deemed workable.

Asking rates for 20/21s carded yarn have once again been maintained at around US\$400.00/425.00 per 400 lb bale, FOB, while those for 30/32s carded yarn are also unchanged at US\$470.00/495.00.

Polyester staple fibre prices have remained steady at Rs.115/116 per kilo.



India

Southwest monsoon advance falters

Late last week, the indications were that the Southwest monsoon was set to revive, following the formation of a cyclonic circulation forming in the Bay of Bengal and references were made to the monsoon reaching a peak during the last ten days of the month. On Monday this week, the prediction appeared to have materialised; monsoon rains were reported to have covered Maharashtra, the northern limit, according to the Meteorological Department, was running through southern Gujarat, southern Rajasthan, northern Madhya Pradesh, Uttar Pradesh and the edges of the Northern Zone, and conditions were described as favourable for the further advance of the weather system over the following days.

By Wednesday, June 22, however, reports had taken on a different hue. Winds had slackened and the weather system was thought unlikely to develop further, according to officials, in the following days. Light rain was nevertheless recorded in parts of Punjab and skies were overcast in Haryana, while precipitation was in evidence in Maharashtra and Madhya Pradesh. Furthermore, some contrasting reports continued to suggest that the monsoon's movement will resume before the month's end.

The duration and spread of monsoon rainfall is of course key to the eventual size of the cotton crop. The next month or so will be crucial. Most observers now foresee a slight dip in the area planted nationwide (parts of the Northern Zone affected by last season by whitefly are already said to be lower). Some reports have alluded to a switch of land to pulses and oilseeds. In Gujarat, reference has been made to a decline in area of around ten percent, foreseeing preference turning to groundnut. Rather more sanguine observers say that farmers will still choose cotton, which is more resilient in periods of dry weather and which therefore may remain the cash crop of choice for many farmers.



Sowing of the new crop has begun in central regions and operations are expected to peak toward the beginning of July.

Focus on imports

Local prices for old crop remnants remain prohibitively dear for most spinners. The 'upcountry' price for Shankar-6 on June 22 was around ₹41,000 per candy (around 77.40 US cents per lb), slightly off the preceding day's peak level during the season of ₹41,500. Prices on the MCX futures exchange, for the most part, have maintained an upward trajectory.

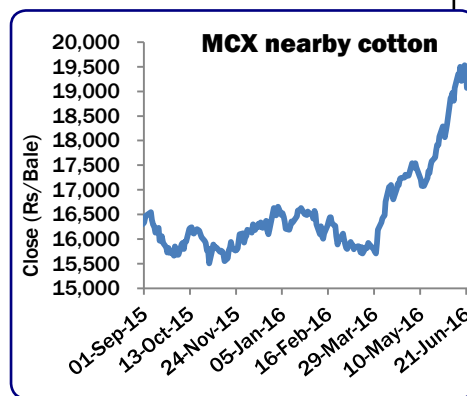
In the circumstances, buying focus has remained on imports. Southern mills have been regular sources of enquiry for a range of growths, including Australian, West and East African and fair quantities of business are said to have been arranged.

In the export arena, meanwhile, attention is turning toward new crop price ideas. Tentative offers for Shankar-6, 1-1/8", have been circulating at around 800 US cent points per lb 'on' ICE US December futures, CFR main Far Eastern markets, though little evidence of firm transactions has been forthcoming.

The Cotton Association of India has issued a press release in which it takes strong exception to the stance taken by the All Pakistan Textile Mills Association (APTMA) that restrictions should be placed on exports of Pakistan cotton to India.

Government incentives wanted

Apart from rising raw material costs, the attention of the textile industry' has focused on government decisions in regard to support for the industry. Press reports on June 23 indicated that the textiles and clothing sectors have been provided with a package of measures that are construed as positive contributions to their international competitiveness and to employment prospects. The package includes direct financial assistance, more flexible employment laws and other incentives. The government's action has been welcomed by a number of industrial organisations, including the Confederation of Indian Textile Industry (CITI), and by private industry.



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Celebrating Silver & Moving Towards Gold

Bangladesh

During the past week, those spinners that have been in the market have continued to focus on the usual Central Asian origins, as well as on West African (lower grades, shorter staple), Indian, Brazilian, Australian and US 'recaps'. Mills have expressed concern regarding the diminishing offers of upland higher grades. Local sources estimate that mills have perhaps covered half their spinning requirements between August and October.

Attractive raw cotton offers in circulation have included US Eastern/M/O/T SM 1-1/8", quoted at around 76.00, with asking prices for Indian MCU-5, 31mm, 31 GPT typically firm at around 84.00 cents per lb.

Reports of confirmed business have revealed more mill buying activity than of late. Some spinners have booked cotton for shipment in July, including Indian MCU-5 staple 30mm, G-5, 29 GPT at 83.00 and Australian SM 1-5/32", Micronaire 3.7/4.9 NCL, 30 GPT at 81.00 cents, with SLM and similar staple at a 550 cent points discount. West African Light Spotted 1-1/8" has also found buyers at between 73.00 and 74.50 cents per lb. Uzbek BGM 1-1/8" has moved off at 80.00 cents.

