

WEEK IN BRIEF

Upland **offering rates** have advanced, to break out of their recent trading range. The Cotlook A Index ended the period at its highest level since mid-August... ICE futures have ended firmer in five consecutive sessions, to reach a five-month high, following heavy trading on January 4. The July/December spread has approached three cents. Open interest has advanced marginally... Prices on China's electronic markets have tended firmer on balance over the past two weeks, with the exception of the ZCE January contract. Open interest has declined during the period. Xinjiang long staple prices have eased... Interior prices in India have strengthened. The Cotton Corporation has announced that it will procure cotton at market rates in the current season. Stocks will be sold via e-auction... The National Cotton Council's Beltwide Cotton Conferences have taken place this week in Dallas, Texas.

In the United States, **harvesting** and ginning are approaching completion. Stormy weather has interrupted field work, but brought welcome moisture. Winter field preparations are continuing. Much-needed moisture has fallen in the Far West. Early indications suggest an increase in cotton area next season... Seed cotton arrivals in India have remained behind the pace of last year... Pakistan seed cotton arrivals slowed during the second half of December, but the cumulative total remained almost 12 percent ahead of the previous year... The China Cotton Association has forecast a rise in planted area of over three percent in 2017. Area in Xinjiang and the Yangtze is expected to increase while a fall is indicated in the Yellow River region. Many farmers remain undecided... Field reports from Brazil have remained positive. Good weather has provided further optimism with regard to yields... Sowing in Argentina is virtually complete. Some timely precipitation has been received but more would be welcome.

Mill purchasing has been limited. Many spinners appear to have covered their more pressing requirements ahead of New York's rally. Far Eastern markets have bought a range of growths in modest volumes. Demand has emanated from Bangladesh for the usual origins. Some Indian spinners have turned to imported cotton in the face of high domestic prices ... The US upland export sales commitment rose by 343,200 running bales during the week ended December 22. Shipments during the period were the highest of the season to date... During November, Turkey's raw cotton imports came predominantly from Greece. Export shipments during the same month exceeded 10,000 tonnes... Egyptian export registrations by late December were almost 90 percent ahead of the total in 2015... Brazilian raw cotton exports during December totalled 72,000 tonnes.

Spinners continue to complain of their difficulty in raising **yarn** selling rates... Spinners in Pakistan have reported a slight upturn in yarn off take from local enterprises. Export demand has remained dull. Overall, textile and clothing export earnings were lower during the first five months of the fiscal year than a year earlier... Imports of cotton yarn to China during November were the highest since last March. The main supplier was Vietnam... Private sources have cast doubt on the outlook for India's spinning sector... The Home Textiles Fair *Heimtextil* will be held next week in Germany.

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INTERNATIONAL COTTON PRICES

Futures break out

Upland offering rates have begun the New Year on a distinctly firm note. During most of the holiday period, New York had moved within narrow margins, but futures have gained upward momentum in recent sessions. By the close on January 4, March had broken out of its recent trading range, to record its highest close since early August. It seems that the rally has been influenced, in part at least, by mill fixations against on-call purchase contracts, but also by fund buying. Speculators have remained determinedly wedded to the long side of the market for several months now, with a net long margin last reported (in late December) to be still in excess 40 percent of the open interest, which itself remains substantial.

As far as offers of physical cotton are concerned, merchants' basis levels relative to the No. 2 contract have for the most part been maintained, despite reluctance of spinners to follow the upward movement of futures. The Cotlook A Index has moved decisively above the benchmark of 80.00 cents per lb. Mill buying interest has become rather subdued as prices have strengthened during the period, with the result that little fresh impetus has yet been derived from the demand side of the market.

Mill enquiry has been in evidence on a range of Far Eastern markets and from the Subcontinent. However, many spinners appear to have covered their more pressing requirements, and are thus inclined to await a setback to prices, or a more favourable relationship between raw cotton replacement costs and the prices obtainable for cotton yarn. The latter have continued to stagnate.

Firm Indian prices

On the origin side, the firmness of local raw cotton values in India appears to have been a prominent early influence on international trading sentiment. Local prices are perhaps still to some extent influenced by the aftershocks of demonetisation (which appears to have spread harvest pressures over a longer period and thus rendered them less acute). Sluggish arrivals have not, thus far at least, prompted any lowering of production forecasts. The strength of prices is instead attributed to strong demand from the domestic mill sector and from local traders with sales commitments to cover.

Whatever its causes, the firmness of Indian offers is supporting ginners' asking rates in Pakistan (despite the complaints of local spinners that yarn prices are unremunerative at current raw cotton replacement costs). More widely, asking rates for competing export origins such as those from the African Franc Zone have likewise benefited from an absence of downward pressure from India. Indeed, some trade reports have this week mentioned import enquiry from India, at a much earlier juncture than is customarily the case; such demand more usually surfaces, on price and quality considerations, toward the tail-end of the Indian harvest. On this occasion, it may serve as a brake on any further strengthening of local prices.

Statistical outlook

The strong tenor of immediate, post-holiday price sentiment would seem somewhat at odds with what seems on the face of it to be a rather bearish statistical outlook for the later months of the season. In marked contrast to the prospect twelve months ago, our estimates indicate that a substantial replenishment of world stocks outside China will have taken place by the end of the campaign, albeit largely as a result of higher production forecasts in Australia and Brazil, from which shipments are some way off.

As the season progresses, the prospects for world production and consumption in 2017/18, will gradually move into sharper focus. Our own initial forecasts for the new season will be published, as usual, in late February. As far as farmers' planting intentions in the Northern Hemisphere are concerned, one might perhaps already hazard some preliminary observations. As indicated above, relatively firm world prices have been in force during most of the 2016/17 season to date. Moreover, since farmers' incomes generally depend on both market prices and on yields, the recovery of productivity may serve to sustain farmers' enthusiasm for cotton in some in some major producing and exporting countries.

In the United States, average upland yields, according to USDA's December estimate, are this season placed at 810 pounds of lint per acre (908 kilos per hectare) an improvement of over seven percent from those obtained from the 2015/16 crop. Since the year-end, the December 2017 futures contract in New York has moved above the 70.00 cents per lb mark, whereas twelve months earlier the key new crop contract (then December 2016) had been languishing in the mid-60s. Although December in the low 70s might not in others seasons have provided a compelling incentive to plant cotton, observers have remarked that cotton would seem attractive in relation to competitors such as corn and soybeans.

This week's beltwide conferences in Dallas will provide an early opportunity to gauge farmers' thinking. The first substantive forecast of the new season's area will be that undertaken, as usual, by the National Cotton Council of America. NCC has already begun to canvass producers, and will as usual reveal the findings of its survey at the organisation's Annual Meeting, to be held in the same city, between February 10 and 12.


Elsewhere, this season has also seen a marked recovery of yields in India and Pakistan, where mostly benign weather has prevailed, and the pest attacks that affected crops in 2015/16 have mercifully been largely absent.

Chinese stocks

An early survey of planting intentions by the China Cotton Association suggests a recovery of cotton plantings this spring, a tentative indication to which in earlier seasons the international market might have proved more sensitive. For the time being, however, the convention of attaching only secondary importance, for the purpose of price forecasting, to China's domestic supply and demand, still seems justified. Barring a change in policy, no import quotas will this year be issued beyond the 894,000 tonnes mandated by the World Trade Organisation, as Beijing persists in reducing the huge stocks accumulated between 2011/12 and 2013/14.

The next phase in that process will get under way in just two months' time, with the resumption of state reserve auctions. Little of the protracted conjecture and uncertainty that preceded the last auction series is currently in evidence. In contrast to last year, the authorities have already announced a start date for the next set of auctions, and the practical experience gained during the 2016 series will doubtless guide participants this year. More important, perhaps, from an international market perspective, is the precedent set last year in respect of the sheer magnitude of state reserve sales: between May and September, no less than 2.6 million tonnes were disposed of.

If this year's auction series can emulate that achievement, a further significant step will have been taken in reducing stocks towards a more 'manageable' level - though Beijing has given no clue as to what such a level might be. Another successful auction series would heighten conjecture as to the point at which China's structural import requirement might prompt the government to sanction imports on a far larger scale than during 2015 and 2016, a move that could manifestly have bullish consequences for the international market. Few observers anticipate that any such transformation will take place during the year ahead, but neither does the prospect any longer seem so distant as to be unworthy of consideration.



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CFR Far Eastern Quotations for Principal Growths

Quotations as at January 5, 2017

Description	Price	Change since Dec 22	Shipment	Price	Change on week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	88.00	3.00	5/6			
Benin Kaba/s 1-1/8"	84.00	3.75	3/4			
Burkina Faso BOLA/s 1-1/8"	84.00	3.75	3/4			
Cameroon IRMA/s 1-1/8"	84.50	3.75	3/4			
Cameroon PLEBE 1-5/32"	86.25	3.75	3/4			
Chad Kero A51 1-5/32"	86.25	3.75	3/4			
Indian Shankar-6, 1-1/8"	81.00	4.50	1/2			
Ivory Coast MANBO/s 1-1/8"	84.00	3.75	3/4			
Mali JULI/s 1-1/8"	84.50	3.75	3/4			
Spanish SM 1-1/8"	85.50	3.75	1/2			
Tanzanian RG1 1-1/8"	NQ					
Texas SM 1-1/8"	85.00	3.50	1/2			
Uzbekistan SM 1-1/8"	88.00	4.00	1/2			
Zambian SM 1-1/8"	NQ					
Zimbabwe SM 1-1/8"	NQ					
Medium grades						
1-1/8" staple unless stated						
Australian Midd	NQ					
Benin BELA *	83.00	3.75	3/4			
Brazilian Midd	85.50	4.00	1/2	81.50	-	10/11
Burkina Faso RUDY *	83.00	3.75	3/4			
California/Arizona Midd	85.25	3.50	1/2			
Greek Midd	85.50	4.00	1/2			
Indian medium grades **	80.00	4.50	1/2			
Iv. Coast BEMA *	83.00	3.75	3/4			
Mali ROKY/KATI *	83.50	3.75	3/4			
Memphis/Eastern Midd	85.25	3.50	1/2			
Memphis/Orleans/Texas Midd	83.75	3.50	1/2			
Mexican Midd	NQ					
Syrian Midd	NQ					
Tanzanian SG1	NQ					
Uzbekistan Midd	85.00	4.00	1/2			
Lower grades						
Argentine SLM, 1-1/16"	NQ					
Brazilian SLM 1-3/32"	83.50	4.00	1/2			
Greek SLM 1-3/32"	NQ					
Indian J-34 SG **	NQ					
Memphis/Eastern SLM 1-3/32"	82.50	3.50	1/2			
Memphis/Orleans/Texas SLM 1-3/32"	81.50	3.50	1/2			
Pakistan AFZAL 1-1/16"	NQ					
Pakistan Type 1467 1-3/32"	NQ					
Long Staple cottons:						
US Pima Grade 2 1-7/16" #	170.00	Unch	1/2			
Egyptian Giza 86 Good+3/8	159.00	Unch	1/2			
Egyptian Giza 94 Good+3/8 #	163.00	Unch	1/2			
Israeli Pima H1, 1-7/16" #	168.00	Unch	1/2			
Israeli Acalpi	128.00	Unch	1/2			

* 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.

The 2015/16 Index expired on July 31, 2016.

