

Week in Brief

Upland **offering rates** have moved in an unclear direction this week, to end the period lower on balance, influenced by movements in New York. ICE futures settled higher in three consecutive trading sessions, but a sharp decline on October 31 more than offset those gains. Prior to that decline, open interest reached an eight-year high. Certificated stocks have increased from the calendar-year low that was registered on October 27... Prices on China's Zhengzhou futures market have also moved erratically, but ended the period modestly lower in most contract months. Turnover and open interest have declined. Xinjiang long staple prices have continued to ease ... Local new crop asking rates for Indian cotton have fallen to their lowest point in the season so far. MCX futures have weakened... Pakistan has this week been host to the ICAC Plenary Meeting.

In the United States, **picking** has expanded under hot, clear weather. Field work has accelerated in the Southeast, where operations are lagging behind schedule. The harvest is approaching completion in the Delta. Yields have been above average on irrigated fields. Progress has varied in West Texas, where extremely high temperatures have been recorded. Quality is generally promising.

In the Far West snow has accumulated in the Sierra Nevada... More precipitation has been received in Greece... Final Spanish crop data show a smaller crop than last predicted... Indian seed cotton arrivals have surpassed one million local bales. Operations are expected to reach their peak following the market's return from Diwali holidays... Arrivals in Pakistan have continued to progress ahead of the pace of last year. Picking is almost complete on early sown fields... Picking in China's Xinjiang region has been interrupted by recent unsettled weather. The harvest remains behind the pace of last season, particularly in southern parts of the region... The soybean crop is developing well in Brazil's Mato Grosso state. A recovery in cotton yields is anticipated from the next crop... Cumulative export registrations of Argentine cotton stand at around the same level as this time last year... Cotton South Africa's assessment of output in the current season has been reduced.

Lower futures prices have resulted in a more active level of **mill demand**. Indian cotton has been a main feature on the decline in sellers' asking rates. A number of other origins including US, African Franc Zone and Central Asian cotton have attracted demand and a moderate level of business has been concluded... During the week ended October 27, US upland export sales registrations rose by a net 160,400 running bales. Exports were 127,000 bales... Turkish raw cotton imports during September were slightly lower than in the previous month. The US was the main supplier... India has remained the principal export buyer of Egyptian cotton.

The cotton **yarn** market has remained fairly lacklustre. In Pakistan, demand from local downstream manufacturers has failed to improve. Export demand has also been sluggish... Bangladesh's earnings from garment exports declined during September.

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International Cotton Prices

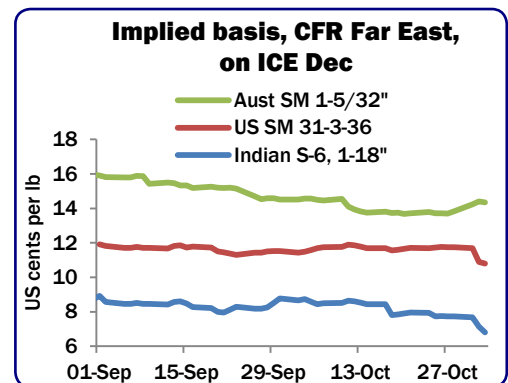
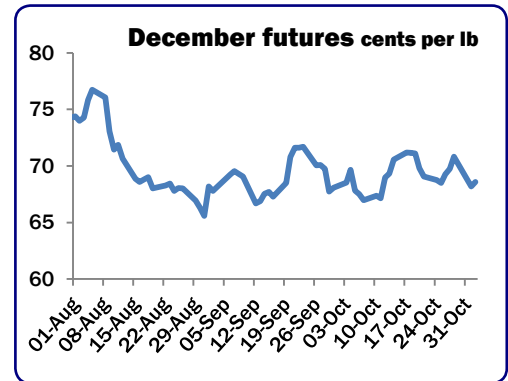
After gaining ground on three consecutive days, ICE futures suffered a sharp setback on October 31, from which it has shown only a partial recovery at the end of the period under review. The price decline prompted broader enquiry in the main consuming markets and doubtless stimulated business to some extent.

A noteworthy development in recent times has been the movement in the relative bases reflected by shippers' offers for different origins against the ICE US No. 2 futures contract. Indian, which began cheapening in early October, has continued to take on a more competitive hue. This development was not unexpected, given the limited forward sales of this growth, the renewed optimism regarding the crop's size and the advance of the harvest. The basis relative to ICE December for Shankar-6, SM 1-1/8", CFR main Far Eastern ports (as measured by Cotlook's representative price indication) has already weakened from around the 850/900 US cent points per lb mark to below 700 points (and some cheaper offers and sales have been mentioned). Pressure is expected to persist, if not increase, though the questions in mind are for how long a duration, and with what effect on values for competing growths. If Indian sells for export in volume during the next couple of months, as seems probable, a point could eventually be reached at which sentiment may change as the domestic supply outlook tightens.

In the meantime, however, without China as a large-scale buyer, reliance is of course placed on the major market of Bangladesh and, perhaps to a smaller extent than last year, on Pakistan. Some headway has nonetheless already been noted in other markets, such as Vietnam, Indonesia, South Korea and Taiwan.

In the Chinese context, the gap between the CC Index and the lower Cotlook A Index (adjusted to approximate delivered-mill China terms, including one percent import duty and VAT), has continued to widen, so in the normal course of events, Chinese mill buying of Indian would presumably have been assured. Frequent references to Chinese enquiry and business have persisted though relatively heavy sales in recent times from other origins, including the US, have probably diminished quite sharply the amount of unused quota still available for this year (the quantity forfeited and redistributed since mid-September is unclear). Some observers suggest that the quantity left is around 50,000 tonnes, or perhaps a little more. Indian sellers will doubtless hope to take a share of what remains. Like this year, 2017 will see quota limited to the TRQ (894,000 tonnes) associated with China's WTO membership, something that has been reiterated recently by an official from the NDRC.

In consequence, competition will intensify for business elsewhere. The basis most at risk under the pressure from India is presumably West African, given that the current trade long position will be required to seek buyers during a shipment period when Indian exports may still be competitive. By contrast, the effect of the heavy US forward sales reported on these pages in previous issues has been to maintain a relatively steady price basis during the past couple of months for US upland growths, in a range for a 31-3-36 of typically above 1,150 cent points 'on' the ICE cover month. A slight fall from this level has more recently been in evidence, in face of a slower sales momentum.



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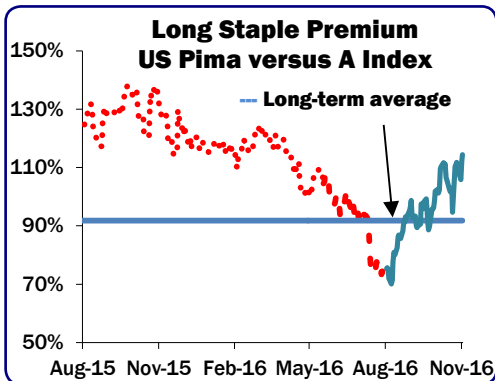
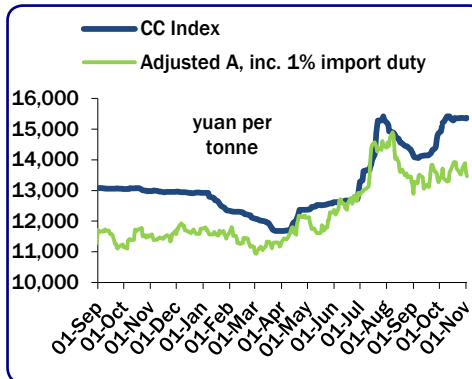
Meanwhile, Australian 2017 crop offers, which declined from being expensive to competitive in price as the Northern hemisphere new crop harvest period approached, have once again turned higher, following decent sales from the origin and some recession in the more optimistic forecasts for the crop now being placed in the ground. Given reassurance as to the crop's final planting area, however, one might safely presume that Australian will figure as a competitive growth in the foreseeable future. Prices for some of the less well sold, smaller crops might come under

pressure (such as Greek, much of which

remains, so far, in ginners' hands, owing mainly to the paucity of demand from Turkey).