Offering rates for Central Asian high grades 1-1/8" from supplies in local warehouses have moved higher to 78.00 cents per lb and above, whereas those for Indian Shankar-6 1-1/8" have also increased to around 81.00 cents per lb, ex-warehouse. MCU-5 30 mm has continued to command a premium over Shankar-6.

Yarn rates

Local yarn rates have registered a slight increase this past week. Those obtainable for carded 30s have been raised and are now placed in the range of US\$2.75/2.85 per kilo.

Turkey

Import demand for raw cotton has remained sluggish during the past week. As reported last week, a number of mills are believed to have covered their principal requirements through to September. Even for those spinners with requirements still to cover, the recent strengthening of trade offers in sympathy with New York has provided a disincentive to enter the market.

Turnover in remnants from the Turkish 2015/16 crop, however, has been fairly active. Prices paid have been reported at around TL4.50/4.75 per kilo (roughly 73.50/74.50 cents per lb), often with deferred payment terms (one or two months).

On the Izmir bourse, 41/3-4 colour grades from Torbali, a district in the province of Izmir, have fetched TL 4.80 per kilo (around 75.00 US cents per lb), ex-gin, payment at one week. Buyers bid around TL 4.75 for 51 grades, but sellers held out for firmer prices.

Some spinners' tendency to wait-and-see has doubtless been reinforced by the generally optimistic outlook for the domestic 2016/17 crop. The area sown to cotton this spring has increased and, as anticipated, the return of clear, very hot weather has restored confidence in the prospects for the crop. Following a period of rather wet and cool weather in early June, daytime temperatures have been rising into the low to mid-40s Celsius, which should assist the development of cotton plants.

Egypt

Alcotexa to push for 'free market'

In its General Assembly on June 20, *Alcotexa* (the exporters' association) decided to press for a free market in 2016/17, rather than the crop moving almost exclusively through the hands of the Holding Company and the affiliated public companies, as has been the case this season. In so doing, the association has apparently presented a suggestion in regard to the financing and procurement of 'fundamental' seed cotton in 2016/17.

Sowing progress

The latest figure for the area sown is reported to be slightly above 128,000 feddan (virtually acres), or less than three quarters of the intended planting area.

A move to mechanical harvesting is anticipated as regards Giza 95 in Upper Egypt if the area under this variety is expanded in scale in future.

Export registrations

During the week ended June 18, new sales registered by *Alcotexa* amounted to 1,005 tonnes, all of Giza 86. Destinations to which commitments increased included India, Egypt's 'free zone', Pakistan and Portugal. A reduction was shown for the United States. The prices paid were 120.50 US cents per lb, FOB, for 612 tonnes, 119.00 cents for 128 tonnes, 124.50 cents for 125 tonnes, 103.00 cents for 90 tonnes and 112.00 cents for 50 tonnes.

The running total for shipment this season rose to 28,715.20 tonnes, of which 20,844.5 tonnes have actually been shipped.

Tanzania

Following recent discussions with various stakeholders, an indicative floor price for seed cotton for the season ahead has been established at Tsh.1,000 per kilo (equivalent to around 45.70 US cents per kilo). The seed cotton marketing campaign was scheduled to begin formally on June 21.

The corresponding value last season was Tsh.820 (around 40.50 cents at the prevailing exchange rate), though the prices actually paid rose appreciably as the season progressed

By way of comparison with international market values, the Cotlook A Index stood on June 17, 2015 (the start of the previous marketing season) at 72.35 US cents per lb, CFR Far East. The Index on June 21, 2016 was modestly higher, at 75.05 cents per lb.

Zambia

Crop prospects

Mixed views persist as to the size of this year's prospective output. Ginners foresee production of around 120,000 tonnes of seed cotton (say, 48,000 tonnes of lint), which would exceed the previous season's outturn by around nine percent. A more conservative view is 105,000 tonnes (40,000). The latter numbers – which are lower than previously indicated – are predicated on the assessment, as indicated for some time, that the late rains which arrived toward the end of February may have boosted vegetative growth but not necessarily assisted fruit production.

Far Eastern Markets

Midway in the period under review, the spike in ICE cotton futures, which was mirrored in shippers' asking rates, tended to place a dampener on mills' enthusiasm to buy, except for urgent nearby requirements. The recent downward move in futures drew out a bit more mill interest. Some markets across the region have focused on discounted US lower grade 'recaps', while Indian styles have become too expensive and supplies of West African with shippers have become sparse. Some business in Australian and Brazilian has continued. The limited forward demand has generally been restricted to 'on-call' purchases, as mills continue to be extremely cautious about commitments further out in the year.

During the past week, purchases in **Taiwan** have centred on US and Brazilian styles. Transactions have involved several hundred tonnes of Eastern/M/O/T lower grade 'recaps', at prices ranging from 63.25 cents per lb for June/July shipment to 62.00 cents for July. A further 600 tonnes of 31-3-36 'green cards' from the 2016/17 crop have commanded 1,030 cent points 'on' ICE March cotton futures, for November/December shipment. Another 'on-call' purchase has involved 1,000 tonnes of Brazilian Middling 1-1/8", G-5, 28 GPT, at 750 cent points 'on' December, for August/September at seller's option.