Prices as at January 05, 2017

2016/2017 Cotlook A Index	82.95	
Description	Price	Shpt
Indian medium grade	80.00	1/2
Burkina Faso RUDY	83.00	3/4
Benin BELA	83.00	3/4
Memphis/Orleans/Texas	83.75	1/2
Uzbekistan	85.00	1/2

Seasons Averages

Seasons Averages	The Cotlook A Index
2011/12	100.00
2012/13	87.90
2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	79.07

Monthly Averages

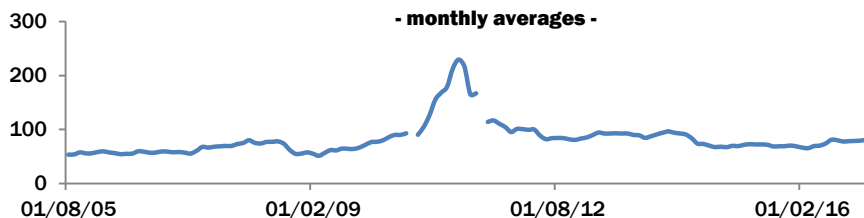
June 2016	74.10
July 2016	81.06
August 2016	80.26
September 2016	77.86
October 2016	78.50
November 2016	78.92
December 2016	79.50
January 2017	81.10

Daily Values

Daily Values	2016/17
December 30	79.40
January 02	UK Holiday
January 03	79.65
January 04	80.70
January 05	82.95

Average for week 80.68

The Cotlook A Index
- monthly averages -



YARN INDEX

2005 = 100

This week	122.09	Last month	122.91
Last week	122.92	Last year	113.31

Export prices (in US dollars per kilo FOB)-

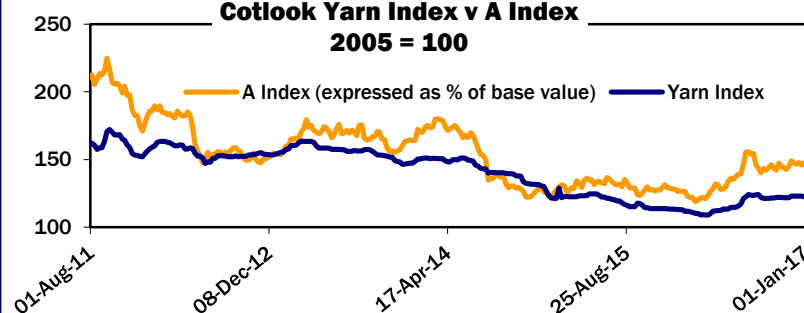
	This Week	Change on week	Change on year
Pakistan 20s	2.44	Unch	0.22
India 20s	2.30	Unch	0.20
Turkey 20s	2.85	Unch	0.30
Indonesia 20s	2.56	Unch	-0.25
China 21s	3.12	-0.14	0.34
Pakistan 30s	2.82	Unch	0.22
India 30s	2.55	Unch	0.20
Turkey 30s	3.05	Unch	0.30
Indonesia 30s	2.85	Unch	-0.42
China 32s	3.42	-0.16	0.14

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

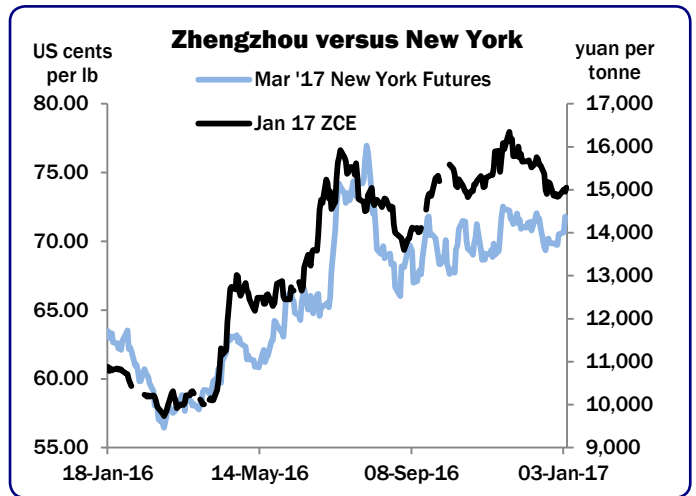
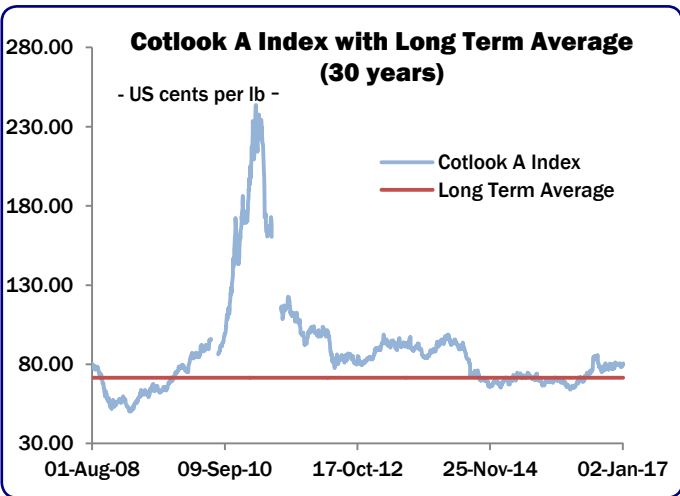
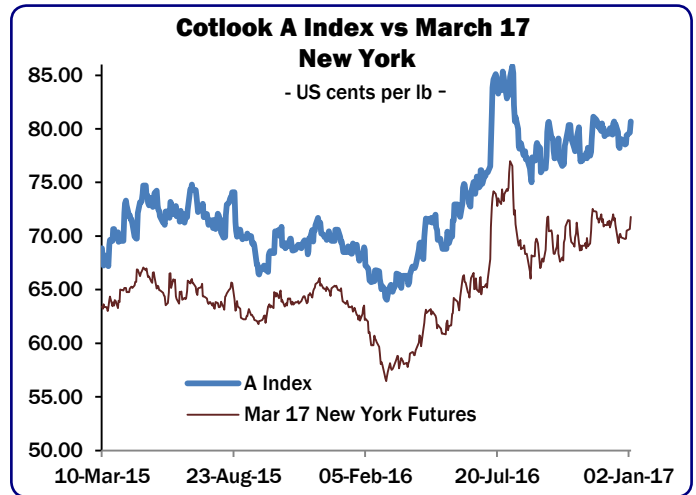
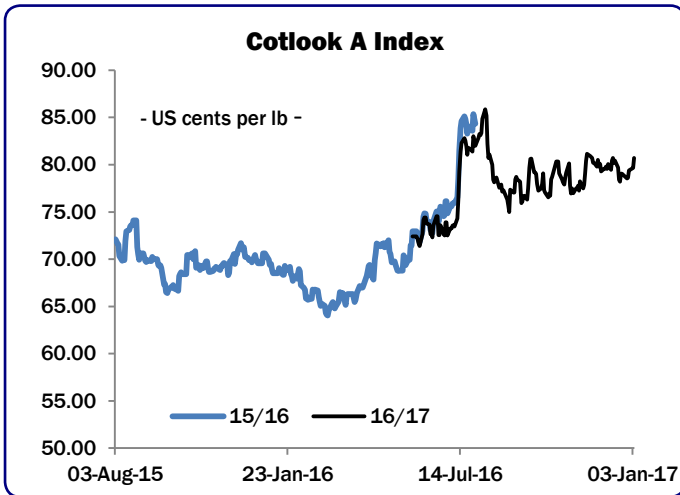
the two most recent calendar years for which complete data are available. The prices shown for Uzbek yarn are not currently part of the Index, and are quoted on an FCA basis.

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

Cotlook Yarn Index v A Index
2005 = 100

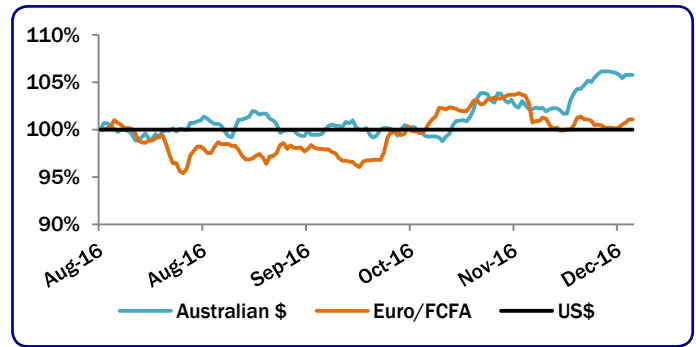
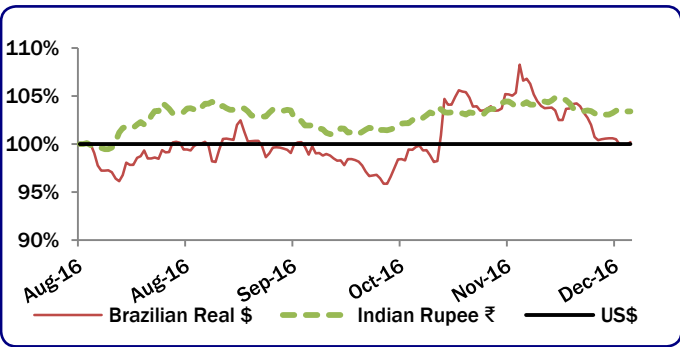


WORLD PRICE TRENDS

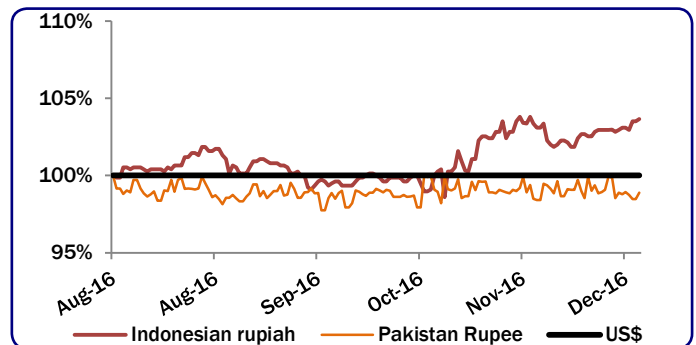
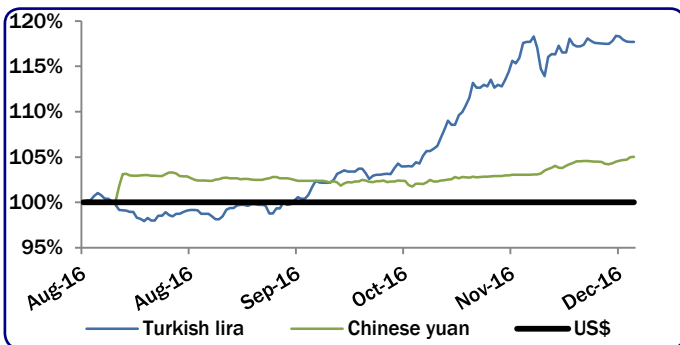


CURRENCY TRENDS

Exporters' currencies vs. US\$ (Aug 1, 2016 = 100%)



Importers' currencies vs. US\$ (Aug 1, 2016 = 100%)



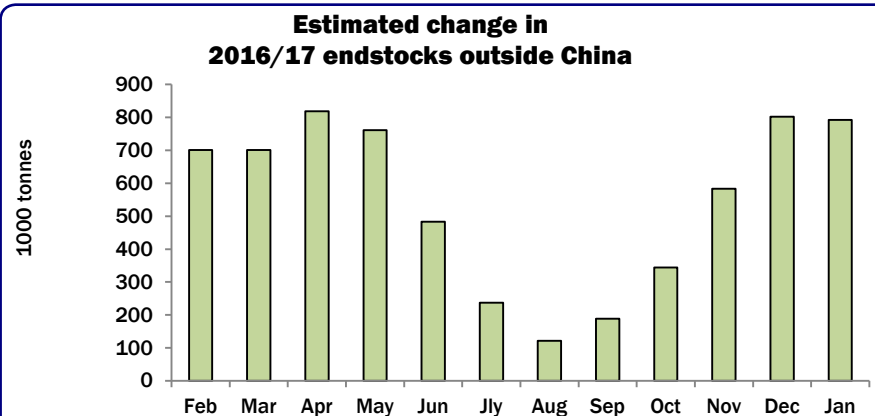
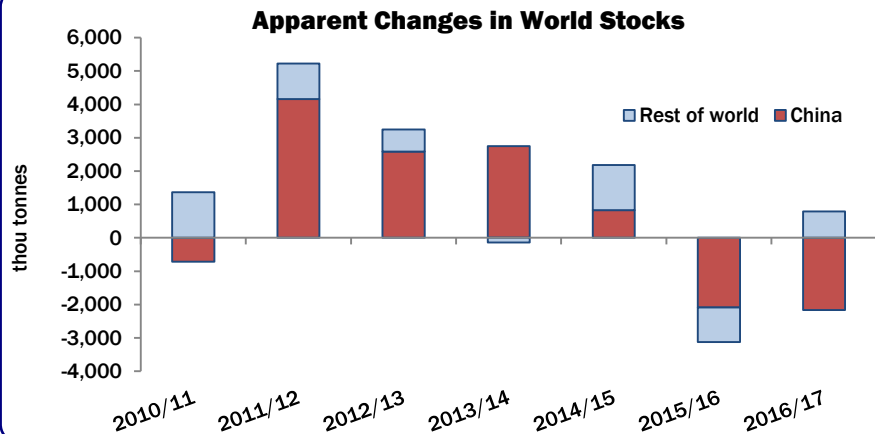
COTLOOK PRODUCTION ESTIMATE