Strength in global long staple prices has persisted. One might venture to suggest that with good yields and satisfactory early ginning progress in California, some of the caution recently expressed by sellers in committing more from the new crop might dissipate. Additional Pima sales might thus be a feature of this coming weekend's US 'Sourcing Summit'. Much of the demand for both

Pima and Egyptian varieties has come from India, driven partly, one presumes, by 'branding' issues. Almost half (48 percent) of this season's expanded US Pima export commitments (by October 20) were for that destination, along with more than two thirds (68 percent) of the larger figure for Egyptian export registrations (by October 29). Sellers of both origins can thus be expected to be proud in their price ideas but the extent to which values can continue to be pushed higher will doubtless be a function of the relationship with upland prices. The long staple premium versus the A Index had fallen below its long-term average back in July and August but the more recent, divergent movement in prices has raised it once again significantly above that mark.



American Cotton Shippers Association



International Cotton Institute | June 5, 2017 - July 14, 2017

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CFR Far Eastern Quotations for Principal Growths

Quotations as at November 3, 2016

Description	Price	Change on week	Shipment	Price	Change on week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	84.00	Unch	5/6			
Benin Kaba/s 1-1/8"	78.25	-1.25	1/2			
Burkina Faso BOLA/s 1-1/8"	78.25	-1.25	1/2			
Cameroon IRMA/s 1-1/8"	78.75	-1.25	1/2			
Cameroon PLEBE 1-5/32"	80.50	-0.75	2/3			
Chad Kero A51 1-5/32"	80.50	-0.75	2/3			
Indian Shankar-6, 1-1/8"	75.50	-1.50	12/1			
Ivory Coast MANBO/s 1-1/8"	78.25	-1.25	1/2			
Mali JULI/s 1-1/8"	78.75	-1.25	1/2			
Spanish SM 1-1/8"	80.50	-0.50	11/12			
Tanzanian RG1 1-1/8"	NQ					
Texas SM 1-1/8"	80.25	-0.75	12/1			
Uzbekistan SM 1-1/8"	82.50	-1.00	11/12			
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 *	77.25	-1.25	1/2			
Brazilian Midd	80.00	-0.75	11/12			
Burkina Faso RUDY *	77.25	-1.25	1/2			
California/Arizona Midd	80.50	-0.75	12/1			
Greek Midd	79.75	-0.75	11/12			
Indian medium grades **	74.50	-1.50	12/1			
Iv. Coast BEMA *	77.25	-1.25	1/2			
Mali ROKY/KATI *	77.75	-1.25	1/2			
Memphis/Eastern Midd	80.25	-0.50	12/1			
Memphis/Orleans/Texas Midd	79.00	-0.75	12/1			
Mexican Midd	NQ					
Syrian Midd	NQ					
Tanzanian SG1	NQ					
Uzbekistan Midd	79.50	-1.00	11/12			
Lower grades						
Argentine SLM, 1-1/16"	NQ					
Brazilian SLM 1-3/32"	NQ					
Greek SLM 1-3/32"	NQ					
Indian J-34 SG **	NQ					
Memphis/Eastern SLM 1-3/32"	77.75	-	12/1			
Memphis/Orleans/Texas SLM 1-3/32"	77.00	-	12/1			
Pakistan AFZAL 1-1/16"	NQ					
Pakistan Type 1467 1-3/32"	NQ					
Long Staple cottons:						
US Pima Grade 2 1-7/16" #	165.00	Unch	12/1			
Egyptian Giza 86 Good+3/8	NQ					
Egyptian Giza 88 Good+3/8 #	NQ					
Israeli Pima H1, 1-7/16" #	160.00	Unch	11/12			
Israeli Acalpi	128.00	Unch	11/12			

* 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 November 03, 2016

2016/2017 Cotlook A Index	77.50	
Description	Price	Shpt
Indian medium grade	74.50	12/1
Burkina Faso RUDY	77.25	1/2
Benin BELA	77.25	1/2
Memphis/Orleans/Texas	79.00	12/1
Uzbekistan	79.50	11/12

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	78.82

Monthly Averages

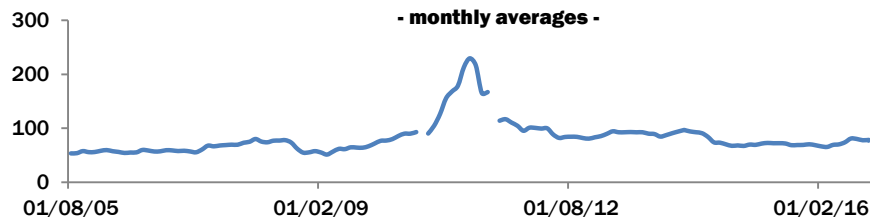
April 2016	69.28
May 2016	70.28
June 2016	74.10
July 2016	81.06
August 2016	80.26
September 2016	77.86
October 2016	78.50
November 2016	77.40

Daily Values

Daily Values	2016/17
October 28	79.15
October 31	80.15
November 01	77.75
November 02	76.95
November 03	77.50

Average for week 78.30

The Cotlook A Index
- monthly averages -



Yarn Index

2005 = 100

This week	121.80	Last month	121.64
Last week	122.08	Last year	113.85

Export prices (in US dollars per kilo FOB)-

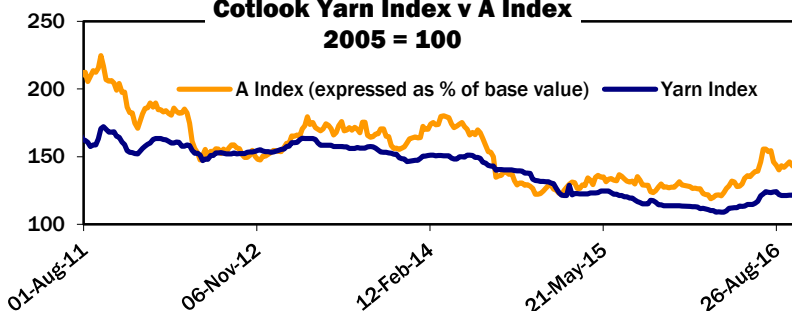
	This Week	Change on week	Change on year
Pakistan 20s	2.44	Unch	0.22
India 20s	2.30	Unch	0.20
Turkey 20s	2.85	Unch	0.25
Indonesia 20s	2.56	Unch	-0.25
China 21s	3.00	Unch	0.16
Uzbekistan 20s	2.10	Unch	unch
Pakistan 30s	2.82	Unch	0.22
India 30s	2.55	Unch	0.20
Turkey 30s	3.05	Unch	0.25
Indonesia 30s	2.85	Unch	-0.42
China 32s	3.44	-0.10	0.09
Uzbekistan 30s	2.30	Unch	Unch