Continued on page 18



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For Taiwanese-owned operations overseas, 200 tonnes of Eastern/M/O/T lower grade 'recap' have been traded at 62.75 cents per lb, CIP Mexico, for June/July shipment, together with a similar quantity of Mexican Middling, 1-1/16", Micronaire 3.0/4.7 NCL, at 64.95. 260 tonnes of South African SM 1-1/8", G-5, 28 GPT, have meanwhile been taken up at 70.15 cents, for July/August shipment, CIP Lesotho.

Following several weeks of relatively slow business, several **Indonesia** mills returned to the market on June 22 to follow the lead of a large local entity and take up quite a few thousand tonnes, in total, mainly of US descriptions, against outstanding July shipment requirements. Earlier in the period, Eastern/M/O/T 'lower grades', for July shipment, commanded 65.50 cents per lb and from the same origin and for the same shipment, Middling 1-1/8", G-5, found buyers at 71.00 cents. Australian Middling 1-5/32" G-5 has moved off at prices below 78.00 cents, CFR. The local yarn market has been slowing on the approach of the long Eid holiday during early July.

During the week ended July 17, a few **Japanese** mills entered the market to buy limited supplies, for nearby shipment, against their regular requirements. Buying interest was mainly aimed at US and Australian styles, for medium and course count yarn production. Turnover during the period is estimated at a moderate 4,500 bales.

A couple of mills in **South Korea** recently bought around 500 tonnes of US 2015/16 crop for their local and overseas operations.

Recently, mills in **Vietnam** have been making daily enquiries, mainly for cotton that can be shipped promptly, or is already afloat. Few spinners have been interested in buying against any long-term forward requirements. Most mill enquiry has been for West African or US origins; Indian and Australian have been regarded as relatively expensive. Buyers' price ideas have fluctuated around 154.00 US cents per kilo (70.00 US cents per lb) for West African 's' grades. However, shippers' supplies of West African current crop are now limited and they can command higher prices from mills in southern India than from in Vietnam.

Taiwan's April imports

During April, imports of raw cotton totalled 11,581 tonnes – over 41 percent less than in the same month last year. Cumulatively, imports during the 2015/16 season (commencing August 1) to the end of April reached 116,889 tonnes, some 20 percent less compared with a year earlier.

April's imports came principally (61.5 percent) from the United States. India and Brazil were the other two main suppliers. The US supplied 46 percent of imports from August through April, Brazil accounted for a further 27 percent and India for around ten percent.

Japan's August/May imports

During the first 10 months of the 2015/16 season (commencing August 1) imports of raw cotton totalled 56,459 tonnes, compared with 49,476 in August/May of 2014/15.

The main sources of supply were the US at 22,856 tonnes, followed by Greece at 11,999 tonnes, Australia at 8,718, Brazil at 5,888 and Argentina at 3,236.

Japan		
Raw cotton imports (tonnes)		
Country	2014/1	2015/16
Aug/May		
U.S.A.	21,207	22,856
Greece	5,063	11,999
Australia	8,454	8,718
Brazil	7,694	5,888
Argentina	2,660	3,236
Mexico	1,860	1,424
Zimbabwe	319	782
India	831	742
Turkey	151	287
Egypt	513	216
Others	724	313
Total	49,476	56,459

Taiwan raw cotton imports

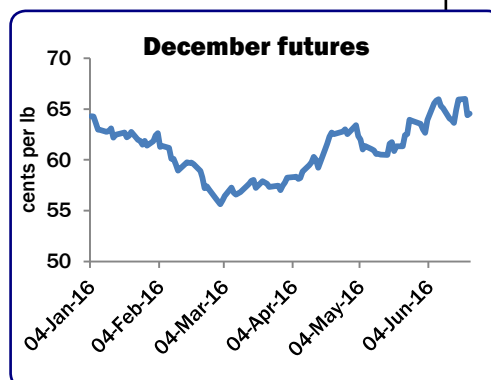
	2014/15	2015/16
	Aug/Apr	Aug/Apr
United States	56,886	54,384
Brazil	34,807	32,103
India	20,904	11,997
Cote d'Ivoire	4,518	4,561
Mexico	2,468	3,281
Argentina	6,213	1,552
Mali	2,127	2,707
Burkina Faso	1,274	600
Cameroon	3,792	640
Benin	3,547	1,093
Pakistan	4,982	509
Others	4,660	3,461
Total	146,177	116,889

United States

More detailed cotton news from Washington will be released on June 30, in the form of the USDA's planted acreage report, which should give additional guidance on the size of the 2016/17 US crop. Most of the industry hopes to see lower abandonment and higher yields this season. Earlier in the season, many analysts referenced the crop being late this year, due to a prolonged wet, cool spring, but hot and dry weather over much of the cotton belt in the last week has pushed plant development forward quickly. Growers from the Texas South Plains indicate strong early growth. The extended period of dry and sunny weather has increased squaring across the Mid-South, and early blooms have been reported on some South Delta fields.