	(thousands of tonnes)	
	15/16	16/17
Argentina	195	170
Australia	590	950
Azerbaijan	13	29
Benin	115	150
Brazil	1,225	1,400
Burkina Faso	247	280
Cameroon	110	102
Chad	59	75
China	4,530	4,500
Colombia	22	20
Côte d'Ivoire	130	130
Egypt	54	41
Greece	220	220
India	5,746	5,950
Iran	60	65
Israel	17	14
Kazakhstan	45	60
Kyrgyzstan	9	9
Malawi	5	10
Mali	215	260
Mexico	198	142
Mozambique	20	25
Nigeria	35	35
Pakistan	1,525	1,725
Paraguay	5	5
Peru	25	27
Spain	55	50
Sudan	40	48
Syria	40	43
Tajikistan	84	80
Tanzania	53	43
Togo	34	35
Turkey	575	700
Turkmenistan	315	310
Uganda	20	30
USA	2,802	3,598
Uzbekistan	835	805
Zambia	45	40
Zimbabwe	12	32
World Total	20,591	22,456
World excl China	16,061	17,956
N Hemisphere	18,355	19,696
S Hemisphere	2,236	2,761
African Fr. Zne	918	1,040
Central Asia	1,288	1,264
EU	275	270

WORLD STOCK

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	19,421	16,061	17,956	6,290	4,530	4,500	25,711	20,591	22,456
China net trade	-1,788	-931	-890	+1,788	+931	+890			
New Supply	17,633	15,129	17,066	8,078	5,461	5,390	25,711	20,591	22,456
Consumption	16,281	16,167	16,275	7,250	7,550	7,550	23,531	23,717	23,825
Net change in stock	+1,352	-1,037	+792	+828	-2,089	-2,160	+2,180	-3,126	-1,368
USDA									
Opening stock	8,743	9,743	8,405	13,653	14,570	12,671	22,494	24,313	21,076
Production	19,419	16,211	18,123	6,532	4,790	4,572	25,951	21,001	22,695
China net trade	-1,789	-931	-958	+1,789	+931	+958			
New Supply	17,630	15,280	17,165	8,321	5,721	5,530	25,951	21,001	22,695
Consumption	16,856	16,607	16,583	7,403	7,620	7,784	24,259	24,227	24,367
Other	+226	-11	+5	-1	+0	+1	+127	-11	+6
Ending Stock	9,743	8,405	8,992	14,570	12,671	10,418	24,313	21,076	19,410
Net change in stock	+1,000	-1,338	+587	+917	-1,899	-2,253	+1,819	-3,237	-1,666
ICAC									
Opening stock	8,336	9,416	8,150	12,109	12,917	11,160	20,605	22,333	19,310
Production	19,701	16,320	18,220	6,500	4,750	4,550	26,201	21,070	22,770
China net trade	-1,789	-932	-944	+1,789	+932	+944			
New Supply	17,912	15,388	17,276	8,289	5,682	5,494	26,201	21,070	22,770
Consumption	16,966	16,710	16,690	7,479	7,440	7,440	24,445	24,150	24,130
Other	+134	+56	-16	-2	+1	+16	-28	+57	+0
Ending Stock	9,416	8,150	8,720	12,917	11,160	9,230	22,333	19,310	17,950
Net change in stock	+1,080	-1,266	+570	+808	-1,757	-1,930	+1,728	-3,023	-1,360



Beltwide 2017

The National Cotton Council is hosting its annual Beltwide Cotton Conferences from January 4 through January 6, 2017 in Dallas, Texas this year. The program is a highly-attended networking conference for the cotton industry, which includes individual reports, panel discussions, hands-on workshops and seminars designed to educate attendees with current cotton information, to help them to make key decisions on cotton production and marketing issues.

The history of the Beltwide cotton conference dates back to 1935 and, over many years, the event has provided information that pertains to all aspects of cotton. The mission of the conference has been to focus on solutions for production, processing and marketing challenges to help strengthen US cotton's competitive position in domestic and international markets. This aligns with the National Cotton Councils overall mission: *"to strengthen the ability of the industry to compete effectively and profitably in fiber and oilseed markets at home and abroad"*.

The conference started on January 4 with a session on new cotton developments, which including discussions on cotton varieties, chemistry, equipment and emerging technologies. Over the next two days, panel discussions are scheduled to address cotton agronomy, physiology and disease, along with marketing and economics, engineering systems, insect research and control, quality measurement and utilization, as well as weed science research.

Growers will be attending technical and production meetings in January and February. NCC is also in the midst of its annual planting intentions survey procedure, the results of which will be released at its Annual Meeting in Dallas, Texas from February 10-12. Growers in various parts of the belt could increase cotton acreage next season, making decisions based on good cotton yields obtained this season.

UNITED STATES

ICE March futures test 74.00 cents

The cotton market had been trading on decent volume through the holiday period, and turnover was strong at the start of the New Year, as March and other front months continued to work higher. A sharp increase on January 4 propelled the market to levels last seen in early to mid-August. Market observers have shown little consensus on one driving factor

ICE No. 2 Cotton Futures

(in cents per lb)

No. 2:

	04-Jan	21-Dec	Change
Mar-17	74.08	70.13	3.95
May-17	74.22	70.48	3.74
Jly-17	74.47	70.84	3.63
Oct-17	72.23	69.73	2.50
Dec-17	71.59	69.13	2.46
Mar-18	71.51	69.05	2.46
May-18	71.20	68.81	2.39
Jly-18	71.00	68.63	2.37
Oct-18	70.75	68.38	2.37
Dec-18	70.60	68.23	2.37

Certificated stock as of Jan 3 totaled 40,470 bales.

Chicago Futures

(in cents per bushel)

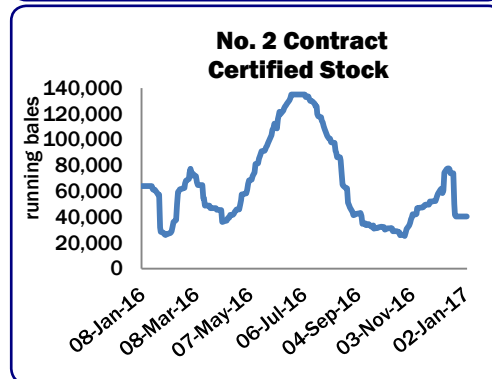
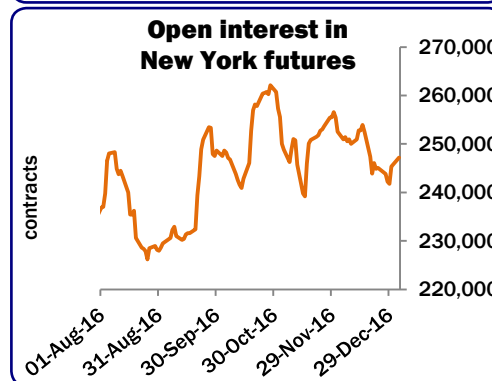
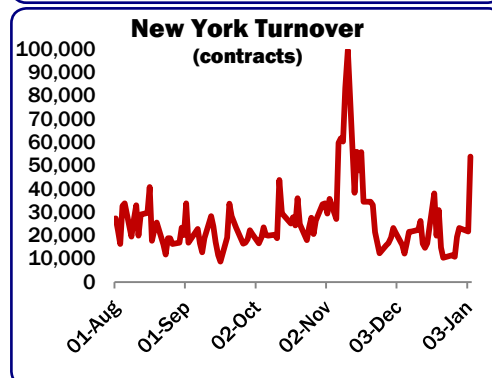
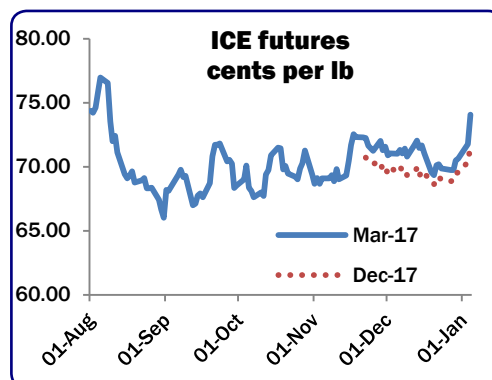
	04-Jan	21-Dec	Change
Soybeans			
Jan-17	1006.25	1006.75	-0.50
Mar-17	1015.25	1017.00	-1.75
May-17	1023.50	1026.25	-2.75
Wheat			
Mar-17	418.50	399.50	19.00
May-17	429.25	412.25	17.00
Jly-17	442.00	426.50	15.50
Corn			
Mar-17	359.75	347.25	12.50
May-17	365.75	354.00	11.75
Jly-17	372.25	361.50	10.75

behind the move. Cash sales have remained steady and some analysts see the move as price rationing of US cotton, following sizable export commitments during the first five months of the marketing year. Mention has also been made of recent mill fixations of on-call purchases, and fund buying. US equities have been higher lately and the US dollar index reached a new 14-year high on January 3 and settled on that day just below a 14-year high close.

The lead contract has shown increasing upward momentum during the last four sessions, trading above 74.00 cents on January 4, for the first time since August 9. Returning speculative buyers have fueled some of the upside movement which took the spot month to its highest settlement (74.08 on January 4) since ending at 76.54 cents on August 8. The break higher follows a period during which the spot month had traded in a relatively narrow range between 66.00 and 73.00 cents per lb over the past four and a half months.

Open interest has been on the rise, reaching its highest level since mid-December at 247,158 contracts late in the period.

Speculators increased their net long margin slightly, to 41.1 percent of the total open interest (243,809), during the week ended December 27, after reducing longs by 1,032 and reducing short by 1,279 from the previous week. Commercial traders decreased longs by 265 and added 375 shorts during the period. Certificated stocks decreased slightly to 40,470 bales after additional decertifications were reported by ICE.