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

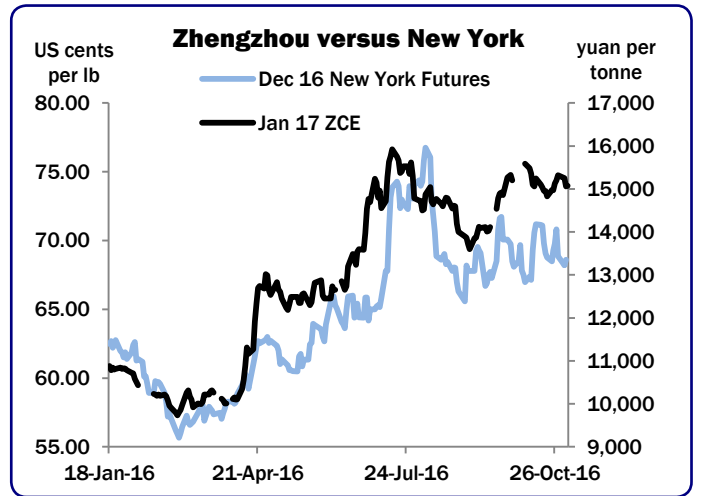
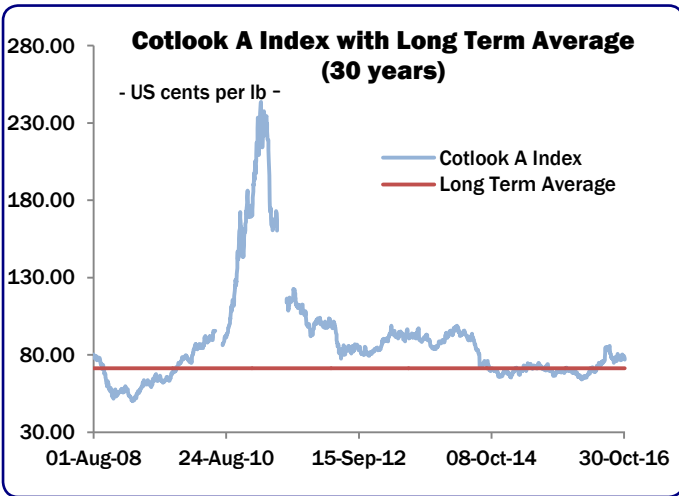
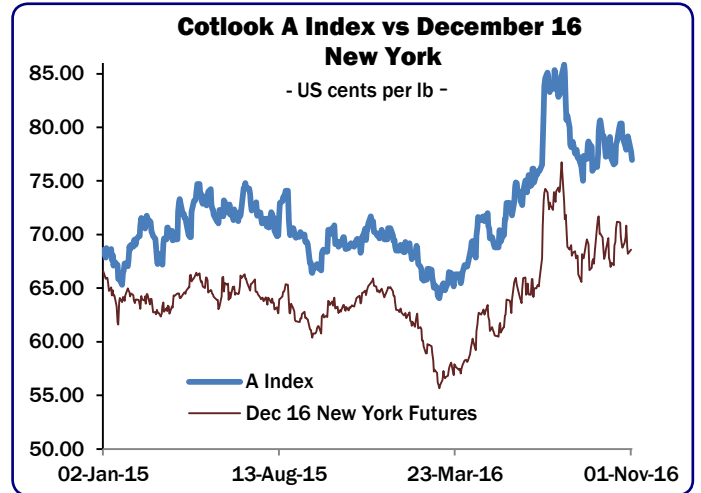
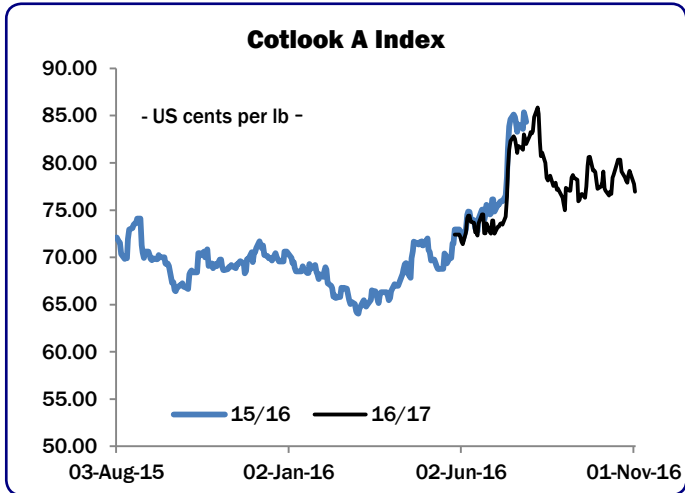
the two most recent calendar years for which complete data are available. The prices shown for Uzbek yarn are not currently part of the Index, and are quoted on an FCA basis.

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

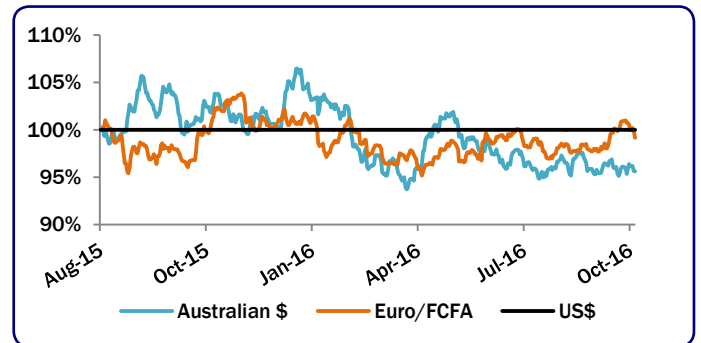
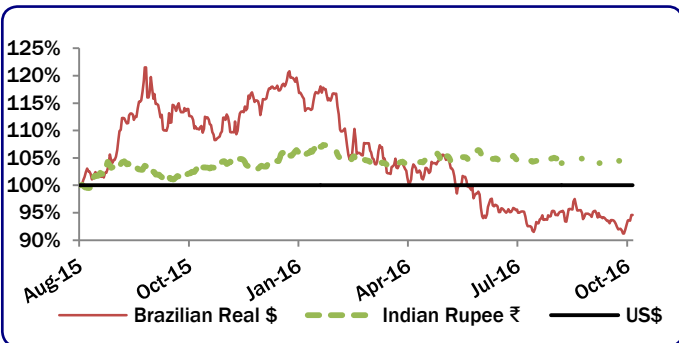


World Price Trends

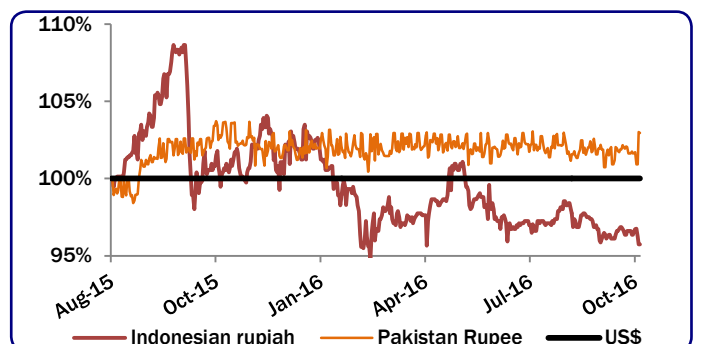
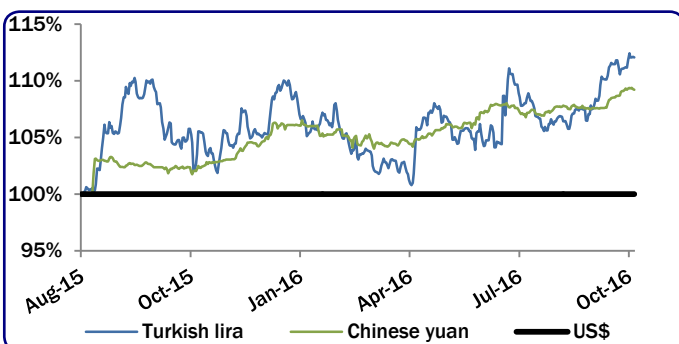


Currency Trends

Exporters' currencies vs. US\$ (Aug 1, 2015 = 100%)



Importers' currencies vs. US\$ (Aug 1, 2015 = 100%)



Dates for your diary

2016 Calendar of Cotton Events

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/	November 5 - 8
Textile Export Council The Textile Export Council is organising a two-day B2B event, Destination Africa "Integrating Africa into Textile Global Value Chain" Email: d.rady@textile-egypt.org http://www.destination-africa.org/	November 11 - 12
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	November 17 - 19
Cotton India 2016-17 Cotton Conference Email: amar.singh@caionline.in	December 5 - 7

2017 Calendar of Cotton Events

National Cotton Council - 2017 Beltwide Cotton Conferences Hyatt Regency, Dallas, TX Contact Tel: 901-274-9030 Fax: 901-725-0510 Email: beltwide@cotton.org	January 4 - 6
Gdynia Cotton Association Cotton Classification Course, Gdynia, Poland Contacts: Tel. +48 58 620 7598, Fax +48 58 6207597, Email: ib@gca.org.pl	February 6 - March 3
National Cotton Council - Annual Meeting The Fairmont, Dallas, TX Email: dholderfield@cotton.org Web: www.cotton.org	February 10 - 12
USDA Agricultural Outlook Forum Crystal Gateway Marriott Hotel - Arlington, Virginia Web: www.usda.gov/oce/forum	February 23 - 24
International Cotton Association - Complete Cotton Training Programme Marriott Hotel, Liverpool, UK www.ica-ltd.org/complete-cotton/ Contact: Tel: +44 151 236 6041, Fax: +44 151 255 0174, E-mail: staff@ica-ltd.org	April 26 - May 5
Gdynia Cotton Association 76th General Assembly, Gdynia, Poland Contact- Tel. +48 58 620 7598, Fax +48 58 6207597, Email: ib@gca.org.pl	May 26
ACSA International Cotton Institute The University of Memphis, Memphis, Tennessee, USA cotton.memphis.edu	June 5 - July 14
National Cotton Council Mid-Year Board Meeting Peabody Hotel, Memphis, TN	August 23 - 25
Organisers of forthcoming events are invited to contact the editor if they wish their meeting to be considered for inclusion in a future list.	