December '16 cotton moves higher

The December '16 contract has continued to trade to the upside of its long term range, moving between a low of 63.40 and a high of 66.64 cents/lb. The settlement price of 65.99 cents on June 20 was the highest since July 1, 2015. Subsequent resistance



moved the contract somewhat lower. Over the five day period ending June 22, nevertheless, December gained 91-points.

There was no apparent reason for the downward correction that occurred on June 21, though other agriculture commodities also settled lower as the US dollar strengthened. Turnover has slowed somewhat this week with an estimated 173,370 contracts traded, compared with last week's 219,586 contracts.

The July '16 contract, meanwhile, has held in a 62.30 to 66.50 cent range since June 1. The July delivery period will commence on June 24 and ICE will release any notices on the afternoon before, if there are any. July options expired on June 10.

Certificated stocks have increased to 132,527 bales (its highest level in 11 months) with most of the cotton held in Galveston and Memphis area warehouses.

During the week ended June 14, speculators increased their net long margin to 23.3 percent of the total open interest (200,824 contracts), as reported by the CFTC. Specs reduced longs by 2,259 and shorts by 2,439. Commercial traders' net short position increased to 27.2 percent net long versus 26.5 percent the previous week. Traders reduced longs and shorts by 2,891 and 4,258, respectively.

Modest sales continue

Buyers looking to cover nearby requirements for high grade US cotton have found increasingly that the supplies available are limited and typically priced several cents above what they consider to be workable levels. Sellers report slow negotiations as they work to match the available bales with buyers' quality and price expectations. Spinners in the US continue to enquire and purchase supplies nearby and through the third quarter. Enquiry has been reported from China, with some light volumes sold.

CCC Loan

According to the Commodity Credit Corporation, 20,965 bales of 2015/16 crop upland cotton were repaid during the week ended June 13, and no new entries were reported. Total redemptions for the marketing year therefore rose to 6,030,973 bales, leaving the outstanding stock at 726,473 bales, of which independent farmers held 102,000 and cooperatives and loan servicing agents controlled 624,473.

Sales slowed on the spot market this week to 2,177 bales, compared with 3,408 a week ago. The majority of sales were from West Texas (1,595) followed by East Texas/Oklahoma (411) and the Southeast (171). The season's turnover increased to 1,462,137 bales. Basis levels were mixed with the USDA reference spot month shifting recently to October '16.

The *Seam's* grower sales were limited to 88 bales, which sold for an average 58.58 cents per pound. Business sales totaled 1,335 bales with an average price of 59.64 cents per pound. Season totals increased to 972,743 and 307,683 bales, respectively.

USDA

Registration for the Ginning Cost-Sharing Program (which will provide a one-off payment to cotton farmers, based on their 2015 cotton acres multiplied by 40 percent of the average ginning cost for each production region) started on Monday, June 20 and will last through August 5, 2016. There will be no deadline extension, so the one-time initiative has to be taken advantage of during that timeframe. More information can be found at: www.fsa.usda.gov/cgcs

The latest crop progress report from the USDA shows that 95 percent of fields were planted to June 19, which is slightly lower than the 98 percent five-year average. Squaring was slightly ahead of the normal pace, at 22 percent. A marginal improvement in the health of the crop was reported on the week. Fifty-four percent of stands were considered 'good to excellent', 38 percent 'fair', and 8 percent 'poor to very poor'.

ICE No. 2 Cotton Futures

(in cents per lb)

No. 2:

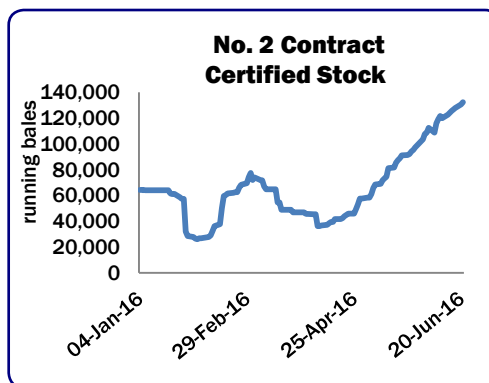
	22-Jun	15-Jun	Change
Jly-16	62.94	62.59	0.35
Oct-16	64.08	64.32	-0.24
Dec-16	64.53	63.62	0.91
Mar-17	65.11	64.27	0.84
May-17	65.57	64.66	0.91
Jly-17	66.04	65.09	0.95
Oct-17	65.84	64.93	0.91
Dec-17	66.11	64.83	1.28
Mar-18	66.18	64.96	1.22
May-18	66.14	64.91	1.23

Certificated stock as of Jun 21 totaled 132,527 bales.