US PRICE MECHANISM

US PRICE MECHANISM

- 2016/2017 season -

- value if applied today, January 5, 2017 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	79.04
B) Three Far Eastern 'fine count' CFRs	80.73
C) Three Far Eastern 'coarse count' CFRs	80.25
D) Cheapest US Midd. 1-3/32" CFR	80.56

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 14.53

Loan Quality Differential

(at average location) between:

Middling 1-3/32"	54.90	
SLM 1-1/16"	52.00	2.90

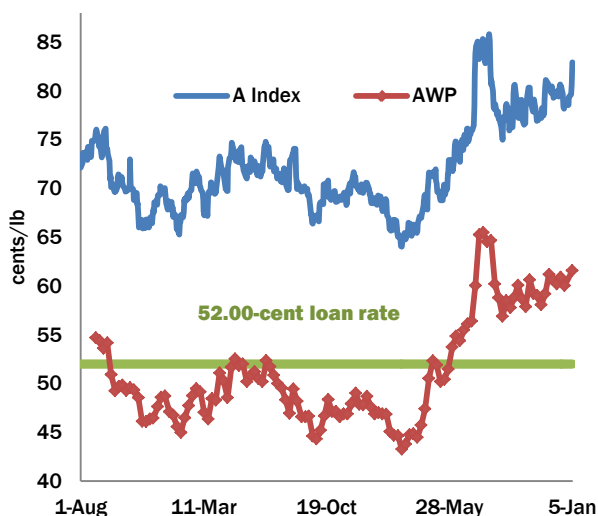
E) Total Adjustment Factor	17.43
F) Adjusted World Price (A - E)	61.61
G) Fine Count' Adjustment Factor	must be above zero
2016 crop (current values 1.90-(B-A))	0.31
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.55)	-6.76
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-9.61

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 14.53 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 9.61 cents/lb above the USDA's 52.00-cent upland

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	168.00
P2) P1 adjusted for quality and transportation ((P1+2.04)-18.39)	153.16
P3) Basic ELS Loan Rate (79.77) adjusted for quality 2-2-46	81.10
P4) Basic Loan Trigger = 134% of P3. P2 must be lower than P4 for four weeks for payments to be triggered	108.67

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	170.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+2.04)	170.04
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 January 5	N/A

Strong exports

The recent, strong pace of export sales continued in December. The latest export report, for the week ended December 22, disclosed an increase in upland export commitments amounting to no less than 343,200 running bales, destined mainly for China (98,800 running bales), Vietnam (80,700), Turkey (49,500) and Pakistan (24,700). Shipments during the period were the highest of the season to date, at 267,900 bales. Cumulative upland sales by the date in question amounted to 8,191,300 running bales (of which 3,512,100 had already been shipped), some 3.2 million bales ahead of the corresponding figure a year earlier.

Increased commitments to a number of markets have contributed to the recent momentum of upland sales. Vietnam has emerged as the single largest destination, having been ranked in third place a year earlier, while China has recovered from seventh to second place. Strong increases have also been recorded for Indonesia and Pakistan.

Despite a recent lull in sales activity, attributed to some of the largest import markets having covered a good proportion of their needs early in the season, Pima sales are also running well ahead of last season. Cumulative sales by December 22 totalled 418,500 running bales (236,900 already shipped), more than twice the volume committed at the same stage of the 2015/16 campaign. Prices have been stable at around the 170-cent level, little changed over the last few weeks.

Sales of all cotton by the date of the last report were 66 percent ahead of the previous season, and already equivalent to 73 percent of USDA's export projection for the season (12,200,000 bales of 480 lbs).

Spot Market sales increased by 140,659 bales in the four-day review week ended January 4, bringing the season-to-date total to 697,090 bales. Texas cotton accounted for 136,687 of the bales sold during the period.

Sales on *The Seam* were very strong during the week and grower-to-business turnover totaled 165,082 bales. A marketing year high was reported on January 4 when 96,703 bales sold. Business side sales for the same period totaled 16,077 bales. Season totals, as of August 1, were 557,974 and 167,506 bales, respectively.

CCC Loan Activity

A total of 1,009,576 bales of 2016/17 crop upland were entered into the government loan program during the two-week period ended December 26, according to the Commodity Credit Corporation. Repayments from the current crop amounted to 461,190 bales and 376 bales from the 2015/16 season were redeemed. No forfeitures were reported from either crop year. The unpaid loan balance for both marketing years therefore rose by 548,010 bales to a total of 4,665,782, of which independent farmers controlled 506,512 and cooperatives and loan servicing agents held 4,159,270 bales.

Classing data

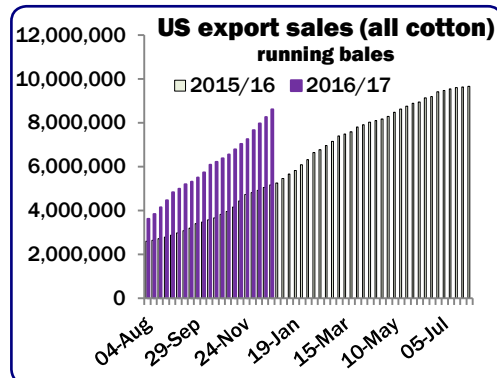
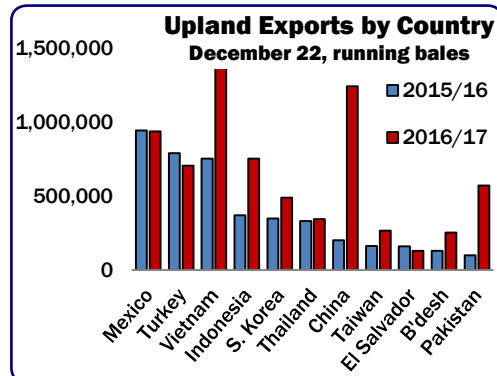
A total of 418,866 bales of upland and 16,444 of Pima were inspected during the period ended December 29, raising the season-to-date cumulative amount to 12,878,512 and 403,136, respectively. Harvesting and ginning are nearing an end across the cotton belt, and consequently, classings are slowing. Work is nearing completion in the Memphis Territory, where inspections were only reported from Mississippi.

Little alterations to color grades were witnessed across the belt since last reported a couple of weeks ago. The proportion of samples classed Strict Low Middling White/leaf 4 and better improved in the Southeast and Southwest, while a slight decrease occurred elsewhere. Nevertheless, color grades remain much better in all regions when compared with the 2015/16 crop year.

Only minimal changes in staple length were reported in the Southeast during the two-week period, while no alterations occurred in the remaining 15 producing states. Beltwide, average staple continued good, ranging from 1-3/32nds to 1-1/8 inches and longer. Micro-naire readings remain in the premium range.

A slight decline in the percentage of upland cotton deliverable against ICE cotton futures was reported in all regions except the Far West, with 71.4 percent of samples tenderable across the belt as of December 29.

		Basis Levels	2016/17	
			2016/17	Option-to-Purchase
			Prices**	Prices**
			cents per lb	cents per lb
Southeast	SLM 1- 3/32"	100 to 200 "on"	-	-
Memphis Territory	SLM 1-3/32"	50 to 100 "on"	-	-
Texas/Oklahoma	SLM 1-3/32"	200 to 250 "off"	-	-
Far West - SJV	Midd 1-3/32"	725 to 825 "on"	-	-
DSW - Arizona	Midd 1-3/32"	125 to 225 "on"	-	-
Mar '17 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				



Grower To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Mfs Terr	70.70	0	143	143
Southeast	75.39	13	2,442	2,455
Southwest	68.05	15,127	147,357	162,484
Total	68.16	15,140	149,942	165,082
Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Mfs Terr	69.89	127	2,184	2,311
Southeast	65.96	635	427	1,062
Southwest	65.90	5,003	7,701	12,704
Total	66.48	5,765	10,312	16,077

Ginning Statistics

	2014/15	2015/16	2016/17
All Upland Cotton:			
N. Carolina	519,350	282,700	204,000
S. Carolina	188,850	45,150	104,850
Georgia	1,078,100	756,900	1,062,250
Alabama	360,600	263,050	386,800
Florida	67,650	46,050	68,800
Virginia	80,200	83,500	47,400
Southeast	2,294,750	1,477,350	1,874,100
Tennessee	349,900	243,450	437,150
Missouri	357,500	318,400	469,650
Mississippi	691,000	496,100	711,350
Arkansas	631,350	403,300	690,750
Louisiana	372,350	184,350	258,400
Mid-South	2,402,100	1,645,600	2,567,300
Texas	*	*	*
Oklahoma	54,650	80,650	120,600
Kansas	*	-	*
Southwest	54,650	80,650	120,600
New Mexico	-	4,150	7,750
Arizona	140,100	81,850	117,350
California	89,700	88,100	94,900
Far West	229,800	174,100	220,000
Total**	7,300,000	5,564,800	7,384,300

* Not published to avoid disclosure of individual gins.

** Totals do not add because of information withheld.

The accompanying table provides a quality comparison between 2016/17-crop upland classed to December 29 and final 2015/16-crop inspections for the Southeast, Memphis Territory, Southwest and the Far West.

	Quality Comparison															
	Samples Classed		Average Staple		Micronaire		Fiber Strength		SLM		Light Spotted		Middling & Higher		Tenderable in New York	
	32nds inch		(grams/tex)						SLM & Higher							
	2016 Season	2015 Season	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Southeast	3,468,749	3,658,950	35.8	35.6	4.6	4.7	29.8	28.6	18.4%	26.5%	4.2%	15.4%	58.4%	12.3%	75.2%	41.4%
Memphis Terr.	3,229,239	1,991,951	36.6	36.8	4.7	4.7	31.3	32.0	21.6%	12.6%	0.7%	3.0%	40.9%	32.3%	74.4%	59.9%
Southwest	5,700,837	6,010,143	36.4	35.8	4.1	4.1	29.8	30.5	10.3%	10.8%	4.4%	10.6%	54.6%	35.3%	71.4%	64.4%
Far West	479,687	442,517	37.6	36.9	4.3	4.4	32.6	32.0	4.1%	17.2%	2.0%	3.7%	74.4%	58.9%	83.5%	80.5%

Weather

Stormy weather has been reported across most of the country during the reporting period. Temperatures have ranged from below-average to record-setting highs for this time of year in many southern cotton growing areas. Hence, severe weather has occurred as cold fronts encountered warm, moist weather.

Much-needed snow has fallen in the Sierra Nevada Mountains, and additional wintry precipitation remains in the near-term forecast, as a series of storms are expected to train across the region. Some areas have received between 14.0" and 45.0" in a 72-hour period, and an additional 12.0" to 24.0" is possible, which will further boost the winter snowpack. According to the latest report issued by the California Department of Water Resources, the state's snowpack was at 84 percent of normal as of January 4.

Locally heavy rain also is expected to fall in **Far Western** areas along the Pacific Coast as these storms move inland. Beneficial precipitation has been received in parts of California's San Joaquin Valley, briefly easing dry soils. Fields have been prepared for winter, and the moisture has been welcomed. Nevertheless, a prolonged period of wet weather will be required before droughty conditions are alleviated.

Gins continue to process supplies of seed cotton on their yards. Mostly sunny skies have returned to Arizona cotton growing areas, following light rain.

American Pima

PIMA SPOT QUOTATIONS

Selected markets to January 4 compared with Dec 21 in parenthesis, were as follows

AMERICAN PIMA			
GRADE	1-3/8" (44)	1-7/16" (46)	
2	138.00 (138.00)	145.00 (145.00)	
3	124.25 (124.25)	131.25 (131.25)	
4	103.50 (103.50)	110.50 (110.50)	

MICRONAIRE DISCOUNTS (cent points per lb):

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

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

LOAN STATISTICS

CCC Data as of Dec 26, 2016 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
16/17	6,829,445	2,164,385	0	4,665,060
15/16	6,757,636	6,756,914	0	722
Totals	13,587,081	8,921,299	0	4,665,782
Last period's total (Dec 12)				4,117,772

*Including 506,512 bales held by individuals and 4,159,270 by cooperatives.