Cotlook Production Estimate

(thousands of
tonnes)

	15/16	16/17
Argentina	195	180
Australia	590	975
Azerbaijan	13	25
Benin	115	140
Brazil	1,225	1,400
Burkina Faso	247	280
Cameroon	110	102
Chad	70	75
China	4,530	4,500
Colombia	25	25
Côte d'Ivoire	130	130
Egypt	55	41
Greece	220	220
India	5,746	5,950
Iran	60	65
Israel	17	14
Kazakhstan	45	50
Kyrgyzstan	9	9
Malawi	5	10
Mali	215	240
Mexico	198	142
Mozambique	20	25
Nigeria	35	35
Pakistan	1,525	1,825
Paraguay	5	5
Peru	25	27
Spain	55	50
Sudan	40	30
Syria	40	43
Tajikistan	84	80
Tanzania	60	40
Togo	34	35
Turkey	575	700
Turkmenistan	315	310
Uganda	20	30
USA	2,802	3,440
Uzbekistan	835	815
Zambia	45	40
Zimbabwe	12	28
World Total	20,613	22,380
World excl China	16,083	17,880
N Hemisphere	18,367	19,586
S Hemisphere	2,246	2,794
African Fr. Zne	930	1,010
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	16,083	17,880	6,290	4,530	4,500	25,711	20,613	22,380
China net trade	-1,788	-931	-890	+1,788	+931	+890			
New Supply	17,633	15,152	16,990	8,078	5,461	5,390	25,711	20,613	22,380
Consumption	16,281	16,288	16,654	7,250	7,550	7,550	23,531	23,838	24,204
Net change in stock	+1,352	-1,136	+337	+828	-2,089	-2,160	+2,180	-3,225	-1,823
USDA									
Opening stock	8,743	9,716	8,362	13,653	14,570	12,671	22,493	24,286	21,033
Production	19,399	16,182	17,787	6,532	4,790	4,572	25,931	20,972	22,359
China net trade	-1,789	-931	-958	+1,789	+931	+958			
New Supply	17,610	15,251	16,829	8,321	5,721	5,530	25,931	20,972	22,359
Consumption	16,793	16,614	16,662	7,403	7,620	7,729	24,196	24,234	24,391
Other	+156	+9	+17	-1	+0	+0	+58	+9	+17
Ending Stock	9,716	8,362	8,546	14,570	12,671	10,472	24,286	21,033	19,018
Net change in stock	+973	-1,354	+184	+917	-1,899	-2,199	+1,793	-3,253	-2,015
ICAC									
Opening stock	8,336	9,399	8,030	12,109	12,917	11,270	20,476	22,316	19,300
Production	19,700	16,280	17,900	6,500	4,750	4,550	26,200	21,030	22,450
China net trade	-1,789	-932	-944	+1,789	+932	+944			
New Supply	17,911	15,348	16,956	8,289	5,682	5,494	26,200	21,030	22,450
Consumption	16,719	16,450	16,600	7,479	7,330	7,180	24,198	23,780	23,780
Other	-129	-267	+4	-2	+1	-4	-162	-266	+0
Ending Stock	9,399	8,030	8,390	12,917	11,270	9,580	22,316	19,300	17,970
Net change in stock	+1,063	-1,369	+360	+808	-1,647	-1,690	+1,840	-3,016	-1,330

Apparent Changes in World Stocks



China

CCTA council

The fifth China Cotton Textile Association (CCTA) Council was held last week in Shandong. President Zhu Beina indicated that the 'One Belt, One Road' policy has attracted many domestic enterprises to develop businesses in Xinjiang, where production costs and taxes are much lower, and the cotton market is comparatively free. CCTA maintained communication and coordination with government sectors in securing an extension of this year's state reserve sales session, which helped curb the rise in cotton prices. However from the industry's point of view, a better system is needed to maintain a steady and healthy cotton market.

Yinjian, an official from the NDRC, spoke highly of the suggestions and opinions given by CCTA as regards the state reserve sales programme, contending that the key purpose of the sales was to protect spinners' interests. The speaker reiterated that sales in 2017 will run from March through August. He also restated that current policy on import quotas (limited to 894,000 tonnes) will be unchanged, and issued a reminder that companies are now responsible for making accurate declarations, or risk penalties.

Xinjiang report

The National Meteorological Centre predicts temperatures will rise gradually this weekend in Xinjiang, following a strong cold air flow in most northern parts in late October.

The latest *China Cotton Association* (CCA) report indicates that crops in northern Xinjiang were affected by the recent adverse weather and that picking was impeded. By late October, over seventy percent of Xinjiang's crop had been harvested, or 16.9 percent points less than a year earlier. Picking in northern Xinjiang has since accelerated, and favourable harvest conditions were forecast to persist this week. Progress remains comparatively slow, by contrast, in southern areas, owing to the shortage (and high cost) of labour: recently, over two thirds of the crop was still in the fields.

An estimated 62 percent of the crop has been sold from first hands, 21.2 percentage points less than last year. The shortfall is attributed to unattractive prices and to poor demand from ginners, whose own sales prospects are also unenticing. Growers, meanwhile, have begun to express concern about government intentions regarding the target price subsidy policy after this season, about which more clarification is awaited.

The average price of seed cotton has declined by 0.4 yuan per kilo. Typical asking rates are now 6.2/6.8 yuan per kilo for machine-picked seed cotton in the north and 7/7.4 yuan for handpicked in the south.

In northwest Xinjiang's Wusu City, yields this year may be lower than previously expected, at 320/330 kilos per mu. At present, over two thirds of the crop intended for handpicking remains in the field and half of that for machine-picking, owing mainly to persistent rainfall during the past couple of months. Harvesting is scheduled for completion by the end of November. Quality parameters in the region have improved substantially from last year.

According to data from local Agricultural Bureau in the Bayingolin Mongol Autonomous Prefecture, this year's cultivated area was 3,109,200 mu (207,280ha), which is some 178,400 mu (minus 5.43%) less than in 2015. 113,000 tonnes have been delivered to warehouses in the prefecture, of which 93,400 tonnes have been inspected. Seed cotton is currently priced at 7.5/7.7 yuan per kilo, around over one yuan higher than in mid-September, and equivalent to a lint price of 15,800 yuan per tonne, while cottonseed is commanding 2.2/2.6 yuan per kilo.

Most spinners with low inventories are said to have been preparing to replenish them, while others maintain a hand-to-mouth buying strategy. Typical asking rates for lint, ex-warehouse, have been ruling around 15,200/15,500 yuan per tonne for machine-picked Type 2128/3128 from northern Xinjiang and 15,700/15,800 yuan for handpicked from southern Xinjiang. Machine-picked Type 2129/3129 lint cotton has been changing hands at 15,500 yuan per tonne, and handpicked at 16,000 yuan. The northern supply is adjudged to give a comparatively better spinning value. US origins taken from the state reserves are offered for resale at 15,800/16,000 yuan and Australian lots at 16,400/16,800. As regards shipments from origin, attention appears to have turned toward Indian supplies, which are now offered more cheaply, though the amount of unused quota remaining for this year is probably much reduced, amounting perhaps to a few tens of thousands of tonnes.

Long staples

In Aksu, long staple seed cotton values are only a little dearer than those for upland handpicked lots, at 7.4/7.5. Long staple picking is of course comparatively more cumbersome and labour intensive (and labour is in short supply).