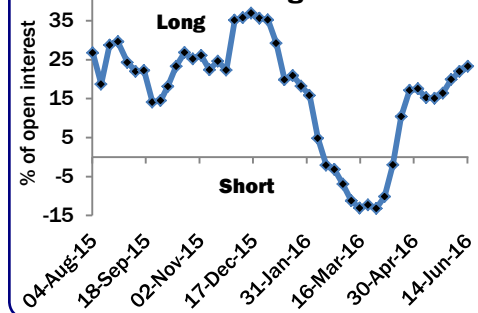
Chicago Futures

(in cents per bushel)

	22-Jun	15-Jun	Change
Soybeans			
Jly	1137.50	1156.00	-18.50
Sep	1123.75	1145.00	-21.25
Nov	1116.75	1138.50	-21.75
Wheat			
Jly	458.75	477.50	-18.75
Sep	472.25	489.50	-17.25
Dec	493.00	510.25	-17.25
Corn			
Jly	393.00	429.00	-36.00
Sep	398.25	434.00	-35.75
Dec	404.00	439.50	-35.50



New York speculators' net margin



Grower To Business

Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	58.58	12	77	89
Total	58.58	12	77	89

Business To Business

Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southeast	55.50	18	330	348
Southwest	61.10	19	968	987
Total	59.64	37	1,298	1,335

US Upland Statistics

Summer-like weather has ruled during the period under review, with above-average temperatures for the time of year recorded across most of the cotton belt. Heat advisories have been in effect from the Far West to the Southeast. The high temperatures have boosted plant development in many locales, but some shedding of fruit has been witnessed in areas short of water supplies. Timely rains will be needed to ensure a uniform fruit set in non-irrigated fields.

Sowing is nearing an end in **Texas**, where 94 percent of the crop was in the ground as of June 19. The final insurance planting deadline for the southern Rolling Plains was June 20, and a vast majority of West Texas fields have been sown. Statewide, crop development was on schedule at 15 percent squaring, and the health of stands was relatively good, with 48 percent 'good to excellent'. Mostly open skies have been reported late in the period under review, following earlier thunderstorms, which brought light to moderate precipitation, accompanied in some instances by hail. Although it is still too early to assess damage to the young crop, some losses are likely in fields that were hardest hit. In other areas, plants have exhibited signs of strong vigor in some earlier-sown fields, and producers are applying growth regulators. Squares are expected to appear soon on some of the older cotton.

Hot, humid conditions have prevailed across South Texas, where heat indices have climbed into the low 100's (F). Light precipitation has fallen as Tropical Depression Danielle moved inland across eastern Mexico. Rain accumulations, though, have been generally light. The first bale from the 2016/17 crop has been ginned in the Rio Grande Valley, which is about two weeks earlier than normal. The cotton was hand-picked, but widespread harvesting is unlikely to begin before July. Most of the Coastal Bend crop is at peak bloom, while some of the later-sown fields in the Upper Coastal Bend are just beginning to square. Soils are drying out across East Texas and the Upper Coastal Bend, and plant health is improving.

Mostly overcast, sultry conditions have prevailed in the **Memphis Territory**, with heat index readings from 100° to 125° (F). Strong thunderstorms moved through parts of the Delta during the period under review, and damaging winds, hail and brief downpours were reported. Stands may have been damaged in parts of the Mississippi Delta. Hot, sunny weather quickly returned. Planting is virtually completed

LOAN STATISTICS

CCC Data as of Jun 13, 2016 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
15/16	6,757,446	6,030,973	0	726,473
14/15	7,625,042	7,624,981	61	0
Totals	14,382,488	13,655,954	61	726,473
Last period's total (June 6)				747,438

*Including 102,000 bales held by individuals and 624,473 by cooperatives.

Details by state for 2014/15 crop and 2015/16 crop upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	- OUTSTANDING -	
	2015/16	2014/15
N. Carolina	4,866	-
S. Carolina	0	-
Georgia	6,525	-
Alabama	20,680	-
Florida	1,786	-
Virginia	186	-
Southeast	34,043	0
Tennessee	48,148	-
Missouri	57,658	0
Mississippi	36,118	-
Arkansas	59,474	-
Louisiana	11,091	-
Memphis Terr	212,489	0
Texas	412,623	0
Oklahoma	45,876	-
Kansas	10,076	-
South West	468,575	0
New Mexico	4,749	-
Arizona	483	-
California	6,134	-
Far West	11,366	0
Upland Total	726,473	0

American Pima

PIMA SPOT QUOTATIONS

Selected markets to Jun 22 compared with Jun 15 in parenthesis, were as follows

AMERICAN PIMA

GRADE	1-3/8" (44)	1-7/16" (46)
2	118.50 (118.50)	125.50 (125.50)
3	104.75 (104.75)	111.75 (111.75)
4	84.00 (84.00)	91.00 (91.00)

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

Pima CCC Loan Activity

running bales to Jun 13, 2016

	Total	Repayments	Forfeitures	Outstanding
	Entries		tures	Stock
2015/16	266,785	205,917	-	60,868
2014/15	323,541	323,541	-	-
	590,326	529,458	-	60,868
Previous Total Outstanding (June 6):				75,592
	2015/16		2014/15	
Arizona	8,936		-	
California	41,314		-	
New Mexico	3,064		-	
Texas	7,554		-	
Pima Total	60,868		0	

SPOT MARKETS

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

	Prices		Turnover (bales)
	(cents per lb)		
	22-Jun	15-Jun	
Southeast	64.08	(63.10)	171
N. Delta	63.58	(62.85)	0
S. Delta	63.58	(62.85)	0
E. Tx/Okla	59.00	(59.25)	411
West Texas	59.00	(59.25)	1,595
Desert Southwest	61.33	(59.35)	0
San Joaquin Valley	62.58	(60.60)	0
7 MARKET AVERAGE	61.88	(61.04)	
Turnover for the period ending Jun 22			2,177
Total turnover for season to Jun 22			1,462,137