Details by state for 2015/16 crop and 2016/17 crop upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	- OUTSTANDING -	
	2016/17	2015/16
N. Carolina	158,719	-
S. Carolina	64,599	-
Georgia	606,569	-
Alabama	195,214	-
Florida	78,979	-
Virginia	14,054	108
Southeast	1,118,134	108
Tennessee	430,304	-
Missouri	312,510	-
Mississippi	643,837	-
Arkansas	500,479	7
Louisiana	142,514	-
Memphis Terr	2,029,644	7
Texas	1,226,371	176
Oklahoma	93,621	-
Kansas	16,660	-
South West	1,336,652	176
New Mexico	20,242	-
Arizona	54,048	431
California	106,340	-
Far West	180,630	431
Upland Total	4,665,060	722

Pima CCC Loan Activity

running bales to Dec 26, 2016

	Total Entries	Repayments	Forfeitures	Outstanding Stock
2016/17	194,573	92,145	-	102,428
2015/16	266,785	266,785	-	-
	461,358	358,930	-	102,428
Previous Total Outstanding (Dec 12):				90,846
	2016/17		2015/16	
Arizona	4,669	-	-	-
California	84,010	-	-	-
New Mexico	3,927	-	-	-
Texas	9,822	-	-	-

US Upland Statistics

SPOT MARKETS

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

	Prices (cents per lb)		Turnover (bales)
	04-Jan	21-Dec	
Southeast	75.58	(71.13)	2,503
N. Delta	74.58	(70.63)	1,469
S. Delta	74.58	(70.63)	0
E. Tx/Okla	71.75	(68.75)	41,431
West Texas	71.75	(68.75)	95,256
Desert Southwest	70.33	(66.38)	0
San Joaquin Valley	71.58	(67.63)	0
7 MARKET AVERAGE	72.88	(69.13)	

Turnover for the period ending Jan 4 140,659
Total turnover for season to Jan 4 697,090

Selected markets to Dec 21 (Dec 14 values in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	75.33 (71.38)	74.58 (70.63)
1-3/32" (35)	76.83 (72.88)	76.08 (72.13)

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

NY No. 2 Mar '17 +50

SAN JOAQUIN VALLEY

1-3/32" (35)	81.48 (77.53)	74.58 (70.63)
1-1/8" (36)	84.98 (81.03)	75.38 (71.43)

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

NY No. 2 Mar '17 +740

WEST TEXAS

15/16" (32)	69.00 (66.00)	67.50 (64.50)
1" (33)	70.75 (67.75)	68.25 (65.25)
1-1/32" (34)	71.75 (68.75)	71.75 (68.75)

W. Texas Micronaire (cent points per lb):

	04-Jan	21-Dec
24 & Below	-1100	-1100
25-26	-1000	-1000
27-29	-750	-750
30-32	-500	-500
33-34	-350	-350
35-36	0	0
37-42	0	0
43-49	0	0
50-52	-225	-225
53 & Above	-400	-400

Strength grams/tex (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/tex, compressed in Mixed lots, FOB car/truck.



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Strong thunderstorms have moved across **West Texas**, producing gusty winds, brief, heavy precipitation and small hail in isolated locales. Partly cloudy, seasonable conditions late in the period have quickly given way to frigid temperatures as Winter Storm Helena entered the region. The harvest season is rapidly drawing to a close, and winter field preparations are progressing, where possible. The transportation of remaining modules from fields to gins is proceeding with little interruption.

According to the latest US Drought Monitor map for the week ended December 27, soil moisture levels ranged from 'abnormally dry' to 'moderate drought' in many parts of the Panhandle. Elsewhere in the region, near normal levels were reported. A cold, rainy winter would be welcome to help kill overwintering insects and to increase subsoil moisture levels.

Mostly sunny, unusually warm weather has been reported elsewhere in the state. Light to moderate rain has been received in East and South Texas, with heavier amounts reported in the Upper Coastal Bend. The precipitation has helped enhance groundwater supplies. Most of the Rio Grande Valley has remained dry, allowing field preparations to advance. Producers have been tilling and preparing seed beds for spring planting, which usually commences from late February to early March. Rainy conditions would be welcome through early February to boost subsoil moisture levels.

Temperatures have vacillated from unseasonably warm to abnormally cold for this time of year throughout the **Memphis Territory**. Hence, intermittent thunderstorms have rumbled across the Delta, bringing light to moderate rain to drought-stricken areas. The rain has been welcomed. As the season comes to an end, producers are making plans for the 2017/18 crop, and a sizeable increase in cotton acreage is expected.

Stormy weather also developed late in the period in parts of the **Southeast**. Although droughty conditions eased slightly in parts of the region during the week, much more rain will be needed this winter before water levels in area ponds, lakes and reservoirs are recharged. To December 27, soil moisture levels ranged from 'abnormally dry' to 'exceptional drought', with most of Alabama and Georgia the hardest hit.

CHINA

CCA assesses national planting prospects

A survey of growers' cotton planting intentions in 2017 by the China Cotton Association foresees a rise of 3.16 percent, to 42,602,000 mu (2,840,133 ha). Expansion is predicted in Xinjiang and in the Yangtze River Valley of 3.49 and 3.53 percent, respectively, owing mainly to this year's profitable returns to growers. However, a reduction of 1.41 percent is projected in the Yellow River Valley, where earnings have been poorer than those from other crops. Nearly half of the survey's respondents indicated that they intend to maintain planting area in 2017, while over seven percent said they will increase, and another 44 percent were undecided. The survey results are therefore clearly tentative, and final intentions will depend on cotton prices after the turn of the year and on the implementation of subsidies.

In its latest production forecast, CCA revised its estimate for 2016 (the 2016/17 crop) to 4,643,000 tonnes, which is down by 3.7 percent from the previous year (our current figure is lower, at 4,500,000 tonnes). The CCA's total comprises 3,656,000 tonnes in Xinjiang (2.4 percent more than last year), 480,000 in the Yellow River Valley (minus 13.8 percent), and 449,000 in the Yangtze River Valley (minus 26.6 percent).

The Association also notes that, despite the increased availability of new crop since early December, spinners are still cautious about bulk buying at current price levels.

Ministry of Agriculture estimate

The annual report from China's Ministry of Agriculture indicates that domestic cotton output declined for the fourth successive year in 2016, to around 4.7 million tonnes, and that textile and clothing exports also fell, to US\$239.6 billion, during the first eleven months of the year. As for 2017, the Ministry predicts that domestic cotton prices will be suppressed by the abundant state reserves, which it estimates at over nine million tonnes. Market developments will depend on the balance of policies in Xinjiang and the 'mainland', the precise allocation of import quotas, and the implementation of the impending 2017 state reserve sales series.

2016 roundup

According to *Beijing Cotton Outlook* (BCO), the average seed cotton price of Type 3128B nationwide in 2016 was 7.1 yuan per kilo, equivalent roughly to a lint price of 14,641 yuan per tonne. Averages in Xinjiang and the 'mainland' were 7.08 and 7.16 yuan per kilo, equivalent to lint prices of 14,653 and 14,600 yuan per tonne, respectively. Meanwhile, the long staple lint price (Type 137) in 2016 was 21,790 yuan per tonne, down by 5,208 yuan, or minus 19.29 percent, from 2015.

Some growers in Aksu and Bachu indicate that they have received official notices that the 2016 subsidy for cotton planting will be one yuan per kilo, and the first round allocation (half of the total amount) may be distributed later this month. More details are awaited.

Processing enterprises encouraged to become listed

The State Council has recommended that agricultural structures should be optimised and industrial enterprises should be developed in the most suitable regions. Financial institutions are urged to provide better services to support the production, processing, logistics and warehousing of agricultural products. Qualified processing enterprises are encouraged to seek finance by listing on the stock market, and micro-credit and insurance services are to be promoted to explore new avenues for the development of agricultural products.

Xinjiang report

A cold wave ruled across most northern regions the weekend before last. Over 95 percent of seed cotton had by then found buyers, the remainder being some long staple crops and low grades (the latter having been rejected by local ginners) from southern Xinjiang. Prices in some regions dropped below seven yuan per kilo. The daily buying volume of seed cotton decreased to less than 30,000 tonnes.

Ginners from northern Xinjiang report that the average price of seed cotton in 2016 was 7.0/7.2 yuan per kilo (lots giving an outturn of 35/36 percent, moisture content below 13 percent), equivalent to a lint cost of 17,311/17,700 yuan per tonne, and cottonseed commanded 2.3 yuan per kilo.

Road movement accelerates

According to the China National Cotton Exchange (CNCE), Xinjiang cotton movement during December totalled 477,000 tonnes, comprising 382,400 (98,900 more than in the same month last year) by road, and 94,600 (minus 168,400) by railway. The transported volume (by both road and rail) from September through late December totalled 1,049,400 tonnes, down by 541,600 tonnes, or minus 34 percent, year-on-year, and accounting for 28 percent of the pressed volume of Xinjiang cotton (3,810,000 tonnes) by the end of 2016.

Freight charges for the second half of December were lowered by a smaller margin (50/70 yuan per tonne) than had been anticipated, owing to the persistence of unhelpful, hazy weather and the increase of oil prices.

As reported recently, most enterprises in Xinjiang have now received the freight subsidies retrospectively allocated for 2015 for moving cotton eastwards, which has effectively eased pressure on their finances.

Li Xiaopeng, China's Minister of Transport, noted in a recent meeting of the Standing Committee of the National People's Congress that the government is planning to legislate punitive action against overloading of freight wagons. Logistics companies and individuals will face severe consequences once the law has been implemented. Another round of rises in freight costs is foreseeable.

Inspections

By January 4, inspections of new crop, nationwide, according to CNCE data, represented 3,822,000 tonnes of lint. Of the total, Xinjiang accounted for 3,715,600 tonnes (97 percent), consisting of 2,473,600 from the local Xinjiang cooperative system and 1,242,000 from the PCC (army group). The balance of 106,800 was from provinces outside Xinjiang. The number of ginners participating in the inspection programme was 959, of which 194 are from the 'mainland'. A total of 118,800 tonnes of long staples had been inspected by the date in question.

By December 31, a total of 143 ginners from the PCC (army group) had participated in this year's inspection programme, and 621 from the local Xinjiang cooperative system. Inspections totalled 1,230,000 and 2,430,000 tonnes, respectively.

Compared with the respective records from last December, the length, Micronaire and strength indicators have improved markedly in most regions, whereas the colour index has deteriorated slightly.

Long staples

It is reported that around 90 percent of the picking in Aksu has been completed. Seed cotton is commanding 7.65/7.70 yuan per kilo, down by 0.1 yuan from the previous week, and buying has almost come to a halt.

Market participants contend that long staple prices still have downward risks in the short run.

Beijing Cotton Outlook (BCO) confirms that Xinjiang long staple cotton prices have indeed maintained a weak tendency early in the New Year, having lost 100/150 yuan per tonne during the past week. The benchmark value for Type 137 has declined since our last report by 250 to 21,550 yuan per tonne, equivalent to 141.61 US cents per lb.

Other regions

Affected by the government's strict control of air pollution in northern China, most spinners in the Yellow River Valley stopped or postponed operations as the year drew to a close and transactions came to a halt. Seed cotton buying was interrupted in Shandong and Hebei by the arrival of snow. Some growers showed an increased reluctance to put lots on the market, in hope that prices might rise in mid-February, after the forthcoming Lunar New Year holidays. That hope was founded on the belief that prices would be supported by short market supply, in the run up to state reserve sales.

Seed cotton giving an outturn of 38 percent was commanding 7.1/7.5 yuan per kilo in Hebei and Shandong, some 0.4 yuan less than a week earlier, owing to declines in cottonseed and lint prices.

In the Yangtze River Valley, prices in the spot market ruled weaker as more Xinjiang cotton arrived in 'mainland' warehouses. Type 3128 in Hubei was changing hands immediately before the year end at around 15,600/15,700 yuan per tonne, down by 200/300 yuan from earlier in the week. Most spinners maintained a 'hand-to-mouth' buying policy prior to the New Year holiday.

Market prices

After the turn of the year, and influenced by the approaching Lunar New Year holidays, transactions in the spot market have remained sluggish. Most spinners insist on a hand-to-mouth buying policy. Some mills in eastern provinces are reported to have stopped buying Xinjiang styles and turned to locally-produced and imported lots, in order to maintain production prior to the state reserve sales in March. Handpicked Type 2128/3128 Xinjiang cotton is now quoted at 15,300/15,400 yuan per tonne, ex-freight terminal, and around 900/1,000 yuan higher in the 'mainland'. Asking prices of US and Indian origins are quoted at 16,600/17,000 and 16,000/16,200 yuan per tonne at ports, respectively.