Expectations persist of a final long staple output of between 170,000 and 200,000 tonnes (the higher figure is based on an area cultivated in Aksu Prefecture of some 2,200,000 mu, an average seed cotton yield of 330/350 kilos per mu and a typical ginning outturn for long staple cotton). Of the quantity produced, the domestic market would normally be expected to absorb some 70,000/80,000 tonnes, with the remainder of mills' long staple requirements filled by imports. Import buying (as has recently been evident) will doubtless persist for quality and brand reasons (particularly in regard to US Pima and Egyptian) but more Xinjiang cotton might otherwise be used, if the price is favourable. Observers consider that Xinjiang long staple prices will remain under pressure in the medium to long term. A further decline has been noted in the past week. The typical asking rate for Type 137 has been quoted at 21,100 yuan per tonne (down 100 from a week earlier), equivalent to 142.83 US cents per lb. [Price ranges are quoted in the 'mainland' of 20,800/21,200 for PCC Type 137 and 19,800/20,200 yuan for other supplies]. The ruling price, it is said, is roughly equivalent to the cost price for cotton ginned and placed in eastern warehouses. Type 236

has been priced at 19,650 yuan.

Road freight volume rebounds in October

Ginners report that more volume was moved eastward during October by road and rail than during September but still less than half that recorded during October last year (118,400 tonnes versus close to 300,000). The cumulative figure for the quantity transported by road from the beginning of the calendar year through to the end of October amounted to 1,070,900 tonnes, down by 692,000 tonnes, year-on-year. Most ginners are awaiting final confirmation of this year's subsidy policy details for moving Xinjiang cotton eastwards. The *China National Cotton Exchange* (CNCE) reports that more was moved last week (35,080 tonnes) than the week before. Loading capacity by road has decreased sharply (to around 31 tonnes per truck), resulting in an increase of around 30 percent in freight costs. The more cost-effective railway transport has insufficient capacity, resulting in a backlog of cotton at railway terminals. The latest news from the Urumqi Railway Bureau indicates, moreover, that the current discount of seven percent on bulk freight was to be cancelled during this week.

Movement is expected to be back to normal from mid-November onward, as more spinners start replenishing stocks.

Other regions

Picking in the Yellow River Valley will come to an end in the middle of this month, but market transactions are still sparse. Locally-produced handpicked cotton in Hebei has been traded at 15,500 yuan per tonne, or 500 yuan lower than Xinjiang Type 3128 lots (delivered price), which has far better quality parameters than the locally-produced style. According to *Beijing Cotton Outlook's* (BCO's) forecast, output this year in Shandong and Hebei is estimated at 250,000 and 160,000 tonnes, respectively, which is only marginally less than last season.

According to a trip report by the Ministry of Agriculture, the cultivated area in Shandong this year was estimated at 6,346,000 mu (423,067 ha), some 1,387,000 mu less than last year, or minus 17.9% but yield forecasts are higher than expected. The report indicates that seed cotton output is expected to be around 550,000 tonnes. Seed cotton giving an outturn of 40 percent is now quoted in the region at 7.6/7.8 yuan per kilo, which is equivalent to a Type 3128 lint price of 15,600/15,700 yuan per tonne. Ginners are cautious about buying at such a high level. Type 3128 lint is now priced at 15,600/15,800 yuan per tonne, which represents a value roughly equivalent to breakeven.

Picking is coming to an end in Hebei. Seed cotton giving an outturn of 40 percent is quoted at 7.3/7.5 yuan per kilo, which is slightly less than last week.

BCO's data convey a much less optimistic view of prospects in the Yangtze River Valley, where cotton output has continued the downward trend that started in the 2012/13 season; each province in the region is predicted to produce below 100,000 tonnes (Jiangsu less than 40,000 tonnes), owing to the unattractive subsidy policies applied in the region.

Inspections

By November 2, inspections of new crop nationwide, according to CNCE data, represented 1,305,201 tonnes of. Of the total, Xinjiang accounted for 1,284,994 tonnes (or 98.45 percent). The number of ginners participating in the inspection programme has increased to 806. The majority (around 90 percent) are located in Xinjiang (split roughly 35:65 percent PCC and local cooperative gins). The others are located mainly in Hebei and Shandong.

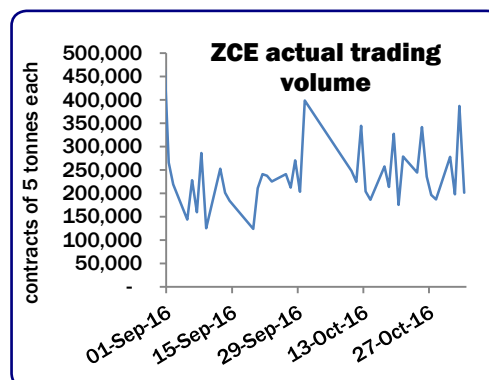
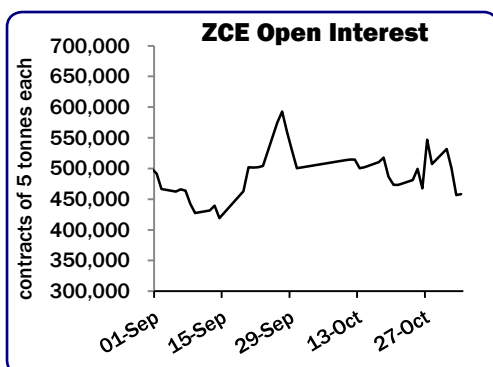
Market prices

Zhengzhou cotton futures registered a strong advance on October 31 but then turned direction, ceding more ground overall in most contract months to bring most contract months close to, or below, the 15,000 yuan per tonne mark. The period ended on a slightly firmer note on November 3, though the change on the week still showed losses with lower turnover, decreased open interest and a further drop in the certified stock. Despite recovering some ground at the end of

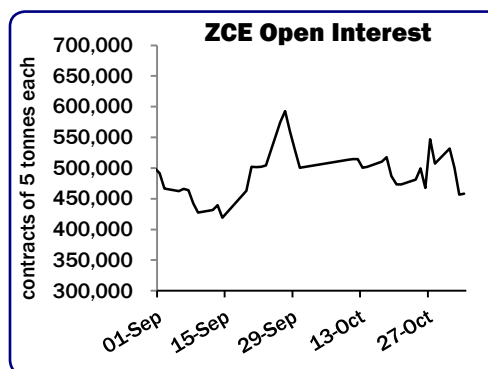
Zhengzhou Cotton Futures

	Settlement		Chng	Volume*	Open Interest
	yuan per tonne	yuan per tonne		number of contracts	
	26-Oct	02-Nov		Past week	02-Nov
Nov	15,015	14,930	-85	528	1,932
Jan	15,125	15,075	-50	1,764,564	330,378
Mar	14,965	15,005	+40	548	350
May	15,010	14,990	-20	207,478	118,178
Jly	15,230	15,035	-195	30	50
Sep	15,095	15,070	-25	5,600	7,494
				1,978,748	458,382

*Counting both the sale and the purchase.



CNCE				
03 November 2016				
Delivery	Turnover	Average	Change	US cents
in tonnes	price in	price in	on week	per lb
	tonne	yuan per		equiv.
		tonne		
Type 328 (domestic 'MA')				
Nov	5,490	14,478	-122	97.54
Dec	6,380	14,551	-96	98.03
Jan	3,990	14,626	-46	98.54
Feb	10,730	14,634	-112	98.59
Mar	36,190	14,643	-138	98.65
Apr	31,520	14,633	-175	98.59
Total	94,300			



the period, average prices on the e-trading platform operated by the **China National Cotton Exchange** have also ended lower on the week.

The **China Cotton (CC) Index (Type 3128B)** has barely altered during the period and the value prevailing on November 3 stood at 15,369 yuan per tonne.

In the **man-made fibres**, polyester staple values have receded slightly during the past week, and remain typically equivalent to around 46 percent of the cost of cotton. A more pronounced decline has been noted in viscose staple, which is now closer to the cotton price than at any time since late July.

Port yarn stocks

Traders report that forward asking rates for cotton yarn from India, Pakistan and Vietnam have started to decrease of late. Prices asked for Indian and Pakistan carded 21s and carded 32s have been ruling at USD 2.54/2.57 and 2.68/2.72 per kilo, around 0.1 yuan lower than previously.