Selected markets to Jun 22 (Jun 15 values in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	64.33 (63.60)	63.58 (62.85)
1-3/32" (35)	66.33 (65.60)	65.58 (64.85)

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

NY No.2 Oct '16-'50

SAN JOAQUIN VALLEY

1-3/32" (35)	72.48 (70.50)	65.58 (63.60)
1-1/8" (36)	75.98 (74.00)	66.38 (64.40)

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

NY No.2 Oct '16 +840

WEST TEXAS

15/16" (32)	56.00 (56.25)	54.50 (54.75)
1" (33)	59.25 (59.50)	59.59 (59.84)
1-1/32" (34)	60.75 (61.00)	59.25 (59.50)

W. Texas Micronaire (cent points per lb):

	22-Jun	15-Jun
24 & Below	-975	-975
25-26	-925	-925
27-29	-650	-650
30-32	-450	-450
33-34	-275	-275
35-36	0	0
37-42	15	15
43-49	0	0
50-52	-265	-265
53 & Above	-400	-400

Strength grams/tx (cent points per lb):

Mfs Terr	Mfs Terr	W Texas	SJV
19.0-19.9	*	-175	*
20.0-20.9	*	-175	*
21.0-21.9	-300	-150	*
22.0-22.9	-250	-125	*
23.0-23.9	-200	-100	*
24.0-24.9	-175	-100	-500
25.0-25.9	-150	-100	-400
26.0-26.9	-25	-50	-300
27.0-28.9	0	0	0
29.0-29.9	0	35	0
30.0-30.9	25	45	75
31.0-32.9	50	60	125
33.0 & Above	50	100	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/tx, compressed in Mixed lots, FOB car/truck.

Crop Condition

19/06/2016

-percentages-

	VP	P	F	G	EX
Southeast					
North Carolina	4	6	29	55	6
South Carolina	0	0	53	42	5
Georgia	0	5	28	55	12
Alabama	0	4	48	44	4
Virginia	0	0	20	80	0
Memphis Terr.					
Tennessee	1	3	17	63	16
Missouri	6	13	49	30	2
Mississippi	1	7	32	47	13
Arkansas	5	5	22	45	23
Louisiana	0	5	24	67	4
Southwest					
Texas	1	8	43	41	7
Oklahoma	0	0	45	49	6
Kansas	0	1	31	65	3
Far West					
Arizona	4	0	3	55	38
California	0	0	40	30	30
Summary	1	7	38	45	9

		Basis Levels	2015/16
			Option-to-Purchase
		2015/16	Prices**
		cents per lb	cents per lb
Southeast	SLM 1-3/32"	even to 75 "on"	-
Memphis Territory	SLM 1-3/32"	50 off to 25 "on"	-
Texas/Oklahoma	SLM 1-3/32"	400 to 500 "off"	-
Far West - SJV	Midd 1-3/32"	775 to 850 "on"	-
DSW - Arizona	Midd 1-3/32"	275 to 350 "on"	-
Oct '16 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

Squaring			
19/06/2016			
-percentages-			
	June	Previous	5-Year
	19	Year	Avg.
Southeast			
North Carolina	12	25	22
South Carolina	11	16	15
Georgia	32	23	26
Alabama	38	40	34
Virginia	25	27	24
Memphis Terr.			
Tennessee	24	17	22
Missouri	51	4	17
Mississippi	35	29	32
Arkansas	55	38	43
Louisiana	42	50	51
Southwest			
Texas	15	15	15
Oklahoma	9	1	8
Kansas	8	0	3
Far West			
Arizona	50	42	48
California	20	79	41
Summary	22	19	21

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

across the region, and crop development is ahead of schedule in all states except Louisiana. The proportion of cotton rated 'good to excellent' in condition ranges from 32 percent in Missouri to 79 percent in Tennessee. Some stands in non-irrigated fields are beginning to exhibit signs of heat stress. According to the US Drought Monitor map for the week ended June 14, soil moisture levels across most of Mississippi were rated 'abnormally dry', with a few areas categorized 'moderate drought'. Hence, slow-soaking rains would be welcome soon.


In the **Southeast**, plants are thriving under mostly sunny, warm conditions. Sowing is winding down, and if good weather holds, activities likely will be completed soon. Crop development is progressing satisfactorily in all states, except the Carolinas, where squaring is behind the normal pace. Despite light to moderate precipitation, the heaviest of which was in the Carolinas, soil moisture levels in all states except Virginia deteriorated during the week ended June 14. Rain would thus be welcomed but hot, humid conditions are forecast in the near term.

Sunny, dry weather has ruled across the **Far West**. Record-setting high temperatures have prevailed in parts of Arizona, and the hot conditions are expected to linger well into next week. The Arizona crop has progressed rapidly, with stands ranging from squaring to boll development. As fruiting increases water demands will rise and irrigation management will be vital. According to the USDA, half of the state's stands were squaring as of June 19. Ninety-three percent of the crop was rated 'good to excellent', three percent was 'fair' and four percent was 'very poor'. In California, squaring is behind the normal pace and only 60 percent of plants were categorized by as 'good to excellent' in condition. In New Mexico, heat has spurred plant development, and the first round of irrigation has taken place.