Zhengzhou cotton futures showed weakness late in December but have recovered some ground in more recent sessions, notably on January 5, under the influence of a strong advance the previous day in New York. Since we last reported on December 22, most contracts therefore show only limited net changes. Turnover during the two-week period (using the 'double-counting' convention) surpassed two million contracts. Open interest on January 5 was calculated at 345,702 contracts, down from 375,968 two weeks earlier.

International Prices

Data as at 5 January, 2017

	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	13,086	14,879	20,070
Texas SM	13,400	15,237	20,566
Uzbek SM	13,859	15,761	21,292
Australia SM	13,859	15,761	21,292
Burkina Faso BOLA/s	13,247	15,062	20,324
India Shankar-6	12,788	14,539	19,598
Benin KABA/s	13,247	15,062	20,324
Cameroon IRMA/s	13,324	15,150	20,445
Cameroon PLEBE 1-5/32"	13,591	15,455	20,868
Ivory Coast MANBO/s	13,247	15,062	20,324
Mali JULI/s	13,324	15,150	20,445
China domestic prices	yuan/tonne	chg on last published	cents/lb
CC Index	15,786	-50	103.73
CNCE January	14,596	-219	95.91
ZCE January	15,050	-125	98.90
	yuan/tonne	chg on week	cents/kilo
polyester	8,350	-125	120.97
viscose	16,650	450	241.21
	Yuan/kilo		cents/lb
32s carded yarn	22,700	-20	327.53
40s combed yarn	23,565	-	340.01
Monthly yuan/dollar customs exchange rate			6.9028
Actual Rate (Jan 5)			6.9307



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The pattern of prices recorded on the **China National Cotton Exchange's** e-trading platform has been broadly similar. By January 5, all delivery months were showing a modest gain over the same period.

The **China Cotton Index** stood on January 5 at 15,786 yuan per tonne, a decline of 50 yuan over the previous fortnight.

In the **man-made fibres** market, polyester values have lost a little ground, on balance, since we last reported. The representative price is quoted at 8,350 yuan per tonne, a decline of 125 yuan since December 22. Polyester prices remain above 50 percent of those of raw cotton, as measured by the China Cotton Index. In contrast to polyester, viscose has advanced in price, gaining 450 yuan during the same timeframe, to stand at 16,650 yuan per tonne.

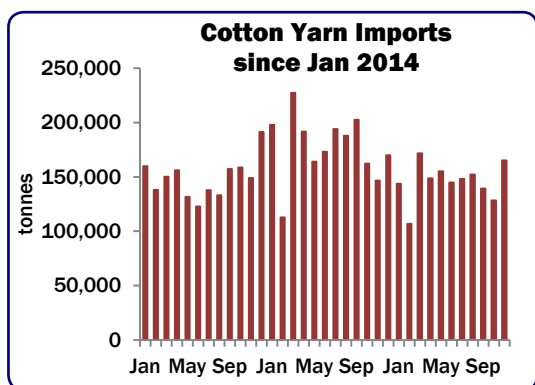
November's raw cotton imports in detail

According to China Customs, raw cotton imports of 54,940 tonnes in November came principally from the United States (18,245 tonnes), Australia (14,445), Brazil (11,019) and Uzbekistan (4,924). The comparable total in November 2015 was 84,239 tonnes.

During the first four months of the international statistical season, accumulated imports were 225,899 tonnes, versus 246,520 a year earlier. In both years, the major supplier was Australia, though imports this year from the United States almost doubled. In 2015, supplies were imported from Benin, Côte d'Ivoire, Burkina Faso, Chad and Togo (shown in 'others'), whereas none are recorded in the data for 2016.

Cotton yarn imports

During November, imports of cotton yarn (5205: 85 percent or more by weight cotton, excluding sewing thread, not put up for retail sale) amounted to 165,252 tonnes (disregarding re-imports of Chinese-made yarn). The comparable figure a year earlier was 146,570 tonnes. Vietnam headed the list of sources of supply.



Cotton yarn imports		
	tonnes	
	October	Aug/Oct
Vietnam	49,523	164,997
Pakistan	23,299	88,733
India	24,477	63,593
Indonesia	9,298	28,601
Taiwan	6,219	23,212
Uzbekistan	5,553	20,981
United States	3,429	9,315
Malaysia	1,663	6,376
Korea South	1,462	5,496
Thailand	927	3,420
Others	2,499	5,160
Total excl re-imports	128,349	419,884
China	5,265	20,327
Grand total	133,616	440,211

Source of Data: China Customs

Zhengzhou Cotton Futures

	Settlement			Volume* number of contracts since Dec 22	Open Interest 05-Jan
	yuan per tonne				
	22-Dec	05-Jan	Chng		
Jan	15,175	15,050	-125	26,096	17,436
Mar	15,115	15,155	+40	1,264	1,250
May	15,240	15,255	+15	2,094,600	296,546
Jly	15,280	15,370	+90	210	54
Sep	15,485	15,525	+40	75,158	30,376
Nov	15,610	15,530	-80	40	40
				2,197,368	345,702

*Counting both the sale and the purchase.

CNCE 05 January 2017

Delivery	Turnover in tonnes since Dec 22	Average price in yuan per tonne	Change since Dec 22	US cents per lb equiv.
Type 328 (domestic 'MA')				
Jan	2,800	14,525	+121	95.91
Feb	1,060	14,595	+107	95.45
Mar	24,480	14,622	+64	95.91
Apr	39,120	14,648	+68	96.08
May	22,350	14,707	+150	96.25
Jun	30,020	0	+111	96.64
Total	119,830			

Total includes expired December contract

Raw cotton imports

	August/November	
	2015/16	2016/17
World	246,520	225,899
Australia	106,461	93,135
United States	38,125	71,912
Brazil	27,756	20,156
Cameroon	18,013	9,622
Uzbekistan	4,146	5,987
Israel	779	4,211
Turkmenistan	-	3,484
Sudan	997	3,055
Mali	905	2,803
Mexico	4,777	2,667
Argentina	276	2,182
India	33,133	1,841
Zambia	-	1,693
Tajikistan	515	955
Zimbabwe	432	885
Uganda	-	374
Egypt	1,250	348
Spain	-	161
Niger	-	159
Turkey	22	152
Cen. Afr. Rep.	-	118
Others	8,935	-

From August through November, imports totalled 585,135 tonnes, of which 38 percent were from Vietnam, 22 percent from Pakistan and 17 percent from India. The next largest sources of supply were Indonesia, Taiwan and Uzbekistan.

The November total was the highest recorded since March 2016, and tended to buck the underlying, downward trend in force since monthly shipments reached a peak in March 2015.

PMI stays above the 50.0 mark for five months in a row

According to the latest data from the National Bureau of Statistics (NBS), the official Purchasing Managers' Index (PMI) for December continued to run above the mark that distinguishes contraction from expansion, despite a decrease by 0.3 percentage points from the previous month, to 51.4. NBS officials attribute the positive trend to the steady development of the market

and the meeting of production needs, as well as stimulation from demand for consumer products and the expansion of foreign trade. Meanwhile, the non-manufacturing PMI dropped slightly by 0.2 percentage points to 54.5, the second highest level of the year.

It is understood that PMI data will be released by NBS on the last day of the month from March onwards, instead of on the first day of the following month, as currently.

INDIA

Firm prices

Interior asking rates for Shankar-6 have advanced since our last issue went to press. Local prices reached their highest point since mid-October on January 3, before easing moderately to settle the following day at ₹40,250 per candy, ex-gin. At the prevailing exchange rate, the equivalent value was approximately 75.30 US cents per lb. Punjab J-34 has also moved higher, to ₹4,270 per maund (76.10 cents per lb). Firmer prices have prompted some spinners to turn to imported cotton to fulfil their requirements, and mention has been made of recent purchases of US and West African styles.

Prices on the MCX futures platform have also moved higher, in reflection of the physical market. On January 4, the lead contract ended at ₹19,820 per bale (or ₹41,460 per candy), representing a gain of over ₹800 since December 22. At the prevailing exchange rate, that day's equivalent value was approximately 78.00 US cents per lb. The February contract has continued to trade at a premium, settling on the same date at ₹19,960 per bale (₹41,755 per candy, or 78.55 cents per lb).

The month of December saw MCX cotton turnover decline to 58,283 lots (1,457,075 bales), compared with 70,831 (1.77 million) traded during the previous month.

Nationwide, daily seed cotton arrivals are estimated privately at roughly 135,000 lint equivalent bales, including 48,000 from Maharashtra and 35,000 from Gujarat. The slower pace of arrivals in the current season has largely resulted from the disruption caused by 'demonetisation' from early November. Although daily arrivals have recovered to more than the level seen before the currency measures were announced, they remain below the volume witnessed in the previous year. Daily arrivals during December 2015 were around 200,000 lint equivalent bales, before declining to roughly 150,000 in early January.

However, in a press release last week, Agriculture Minister Radha Mohan asserted that no adverse effects have been felt, citing higher purchases of cotton seed in 2016 than in the previous year, as well as higher sales activity in the National Agricultural Cooperative Marketing

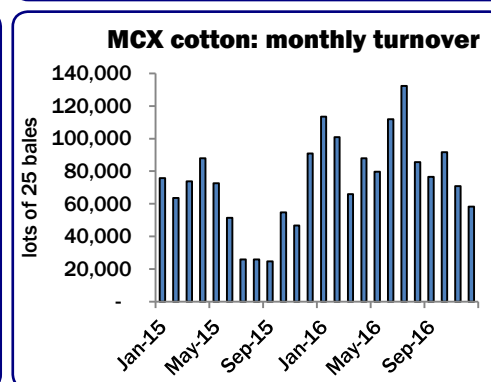
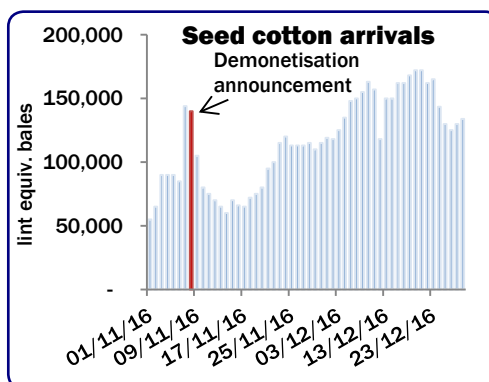
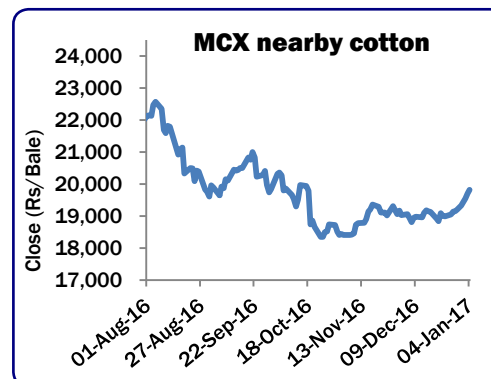
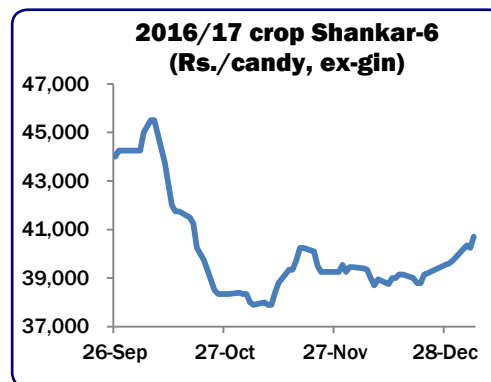
Federation since the policy was announced. The major affecting factor in the latter case has been identified as a continuation of acceptance of old currency notes on the Cooperative's sales platform.