Imported stocks held at ports are currently estimated at around 75,000 tonnes, 5,000 tonnes more than the figure in mid-October. The total comprises 15,000 in Guangzhou, 20,000 in Qingdao, 11,000 in Ningbo, 18,000 in Zhangjiagang and 10,000 in Shanghai.

NBS data

National Bureau of Statistics (NBS) data show that 'above-scale' enterprises gained a profit of 4.638 trillion yuan during the first nine months of 2016, 8.4 percent more than during the same period last year. The year-on-year gain for the textile industry was 4.2 percent. According to another report, China's exports of textiles and clothing during the first nine months of the year totalled US\$198.654 billion, 6.02 percent less than the figure a year ago, continuing the weak trend that has prevailed during the past twelve months or so. Influenced by such a tendency, most export-oriented enterprises have turned to the domestic market, which has made textile products more competitive at home. Some small-scale processing enterprises are currently facing bankruptcy risks. However, as noted recently, currency depreciation is working in favour of export industries.

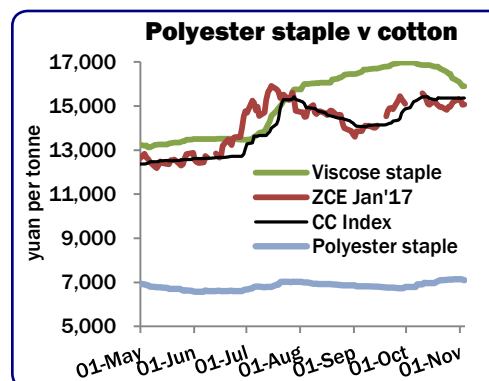
PMI reaches two-year high point

According to data from the *National Bureau of Statistics* (NBS), the official Purchasing Managers'

International Prices

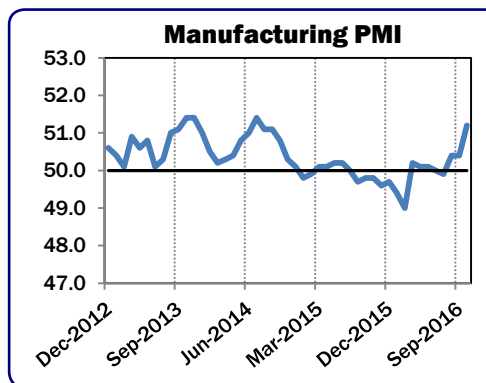
Data as at 3 November, 2016

	Yuan per	Approximate delivered mill value	
	tonne equiv.	Including one	including 40
	+ insurance	percent tariff +	percent duty &
		13 percent VAT	13 percent VAT
Cotlook A Index	11,961	13,594	18,289
Texas SM	12,371	14,062	18,938
Uzbek SM	12,707	14,445	19,469
Australia SM	12,930	14,701	19,823
Burkina Faso BOLA/s	12,073	13,722	18,466
India Shankar-6	11,662	13,254	17,817
Benin KABA/s	12,073	13,722	18,466
Cameroon IRMA/s	12,147	13,807	18,584
Cameroon PLEBE 1-5/32"	12,408	14,105	18,997
Ivory Coast MANBO/s	12,073	13,722	18,466
Mali JULI/s	12,147	13,807	18,584
China domestic prices	yuan/tonne	chg on last	cents/lb
		published	
CC Index	15,369	4	103.54
CNCE October	14,478	-103	97.54
ZCE November	14,930	-85	100.59
	yuan/tonne	chg on week	cents/kilo
polyester	7,100	-25	105.46
viscose	15,900	-370	236.16
	Yuan/kilo		cents/lb
32s carded yarn	24,300	-	360.05
40s combed yarn	26,000	-	385.24
Monthly yuan/dollar customs exchange rate			6.7326
Actual Rate (Nov 3)			6.7491



Index (PMI) for October hit its highest point since July 2014, increasing by 0.8 percentage points, to 51.2. This continues the recent strong tendency and moves the reading further above the mark that distinguishes contraction from expansion. Meanwhile, the non-manufacturing PMI rose by 0.3 percentage points to 54.

Ten of the total twelve indexes of the PMI have increased to some extent, while new orders and imports decreased slightly. An expert from the NBS has expressed the view that the domestic economy will maintain smooth development this year, but indicates that economic pressures may appear once again in the beginning of 2017, owing to delayed influences from the stricter policy introduced for real estate.



India

Crop progress

According to the *Cotton Corporation*, cumulative new crop seed cotton arrivals by October 21 were estimated at 1,043,500 lint equivalent bales (170 kgs), including over 200,000 from Gujarat.

Daily arrivals have been limited by market closures in observance of Diwali holidays. A revival in the movement of the crop is anticipated from the weekend.

Prices and business activity

Shankar-6 prices have declined by around 16 percent from their recent high in early October, and Indian cotton has re-emerged as a feature of import demand on the international market. Fairly good volumes have been committed in China and Far Eastern markets during the past week.

The direction of MCX futures would seem to echo the bearish outlook for local prices, having fallen by almost 10 percent since early October, but the market's decline has been gentler during the past week.

The lead December contract closed on November 2 at ₹18,410 per bale (₹38,512 per candy, or 73.50 US cents per lb). February was trading with a modest premium, at ₹18,700 (74.65 cents per lb).

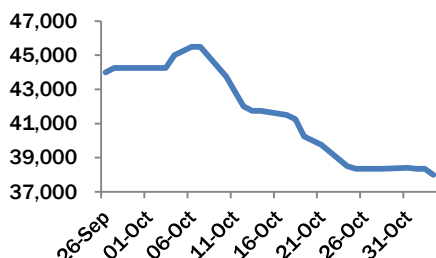
Volume on the lead month was 92,750 bales, lower than the 288,175 registered in the previous week.

The mid-point of ex-gin asking rates for Shankar-6 has remained relatively unchanged during the period, probably owing to reduced market activity during the holiday. On November 2, S-6 prices were placed at roughly ₹38,350 per candy, ex-gin, or 73.20 US cents per lb, at the prevailing exchange rate. Punjab J-34 has eased slightly, to ₹3,920 per maund (71.30 cents per lb).

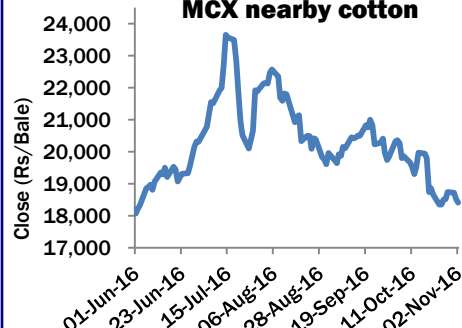
2015/2016 arrivals bales of 170 kilos

	21-Oct-16
Punjab	103,000
Haryana	310,000
Rajasthan	87,500
Gujarat	212,000
Maharashtra	103,500
Madhya Pradesh	114,000
Telangana	4,900
Seemandhra (AP)	50,600
Karnataka	58,000
Tamil Nadu	-
Orissa	-
Others	-
Total	1,043,500

2016/17 crop Shankar-6 (Rs./candy, ex-gin)



MCX nearby cotton



Pakistan

Seed cotton arrivals overtake last year

According to the *Pakistan Cotton Ginners' Association (PCGA)*, arrivals of seed cotton during the second half of October amounted to the equivalent of 2,573,399 bales of lint, a gain of 42.8 percent compared with the 1,801,724 bales received during the same period a year earlier.

Total arrivals from the 2016/17 crop by November 1 amounted to the equivalent of 6,948,381 bales; the comparable figure on November 1, 2015 was 6,465,600 bales, thus this season's gain during the period in question is the equivalent of some 482,781 bales, or 7.47 percent.

The figures show an overall increase in arrivals in Punjab and Sindh, with Punjab, in particular showing a rise of some 13.84 percent, whereas Sindh increased by a marginal amount, compared with the same date last year.

Of the total, 4,996,603 bales had been sold onward to textile mills (compared with 4,216,665 by the same date last year) and 121,629 bales (333,555) to exporters. The stock (both pressed and unpressed) in ginners' hands thus amounted to 1,830,149 bales, versus 1,915,380 a year earlier.

1,007 ginning factories had started this season's operations, compared with 993 on the same date of last year.