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Export sales

During the week ended June 16, net export sales registrations of upland cotton for shipment during the current season amounted to 170,000 running bales, representing an increase from the previous week. The main destinations were Vietnam (72,500, including 400 switched from Japan), China (20,500), Pakistan (18,300), Indonesia (15,600, including 100 switched from Japan), South Korea (10,000) and India (9,700). A reduction was reported for Japan (400).

Net sales of 96,700 running bales reported for the 2016/17 marketing year, primarily for Turkey (33,100), El Salvador (18,600), Vietnam (18,300) and China (8,800), were partially offset by a reduction for Mexico (400).

Export shipments of 165,100 running bales were reported for Vietnam (37,100), Turkey (22,000), Mexico (16,700), China (15,300) and Pakistan (12,000).

Net sales of current crop Pima totalled 8,100 running bales. The main destinations were China (5,400, including

900 switched from Peru), Pakistan (1,800), India (1,300) and Egypt (300). A reduction was reported for Peru (900).

EXPORT STATISTICS

	UPLAND	PIMA
Official return, week ended, Jun 16.		
-in running bales-		
2015/2016 season		
Previous Outstanding Commitment	1,541,700	84,800
New Sales	176,100	8,100
Cancellations	6,100	0
Net Change in Sales Commitment	170,000	8,100
Shipped during the period	165,100	10,100
Cumulative Shipments to, Jun 16.	7,054,200	453,200
Total Outstanding Commitment	1,546,600	82,900
Theoretical Disappearance	8,600,800	536,100
2016/2017 season		
Previous Outstanding Commitment	1,575,900	40,000
Net change in Sales Commitment	96,700	500
Total Outstanding Commitment	1,672,500	40,500



XII INTERNATIONAL UZBEK COTTON AND TEXTILE FAIR

October 12 - 13, 2016 Tashkent

Invitation

DEAR LADIES AND GENTLEMEN!

It is great pleasure to invite you to the forthcoming **XII International Uzbek Cotton and Textile Fair**, which will take place **12-13 October 2016** in Tashkent.

Since 2005 the International Uzbek Cotton and Textile Fair has gained well-deserved popularity in a number of significant events in world cotton and textile industry, and attracts more than 1,000 participants from more than 40 countries from all over the world.

As a part of the fair it is planned to hold an international conference with the participation of representatives of the International Cotton Advisory Committee, the International Textile Manufacturers Federation, Cotton Outlook agency and other leading international analysts. During the conference participants-representatives of international companies, experts and scientific researchers will discuss a wide range of issues of cotton and textile sector.

Furthermore, there will be organized "round tables" and bilateral negotiations between exporters and consumers of Uzbek cotton and textile products.

Participants of the fair will have an opportunity to get acquainted with stands of the complex of cotton and textile sector of the country, with quality parameters of Uzbek cotton samples, exhibition of textile, garment and knitwear products, and also to conclude mutually beneficial contracts.

During visits to industrial enterprises guests will be familiarized with process chain from processing of cotton fiber to the production of textile products.

I hope to personally welcome you to our fair.

Detailed information about the event is available on the website www.cottonfair.uz.

Yours faithfully,



A. Kamalov
Chairman of Organizing committee

US Price Mechanism

US PRICE MECHANISM

- 2015/2016 season -

- value if applied today, June 23, 2016 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	73.21
B) Three Far Eastern 'fine count' CFRs	75.05
C) Three Far Eastern 'coarse count' CFRs	NQ
D) Cheapest US Midd. 1-3/32" CFR	73.25

ADJUSTED WORLD PRICE CALCULATION

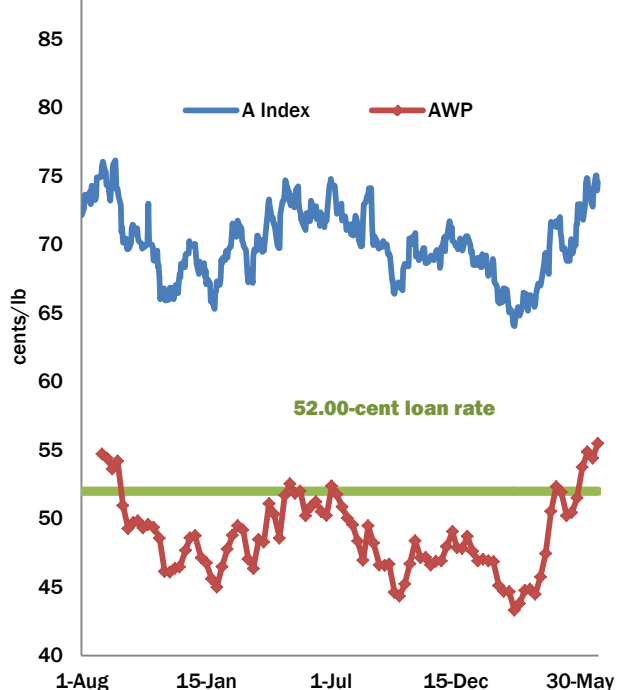
Deduct from A	
Average cost to market	14.53
Loan Quality Differential	
(at average location) between:	
Middling 1-3/32"	55.20
SLM 1-1/16"	52.00 3.20
E) Total Adjustment Factor	17.73
F) Adjusted World Price (A - E)	55.48
G) Fine Count' Adjustment Factor	must be above zero
2015 crop (current values 1.90-(B-A))	0.06
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.75)	NQ
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-3.48