CCI to purchase cotton

The Cotton Corporation (CCI) has announced it will purchase raw cotton at market rates in the current season, for the first time in almost four years, with the intent of ensuring a ready supply for customers in the textile value chain (it may be recalled that in recent seasons CCI has bought at the Minimum Support Price, when market rates have fallen below that level). Sales of the stock procured by CCI will be conducted via e-auction and only those buyers registered with the Corporation will be eligible. According to local press reports, the Corporation expects to purchase around 1.5 million bales in 2016/17.

Spinning sector outlook

A private research company is quoted in the financial press as expressing a negative view of prospects for India's cotton spinning sector in 2017, owing to a combination of higher raw cotton replacement costs (compared with a year ago) and declining demand from China. During the first nine months of 2016, as previously reported, India exported 822,405 tonnes of cotton yarn, which was some 18 percent less than in the same period a year earlier. Exports to China of 264,515 tonnes were no less than 48 percent below the year-earlier figure.



PAKISTAN

Declining PCGA arrivals

According to the Pakistan Cotton Ginners' Association (PCGA), arrivals of seed cotton during the second half of December amounted to the equivalent of 218,762 bales of lint, 26,225 bales less than during the same period a year earlier. However, total arrivals from the 2016/17 crop by January 1 amounted to the equivalent of 10,366,703 bales; the comparable figure (for 2015/16 crop) on the same date in 2016 was 9,279,105. Thus, this season's arrivals by the end of December represent a gain of over 11.70 percent, compared with the same point last season. The corresponding increase a fortnight ago was slightly more, at 12.33 percent.

The biggest year-on-year increase in arrivals continues to be shown across Punjab stations, which were up by 18.7 percent, with eleven out

of twenty one districts continuing to present some significant gains, whereas Sindh continues to show a more modest increase, across half of the twelve districts, this time rising overall by over 1.2 percent.

Of the total, 8,818,785 bales had been sold onward to textile mills (compared with 7,271,473 by the same date last year, an increase of over 21 percent) and 199,244 bales (355,426) to exporters. The stock (both pressed and unpressed) in ginners' hands thus amounted to 1,348,674 bales, versus 1,652,206 a year earlier.

An estimated 343 ginning factories were in operation at the turn of the year, a reduction of 177 compared with a fortnight earlier.

Although growers have tried to release stocks only gradually to the market, in order to ensure maximum prices, there is a growing belief that leftover holdings with growers are lower than earlier estimated. That perception, coupled with the latest arrivals data, has given credence to crop estimates below 11 million bales of local size (say, 155 kilos). It is suspected that much of the crop matured at the same time, which resulted in higher than average arrivals during the peak harvest period. In view of the foregoing, seed cotton prices have been maintained and were quoted earlier in the week between Rs. 2,800/3,400 per 40 kilos, depending on quality.

Import demand for Indian and West African styles

A reasonably active mill demand for foreign growths has been witnessed during the last few days. However, although some Indian business has continued, the volume has dropped as prices from the neighbouring origin have moved higher. Purchases have included Shankar-6 29 mm, booked between 77.00 and 78.00 cents per lb, CFR Karachi and at around one or two cents higher for better specifications. West African 's' type 1-1/8" trades have been mentioned at around 900/925 'on' March 2017. Some turnover in US cotton has also continued. Fine count spinners have covered modest volumes of Egyptian Giza 86 and Indian DCH-32.

Firm local market

Steady conditions have prevailed in the domestic cotton market. The recent strength of ICE futures, along with rising international cotton prices, has lent support to local prices. As a result of the slowdown in arrivals reaching gins, there has been little discernible selling pressure in the market. Spinners have complained that achievable yarn rates have not followed the rise in cotton prices.

On January 4, business in 'better quality' cotton attracted between Rs. 6,300 and Rs. 6,600 per maund (roughly 73.25/76.75 US cents per lb), ex-gin, up by Rs. 100 since we last reported at the top end, while a small volume of lower grades moved off at between Rs. 4,500 and Rs. 5,500.

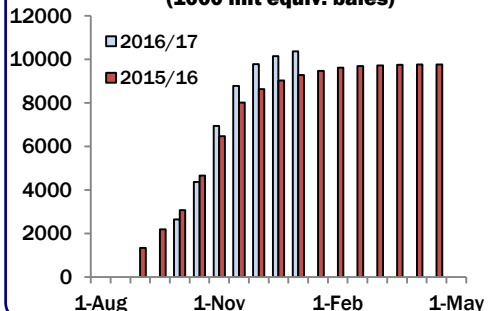
On the same date, the Karachi Cotton Association's official spot rate for 2016/17, Grade III (Staple: 1-1/16" & Micronaire: 3.8/4.9 NCL) was quoted at Rs. 6,300 per maund, ex-gin, up Rs. 50.

2016/2017 Crop Statistics in lint equivalent bales (year ago figures in parentheses)

	Punjab		Sind		Total	
Deliveries and ginnings						
Delivered gins	6,617,646	(5,574,767)	3,749,057	(3,704,338)	10,366,703	(9,279,105)
Pressed	6,500,479	(5,438,632)	3,701,768	(3,557,979)	10,202,247	(8,996,611)
Sales						
Mills	5,532,928	(4,390,473)	3,285,857	(2,881,000)	8,818,785	(7,271,473)
Exporters	55,500	(5,200)	143,744	(350,226)	199,244	(355,426)
T.C.P.	0	(0)	0	(0)	0	(0)
Unsold Stocks	1,029,218	(1,179,094)	319,456	(473,112)	1,348,674	(1,652,206)

Source: Pakistan Cotton Ginners' Association.

Pakistan seed cotton arrivals (1000 lint equiv. bales)



Arrivals by District

	- lint equivalent bales -		
	2016/17 to Jan 1	2015/16 to Jan 1	% Chg
Punjab:			
Multan	290,279	125,797	+131%
Lodhran	185,748	90,210	+106%
Khanewal	568,746	381,099	+49%
Muzaffar garh	316,403	248,601	+27%
Dera ghazi khan	332,312	288,014	+15%
Rajanpur	331,412	404,198	-18.0%
Layyah	264,425	244,213	+8%
Vehari	373,492	299,643	+25%
Sahiwal	207,508	242,559	-14.5%
Pakpattan	41,773	66,478	-37.2%
Okara	19,086	22,148	-13.8%
Qasur		11,376	-
T.t. singh	155,167	131,347	+18%
Faisalabad	36,430	49,823	-26.9%
Jhang	30,102	42,461	-29.1%
Mianwali	259,243	302,901	-14.4%
Bhakkar	61,641	80,809	-23.7%
Sargodha	9,847	11,400	-13.6%
Rahim yar khan	1,110,780	1,053,006	+5%
Bahawalpur	938,173	694,680	+35%
Bahawalnagar	1,085,079	784,004	+38%
Total Punjab	6,617,646	5,574,767	-18.71%
Sindh:			
Hyderabad	226,976	248,641	-8.7%
Mirpur khas	269,832	272,561	-1.0%
Sanghar	1,226,093	1,329,752	-7.8%
Nawabshah	326,011	312,370	+4%
Naushero feroze	335,941	282,537	+19%
Khairpur	286,925	261,639	+10%
Ghotki	296,934	309,440	-4.0%
Sukkur	522,755	430,399	+21%
Dadu	42,591	35,309	+21%
Jamshoro	112,036	133,000	-15.8%
Badeen	27,027	31,645	-14.6%
Baluchistan	75,936	57,045	+33%
Total Sindh	3,749,057	3,704,338	+1.21%
Grand Total	10,366,703	9,279,105	-11.72%



Yarn and textiles

Stable conditions have prevailed in the local yarn and textiles market. Recently, yarn demand has witnessed a slight improvement and spinners have reported a marginal upturn in yarn off take from local weavers and knitters. Some downstream manufacturers, faced with a gap in requirements, have been obliged to cover at slightly higher prices, as Indian yarn offering levels have also increased. However, weavers and knitters have continued to complain of a lack of orders at higher prices.

Conversely, export yarn demand has failed to improve over the last few days. Foreign buyers have maintained their low price ideas and spinners have complained of the lack of volume business.

Asking rates for 20/21s carded yarn have been held at around US\$430.00/455.00 per 400 lb bale, FOB, while those for 30/32s carded yarn are also maintained at US\$500.00/525.00.

Polyester staple fibre prices have been increased for another week to Rs. 122/124, compared with Rs.120/122 last week. Since the first week of December, prices have risen by Rs. 6.

Textile exports decline during July/November year-on-year

According to the Bureau of Statistics, exports of textiles and garments, during July/November (the first five months of the 2016/17 fiscal year) declined by just short of two percent to US\$5.123 billion, compared with US\$5.224 billion during the corresponding period a year earlier.

In quantity terms, exports of cotton yarn at 205,514 tonnes, increased by 5.7 percent, a reversal of the previous month, while cotton fabric, at just over 7.70 billion square metres, declined by 14.3 percent, respectively, compared with July/November 2015.

Once again, on a somewhat more buoyant note, knitwear, at 53.915 million dozen pieces, continued to show a healthy advance, this time of just over eighteen percent and bed wear, at 144,118 tonnes, grew by 8.3 percent. Ready-made garments, at 12.457 million dozen, dropped by 1.1 percent.

In terms of US dollar value, proceeds from the exports of cotton yarn and cotton fabric fell, respectively, by over eight percent to US\$545 million and 2.9 percent, to US\$896.8 million. The revenues from bed wear registered a rise of 3.6 percent to US\$873.3 million, although towels were down by 8.6 percent to US\$310.8 million. The export performance of knitwear, at US\$996.3 million, was almost unchanged, whereas ready-made garments at US\$888.13 million were up, year-on-year, by 4.9 percent, during July/November.

BANGLADESH

During the period under review, against a background of year-end holidays and rising ICE cotton futures, it is thought that, although mill demand has been evident, mill buying in significant volume has been lacking. Spinners' enquiry has focused on the customary Central Asian, Indian, West African, Brazilian, US and Australian origins. Spinners have made note of a slightly firmer tone in the offering basis for West African top grade supplies, from the more desirable origins.

Most of the raw cotton offers in circulation have not resulted in any discernible uptake, but have included Turkmen BGM 1-1/8" 28 GPT, at 87.75 cents per lb, for shipment January, Shankar-6 29mm 29 GPT at 77.00 cents, also for January and Ivory Coast Type MANBO/s 1-1/8" 28 GPT at around 83.00 cents, for shipment February.

The drawdown in local stocks has persisted. Offering rates for Central Asian high grades 1-1/8" from supplies in local warehouses have been reduced by around one cent to between 85.00 and 87.00 cents per lb, while those for Indian MCU-5 30 mm have been held unchanged between 76.00 and 78.00 cents per lb. Indian Shankar-6 has typically been available, ex-warehouse, at around a cent lower than MCU-5.

Yarn rates

The range of local yarn selling rates has been maintained during the holiday period and this week. Carded 30s have commanded around US\$2.95/3.00 per kilo.

Heimtextil 2017

Local reports indicated that around twenty-three textile companies from Bangladesh are intending to exhibit their products at the forthcoming *Heimtextil* International Trade Fair for Home and Contract Textiles. This is the most important international trade fair for this sector of the market, and will next be held in Frankfurt am Main, in Germany, from 10 to 13 January.

Interest rates

Local business leaders have lobbied to reduce local bank interest rates and have been meeting once again with senior government officials on this subject.

TURKEY

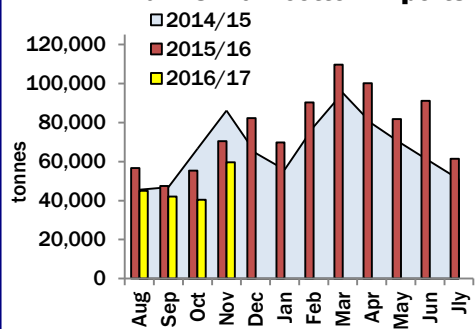
Post-holiday trading has largely been overshadowed by the terrorist attack in Istanbul. On January 3, the prevailing state of emergency was extended for a further three months.