Early sown cotton picking nears completion

Dry conditions have prevailed across most of the cotton growing belt over the last few days. After unusually high temperatures in the past few weeks, growers have welcomed the recent milder weather.

Harvesting has continued at a fast pace and is near completion in the early sown areas, with growers starting preparations for winter crops. Growers in most cotton growing districts continue to report good to very good yields from their fields. With seed cotton prices at over Rs. 3,000 per 40 kilos, since the start of the season, growers are keen to get as much output from their fields as possible. Good yields and higher seed cotton prices would bode well for planting next season, and there is an expectation that the area sown will return to near normal levels.

Daily arrivals are estimated to have been in excess of 100,000 bales throughout the past fortnight and there is the prospect of a good volume persisting during November, in contrast to last year, when they dropped off sharply. Ginning factories have continued to operate at a satisfactory rate. Seed cotton prices



have remained stable and were quoted earlier in the week at between Rs. 2,750 and Rs. 3,200 per 40 kilos, depending on quality.

Local cotton rates weaker

Weak conditions have prevailed in the cotton market. The decline in ICE cotton futures has added some downward pressure to domestic rates. Mills have resisted paying higher prices and ginners have been obliged to accommodate lower bids so as to secure an active turnover. Since many of the bigger textile groups have already bought stocks, local prices have been influenced more of late by drops in cotton futures, which have resulted in some business concluded at below the recent price band.

An expectation of abundant Indian offers, at competitive prices, has influenced some spinners to exercise caution in their approach to buying local supplies.

On November 2, business in new crop cotton attracted between Rs.5,700 and Rs.6,150 per maund (roughly 66.42/71.66 US cents per lb), ex-gin - Punjab cotton continues to command the higher end of the range. These rates are around Rs. 100 per maund lower at the bottom-end than those ruling last week.

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. 5,900 per maund, ex-gin, Rs. 50 under last week's.

Import business focused on Indian supplies

On the import front, a moderately active level of enquiry has been witnessed, though Indian business has slackened since last week's active turnover, owing to holiday influences in India. Some business has nonetheless been arranged in a few thousand tonnes of Shankar-6 29 mm at around 74.50/75.00 cents per lb, mainly for December shipment. Demand for US cotton has remained slow. Modest business has continued in West African 1-1/8" staples, for shipment during the first quarter of next year. Fine count spinners have added some further retail volumes of Turkmen extra-long staples and Indian DCH-32.

Raw cotton export registrations and shipments

According to the Trade Development Authority of Pakistan, raw cotton export registrations from August 1 to October 23 totalled 93,766 bales (including 4,048 bales of 2015/16 crop), and shipments amounted to 62,400 (4,061).

Raw cotton imports

The Bureau of Statistics recorded raw cotton imports of 14,138 tonnes, during September, compared with 3,429 tonnes in the same month last year.

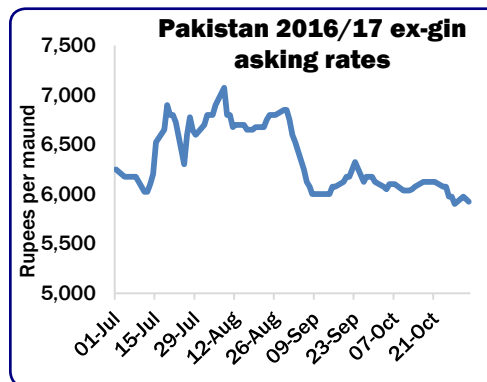
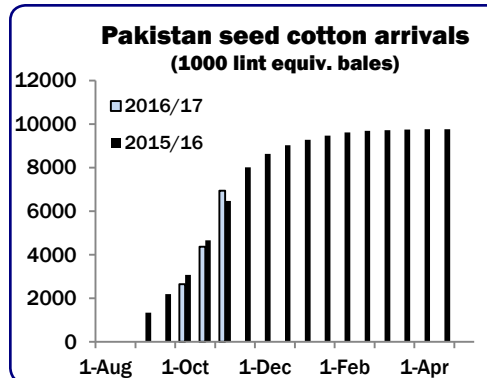
Yarn and textiles

Yarn demand has remained slow from local weavers and knitters. Many downstream manufactures have continued to purchase only against their more pressing requirements and complaints have persisted in regard to the lack of workable margins on grey cloth sales, based on current yarn prices.

Export yarn demand has failed to improve. Mills remain unimpressed by the low buying prices ideas of foreign buyers and the absence of volume business.

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

Polyester staple fibre prices have been held at Rs.116/118 per kilo.



Bangladesh

During the past week, lower ICE cotton futures, and the resultant decline in shippers' offering rates, has led to some increase in demand. A number of spinners have been striving to purchase Central Asian and African styles for shipment in November. Mill buying enquiry has focused otherwise on Brazilian, US and Indian.

Offers in circulation have included Tajik BGM 1-1/8", 28 GPT, at around 84.00 cents per lb, for shipment November, Turkish SLM 1-1/8", 28 GPT, at 78.00 cents, for November and Indian Shankar-6 29mm, 29 GPT, at prices two cents below the Turkish offer.

Confirmed business has been noted in Indian Shankar-6 1-1/8", 4.0/4.9 NCL, 29 GPT, at 76.00 cents per lb, for December shipment, Turkmen BGM 1-1/8" at 83.50 cents, for December/January equally and West African 's' grades, staple 1-1/8" at 975 US cents points 'on' March ICE futures, for February.

Offering rates for Central Asian high grades 1-1/8" from supplies in local warehouses have been fixed a cent higher this week, at between 84.00 and 86.00 cents per lb, while those for Indian MCU-5 30 mm have attracted between 76.00 and 78.00 cents per lb.

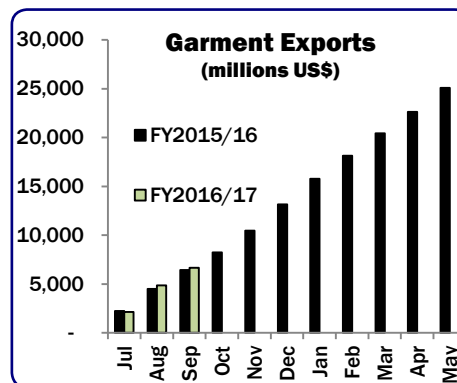
Yarn rates

Local yarn selling rates have been maintained for another week. Carded 30s have commanded around US\$2.85/2.95 per kilo.

Ready-made garment exports

According to the *Export Promotion Bureau (EPB)*, garment export earnings declined during September, compared with significant growth in the month of August, and finished behind the September 2015 number. Overall, the first three months of the 2016/17 financial year, at nearly US\$ 6,666 million, showed a four percent increase, compared with the same three-month period a year earlier.

Woven garment exports increased by 2.3 percent during the third quarter to US\$3.265 billion, compared with US\$3.189 in the same period last year. The rise in woven apparel was surpassed in the knitwear sector, where earnings rose by just under 4.7 percent, to US\$3.401 billion, from US\$3.250 billion a year earlier.



Turkey

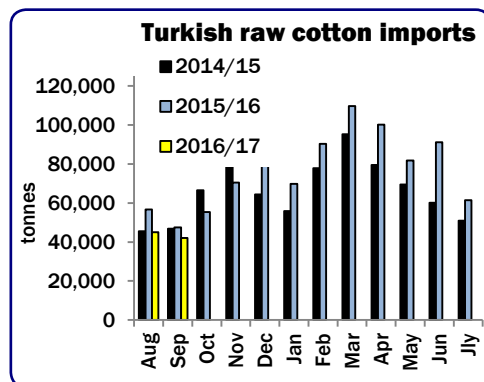
Some observers comment that recent references to depressed yields should be taken in the context of specific areas and contend that prospective output, overall, has not decreased. Normal trading conditions have persisted on the Izmir bourse.

September's raw cotton imports

Raw cotton imports during September amounted to 42,127 tonnes, versus 47,415 during the same month a year ago. The foremost supplier was the United States, which contributed 26,403 tonnes, or nearly 62 percent, to the total. More moderate quantities were sourced from Syria (4,931 tonnes), Brazil (4,274) Central Asia (3,797) and West Africa (2,208). The month witnessed zero imports from Australia and less than twenty tonnes trucked from Greece.