The Adjusted World Price is calculated from CFR Far East quotations, adjusted to reflect quality differentials and an 'average cost to market'. The quality adjustment is derived from the loan difference between Middling 1-3/32" and SLM 1-1/16". The 'average cost to market' is determined by using values provided to USDA by cotton shippers. USDA has fixed the cost at 16.55 cents until further notice. Further adjustments to the AWP are applied by reference to differences between World Quality and Loan Quality values in the form of a Fine Count and a Coarse Count Adjustment.

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

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

A Index vs. AWP



At last calculation, the theoretical AWP was 3.48 cents/lb above the USDA's 52.00-cent upland cotton loan rate.

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	146.60
P2) P1 adjusted for quality and transportation ((P1+2.04)-18.39)	131.76
P3) Basic ELS Loan Rate (79.77) adjusted for quality 2-2-46	81.35
P4) Basic Loan Trigger = 134% of P3. P2 must be lower than P4 for four weeks for payments to be triggered	109.01

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	147.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+2.04)	148.64
P7) Theoretical value (P5-P6)	N/A
P8) No. of completed wks. P5 must exceed P6 for four consecutive weeks.	0
P9) Official current rate payable through Thursday June 23	N/A

Argentina

Good weather conditions have persisted during the past week and about 80 percent of the crop has been harvested. Some rain is forecast toward the end of the week in Chaco, Santiago del Estero, Santa Fe, Formosa and Salta.

Local market activity remains dull and confined mainly to the better grades of good staple length and suitable Micronaire.

On the export side, a few transactions have been noted in different grades, ranging from Type C-3/4 to E-1/4, mostly in the 1-1/16" to 1-3/32" staple length range. Some 345 tonnes have recently been registered for export.

Brazil

The *Esalq* Index has weakened marginally during the past week or so, to stand at R¢267.93 per lb on June 22. That value is nonetheless equivalent to around 79.35 US cents per lb. Asking prices for the limited volume of spot cotton available thus remain well above the international market.

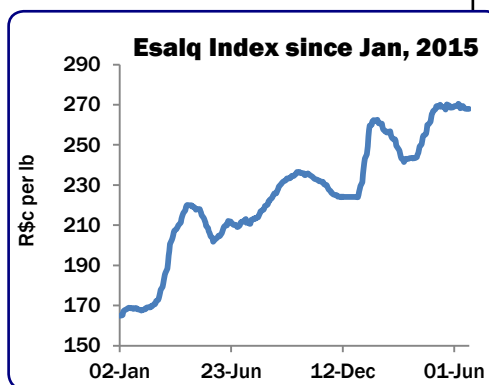
No doubt influenced by the tightness of the nearby supply, the uncertain production outlook in Bahia and the quantities already committed, farmers remain cautious sellers of cotton from the 2016 crop.

Close attention is being paid to yields, as the harvest gradually gains momentum across the centre-west and in Bahia. Results from the latter state continue to reflect the pessimism of recent field reports. It is suggested that little more than 1,000 kilos per hectare are currently being picked, although that average should improve somewhat as operations expand.

The picture overall appears much more reassuring in Mato Grosso, the largest producing state. Although some parts have, like Bahia, suffered from a lack of rainfall, average yields across the state should prove acceptable. Earlier this month, CONAB placed Mato Grosso's prospective yield at 1,554 kilos per hectare.

Picking has thus far taken place on a very small scale, and is confined to the 'conventional' crop, which accounts for less than 20 percent of plantings, the balance consisting of *safrinha* cotton, according to IMEA (*Instituto Matogrossense de Economia Agropecuária*). The same organisation estimates yields at between 1,515 and 1,665 kilos per hectare, and projects a rather more optimistic average than CONAB, of 1,635 kgs/ha.

Private forecasts of the national lint outturn are for the most part pitched below 1,400,000 tonnes, whereas CONAB's latest figure, reported earlier this month, is 1,411,100 tonnes.



Portugal

Raw Cotton Imports

During the first four months of this year, Portugal imported 10,509 tonnes of raw cotton. Nearly half (5,239 tonnes) of the total supplies imported originated from West Africa, followed by Spain with just under 1,900 tonnes. The balance of cotton imports was spread across a wide range of other origins.

Portugal

Raw Cotton Imports

Jan/Apr 2016 - in tonnes -

West Africa	5,239	US	183
Spain	1,890	Uzbekistan	150
Uganda	541	Zambia	100
India	444	Turkey	67
Zimbabwe	433	Morocco	48
Brazil	358	Malawi	41
Greece	221	Kazakhstan	40
Egypt	217	South Africa	26
Tanzania	199	Others	312
		Total	10,509



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