Some mill enquiry has nonetheless been noted since the resumption of business activity, but mill buyers have been taken aback by the sharp rise in New York futures since the turn of the year. Spinners have continued to fill gaps by recourse to the domestic crop, as attested by intermittent turnover on the Izmir bourse, at firm prices: sellers have offered 41 colour grades at levels equivalent to over 80.00 cents per lb in recent days.

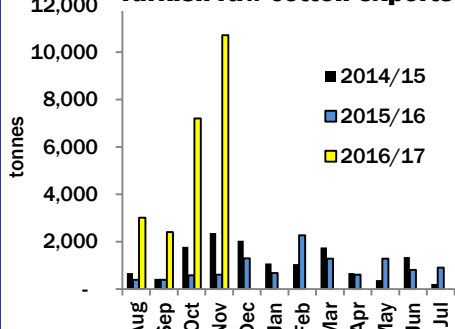
Foreign trade in raw cotton

During November, raw cotton imports amounted to 59,628 tonnes. The total included 21,776 tonnes from Greece, 11,143 from the United States, 9,845 from Brazil, 7,389 from the CIS and 4,598 from Syria.

Turkish raw cotton imports



Turkish raw cotton exports



Turkey's cotton imports (tonnes)

Country	Aug/Nov 2016/17	Aug/Nov 2015/16
USA	68,565	80,585
Greece	46,473	28,844
Brazil	24,646	23,138
CIS	43,160	22,056
Syria	0	14,898
W.Africa	39,448	10,684
Australia	407	2,501
Argentina	3,471	2,469
Egypt	686	675
Israel	91	441
Mersin FZ	0	310
India	2,220	171
Other	589	320
Total	229,756	187,092

The running total for the first eleven months of the calendar year amounted to 791,038 tonnes, versus 718,391 during the corresponding timeframe a year earlier. Of the total, the respective market shares were as follows: US – 41 percent (44 percent in 2015), CIS - 19 percent (25), Brazil 14 percent (8), Greece – eight percent (13) and West Africa – eight percent (seven).

On a seasonal basis, imports during the four month period to the end of November amounted to 187,092 tonnes, compared with 229,756 a year earlier. The share taken by the US increased from 30 to 43 percent.

November also saw a second consecutive month of unusually heavy raw cotton exports. Shipments totalled 10,722 tonnes, raising the total for the August/November period to 23,335 tonnes, against less than 2,000 during the corresponding period of the 2015/16 campaign.

EGYPT

Export sales

During the week ended December 24, exporters registered an additional 1,071.5 tonnes with *Alcotexa* and, during the subsequent week, the total was 652.50 tonnes. The more recent week's total consisted entirely of long staple varieties, namely 567.50 tonnes of Giza 86, 75 of Giza 94 and 10 of Giza 90.

The cumulative total for the season to date thus rose to 25,482 tonnes, nearly 12,000 tonnes (89 percent) ahead of the corresponding figure a year earlier. By the year-end, 10,629 tonnes had been shipped, or nearly 42 percent of registrations.

Average price indications for registrations during the week ended December 31 showed FOB levels of 146.00 US cents per lb for Giza 86 (128.00 cents for old crop supplies), 150.00 cents for Giza 94 and 108.00 for Giza 90.

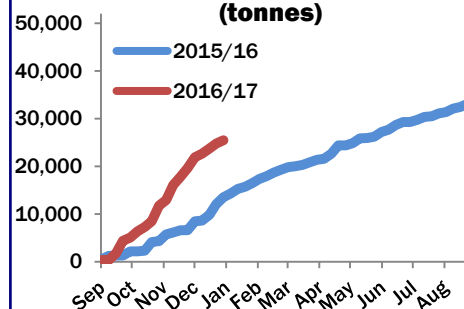
Classing data

According to the Cotton Arbitration and Testing General Organisation, (CATGO), by January 3, the volume of seed cotton classed amounted to 629,105 cantars (just over 99,000 tonnes), a decline of over 37 percent from the corresponding figure a year earlier. During the past month or so, classings have risen by a modest 3,500 tonnes or so.

Heimtextil

It is understood that 38 companies will exhibit at the forthcoming Heimtextil home textiles fair, which will be held next week in Germany, a modestly higher number than attended the last such event. Manufacturers are keen to capitalise on the sales opportunities offered by the more competitive exchange rate in force since early November.

Egyptian export sales (tonnes)



FAR EASTERN MARKETS

Recent activity in the region has been slow, as many spinners appear already to have covered their more pressing shipment requirements, and have in any event proved reluctant to follow the sharp rise of international prices early in the New Year. Nevertheless, some moderate enquiry has remained in evidence. Turnover in Taiwan and Indonesia has mostly comprised discounted purchases of SLM and Middling styles, while mill buyers on other regional markets have for the most part remained on the sidelines.

During the past week in **Taiwan**, CFR purchases have comprised a couple of hundred tonnes of Argentine SLM 1-1/16" G-5 at 73.45 cents per lb, for shipment January. For Taiwanese-owned operations overseas, 180 tonnes of US Eastern/M/O/T 2015/16/17 crops, SLM Light Spotted 1-1/16" G-5 have moved off at a similar price, for shipment January/February, as well as 300 tonnes of 2016/17 crop Mexican Middling 1-3/32" Micronaire 3.0/4.5 NCL, at 74.40 cents per lb. for shipment January, both CIP Mexico. For destination Lesotho, 230 tonnes of Zambian 2016 crop, Middling plus 1-1/16" G-5 have been booked at 76.90 cents, for shipment January, CIP Lesotho.

Recent transactions in **Indonesia** have included Indian bought 'on-type' staple 1-1/8" G-5 at 77.00 US cents per lb, for shipment January/February. In addition, spinners have taken up Mozambique 'afloat' also 'on type' 1-1/8" G-5 at 81.50 cents and Australian SLM 1-1/8" G-5 at the same price, for shipment during the second quarter.

In **Thailand**, under holiday influences, purchases have been quite limited.

Mill buying in **South Korea** has been quiet, but a quantity of US 2016/17 crop has changed hands, for prompt shipment.

Thailand's raw cotton imports

During November, **Thailand** imported 22,390 tonnes of raw cotton, according to the Customs Department. This is slightly above the approximate total for November 2015 (the data reported by Customs for that month contains an error for Pakistan, for which the total shown has been arbitrarily amended).

The current season's figures show Australia at the head of the list of sources (6,484 tonnes), followed by the United States (6,319) and Brazil (5,015). In November 2015, Brazil headed the list (6,051 tonnes), followed by Australia (3,532) and the United States (3,170).

So far during the 2016/17 international statistical season, imports have totalled 77,263 tonnes, which is about 20,000 tonnes less than during the corresponding period a year ago.

Vietnam's raw cotton imports

Preliminary data reported by *Vietnam Customs* show that imports of raw cotton during the first half of December (December 1 to 15) totalled 34,276 tonnes, bringing the running total for the calendar year to 984,443 tonnes.

The corresponding figures during the same time periods in 2015 were 29,524 and 977,622 tonnes, respectively.

Thailand Raw Cotton Imports

(in tonnes)

	November	
	2015	2016
Australia	3,532	6,484
United States	3,170	6,319
Brazil	6,051	5,015
Tanzania	0	987
Argentina	510	903
Mali	1,543	811
Greece	22	607
Mozambique	0	502
Pakistan	989	163
Burkina Faso	1,617	151
India	698	145
Israel	0	103
Zambia	189	101
Others	3,234	102
Total	21,555	22,390

Totals may not add due to rounding

ARGENTINA

Sowing of the 2016/17 crop has effectively been completed since our last report prior to the Christmas holiday. Private estimates of the area planted typically range from 270,000 to 300,000 hectares. The Ministry of Agriculture places farmers' planting intentions at 312,480 hectares, of which it calculates that 266,714 were completed by mid-December. The Ministry estimated last season's area (post-abandonment) at around 376,000 hectares.

Recent conditions have been dry and exceptionally hot in the cotton-producing region. Temperatures have been recorded in the low to mid-40s Celsius, and have approached 50° in some areas. Rainfall over the night of January 4/5 was thus considered very timely, though the volume of precipitation varied from place to place. In Chaco province, Villa Angela received up to 110 millimetres, but accumulations were below 10 mm in Las Breñas and Gancedo.

On the commercial front, activity has been slow, in part owing to seasonal influences.

During November, raw cotton exports amounted to 8,137 tonnes, the bulk of which went to Indonesia, Turkey and Vietnam. Indonesia and India were the two largest markets in November 2015.

During the first eleven months of 2016, exports amounted to 52,053 tonnes, which was about 4,000 tonnes more than during the same period the year before but well behind the figure recorded during 2014. A detailed comparison by country of destination is shown in the accompanying table.

Argentina's raw cotton exports

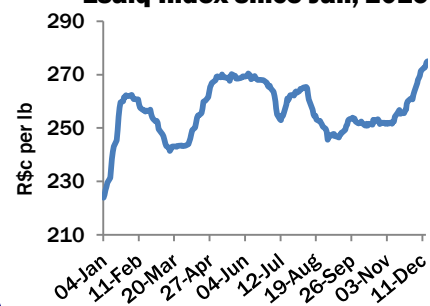
	January/November				2014	2015	2016
	2014	2015	2016				
Indonesia	23,671	12,249	14,671	Germany	145	-	-
Colombia	3,693	4,895	7,868	Austria	124	-	-
Turkey	8,473	7,358	7,806	Chile	52	-	-
India	3,194	11,099	5,466	Italy	89	-	-
Vietnam	15,063	1,617	4,917	Pakistan	546	-	-
Thailand	6,180	2,756	2,769	Paraguay	459	167	-
China	5,224	354	2,182	Philippines	141	151	-
Japan	2,798	2,307	2,081	Portugal	-	51	-
Brazil	1,147	405	1,449	Taiwan	5,963	1,632	-
Malaysia	935	355	1,412	Luxembourg	-	74	-
Lesotho	-	-	839	Tunisia	93	-	-
Bangladesh	1,362	-	390	United Arab Er	26	-	-
Korea South	1,299	1,714	112	Venezuela	-	1,000	-
Ecuador	-	-	92	Totals	80,676	48,186	52,053

BRAZIL

Firm conditions have persisted in the local market, owing predominantly to a lack of nearby offers and a positive outlook for prices during the intra-harvest period. Having hovered either side of the R¢275.00 mark in recent days, on January 4, the *Esalg* Index of spot values strengthened to R¢277.16, or around 85.25 US cents per lb.

Helpful weather conditions have persisted and field reports have continued to reflect optimism with regard to yields from the new crop. As has been previously reported, the *Companhia Nacional de Abastecimento* (CONAB, the government crop forecasting agency) predicts a larger crop, with an increase of around ten percent, forecasting that yields will rise appreciably, and offset a lower planted area than in the previous season. It should be noted that yields in 2015/16 were the lowest for some five years.

Esalg Index since Jan, 2016



Weekly export registrations with the *Bolsa Brasileira de Mercadorias* during the last week amounted to just over 800 tonnes for 2016 crop, 1,000 for 2017 (plus 4,800 of 'flex' contracts from the same crop, for delivery either domestically or for export), and a forward commitment of 5,300 tonnes for 2018 crop cotton.

Export shipments in December amounted to over 72,000 tonnes. The cumulative total for 2016 as a whole therefore stands at roughly 800,000 tonnes, with 450,000 shipped in the period from July to December (basically consisting of 2015/16 crop cotton), compared with 586,000 during the corresponding period in 2015.

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- China special feature
- World Long Staple Review - annual
- Special Feature 'ICA Event'
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