Total imports for the first two months of the 2016/17 international statistical season (August/July), amounted to 87,081 tonnes, compared with nearly 104,000 tonnes during the same period in 2015.

Exports during September totalled 2,400 tonnes, bringing the running total for the season to 5,409.



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Egypt

Export registrations rise sharply

During the week ended October 29, Egyptian export registrations rose by no less than 3,264 tonnes, comprising 2,077 tonnes of Giza 86, 564 of Giza 94, 260 of Giza 90 and 363 of Giza 95.

The lowest price at which Giza 86 was registered was 120.00 US cents per lb FOB and the highest was 158.35 cents. For Giza 94, prices ranged from 148.00 cents up to 164.00 cents. For Giza 90, the low and high values were 109.75 and 114.00 cents, respectively, while those for Giza 95 were 113.50 cents and 114.00.

Egyptian registrations

(week ended October 29)

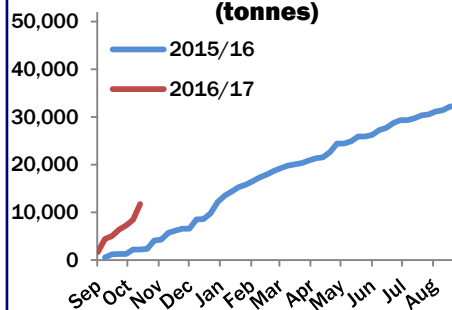
	tonnes	US cents/lb FOB		tonnes	US cents/lb FOB
Giza 86	500.0	130.00	Giza 94	50.0	150.00
	500.0	140.00		44.0	159.00
	400.0	150.00	Subtotal	564.0	155.00 *
	300.0	145.00	Giza 90	100.0	114.00
	103.5	120.00		100.0	109.75
	100.0	145.00		60.0	113.00
	75.0	158.35	Subtotal	260.0	112.00 *
	51.0	123.00	Giza 95	225.0	114.00
	26.0	122.00		88.0	114.00
	21.5	127.00		50.0	113.50
Subtotal	2,077.0	139.00 *	Subtotal	363.0	114.00 *
Giza 94	270.0	148.00			
	200.0	164.00	Grand total	3,264.0	

*Average price reported by Alcotexa

2016/17 season export data (as at October 29, 2016)

	Registered	Shipped	% shipped
India	6,944.20	2,594.20	37%
Egypt Free Zone	176.50	116.50	66%
Pakistan	1,200.00	367.00	31%
Turkey	320.00	70.00	22%
Bangladesh	125.00	125.00	100%
Others	2,984.50	522.50	18%
Total	11,750.20	3,795.20	32%

Egyptian export sales (tonnes)



Cumulative sales registrations now amount to 11,750.20 tonnes, versus merely 4322.7 at around the same date a year ago. India is by far the largest buyer to date, accounting for 6,944.20 tonnes (59 per cent). Almost one third of the total quantity committed has actually been shipped.

Zimbabwe

Reduced seed cotton outturn corroborated

According to local sources, including the *Agricultural Marketing Authority* (AMA), the final, country-wide, seed cotton outturn this year amounted to less than 28,500 tonnes. Given a lint outturn of some 40/42 percent, production should equate to somewhere under 12,000 tonnes, the lowest for half a century.

The main factor limiting this year's production was inclement weather. Zimbabwe's agricultural sector did not escape the adverse effects of the dry conditions that were evidenced over much of southern Africa. Weather conditions had improved by mid-February, with the arrival of rainfall, but this was generally too late to turn around the poor area planted to cotton.

Growers were given increased input support, whereby the government distributed US\$26 million worth of inputs over and above those provided by private contractors. However, a significant quantity of those inputs provided by the government and ginners were not used, as the effects of the prohibitive El Niño weather event took its toll on cotton sowing.

Looking forward, weather permitting, there is the expectation that production will rebound in 2017. Growers will be gearing up for next season, with a government assurance that the free inputs package will be increased by US\$10 million to US\$36,000,000.

South Africa

Reduction in production estimate

Cotton South Africa's tenth estimate (data as at the end of October) of the 2015/16 crop has been decreased to 50,821 bales (of 200 kilos), which is some 2,425 bales or five percent below the ninth estimate and just above half the outturn achieved in the preceding season (94,378 bales).

Of the total, 50,721 bales are attributed to prospective output in the Republic, and the balance, a mere 100 bales to Swaziland production.

Far Eastern Markets

During the period under review some markets have had a fairly active week, with the majority of supplies booked for nearby shipment in November/December. Demand for US has been fairly broad based, but this week has seen the addition of some competitively-priced Indian offers, with reports across the region of confirmed business. It is thought that the bulk of this business has been arranged with Indian private shippers at origin, at prices that would appear to be a good few cents cheaper than offers from international merchants.

Despite a continuation of enquiry for customary growths, including US, few recent reports of significant CFR purchases have been noted in **Taiwan**. For Taiwanese-owned operations overseas, 200 tonnes of Mexican, Middling 1-1/16", G-5, have been purchased at 72.45 cents per lb, for shipment November/December, CIP Mexico. For destination Lesotho, 170 tonnes of Zambian SM 1-1/8", G-5, 28GPT Minimum, have been bought at 81.30 cents per lb and 100 tonnes of South African Middling 1-3/32", Micronaire 3.0/4.9 NCL, 27GPT minimum, at 79.00 cents, all for shipment November/December, CIP Lesotho.

Transactions in **Indonesia** have mainly centred on supplies of Middling, of various staples and prime Micronaire, for shipment during November/December. Business has included US Eastern/M/O/T SLM Spotted, staples 1-1/32" to 1-1/16", G-5, at between 69.75/70.50 cents per lb, for prompt shipment. A quantity from the same origin of Middling 1-1/8", G-5, has been booked at 78.25 cents, for shipment November and M/O/T 'recaps' equivalent to around Middling 1-1/8", G-5, has fetched 75.00 cents, also for November. Indian Shankar-6 1-1/8" G-5 has been a feature this past week, with purchases at levels of 73.00 cents and above, for shipment November/December, while remnants of the Australian 2016 crop, SLM full and Middling 1-5/32", G-5, have moved off at prices between 81.50 and 84.00 cents. 'On-call' trades against forward shipment requirements have involved West African Type MANBO/s 1-1/8", G-5, for shipment April/June, together with a few hundred tonnes of Benin Type KABA/s 1-1/8", G-5 28 GPT, Minimum, at 800 US cent points 'on' ICE futures cover month, for February/June equally and Brazilian 2017 crop, Middling 1-1/8", G-5, for August/December.

In **Vietnam**, recent transactions between local mills and international shippers have focused mainly on US styles rather than Indian, the latter having been offered aggressively by Indian local exporters. Eastern/M/O/T Middling and SM 1-1/8" have attracted a basis level of around 800 to 1,000 US cent points 'on' December ICE futures and Benin Type KABA/s or Burkina Faso Type BOLA/s 1-1/8" have been purchased at around 800 cent points 'on' March futures, for January/February/March. Greek has been actively traded; some mills have bought Middling 1-1/8", at around 1,100 'on' December futures, for prompt shipment.

During the week ended October 28, **Japanese** mill buyers started to cover some of their shipment requirements for the first quarter of next year, whereas others have remained reluctant to enter the market, with an expectation of a further downtrend in prices. Of late, mills have been mainly interested in US and Australian supplies.

A couple of mills in **South Korea** have taken up around 4,000 tonnes of Indian and US origins, mainly for shipment during the second quarter of next year, for both local and overseas mills.

Recently, mention has been made in **Thailand** of US Memphis/ Eastern styles moving off for shipment January/March, together with some Indian, which was offered by Indian private exporters, for a similar shipment period.

Thailand's raw cotton imports

During September, raw cotton imports into Thailand amounted to 15,626 tonnes, of which Australia supplied the most (4,194 tonnes), followed by the United States (3,655) and three African Franc Zone countries, Mali (1,639), Côte d'Ivoire (1,340) and Burkina Faso (1,145). The comparable total in September 2015 was 25,170 tonnes, when the same countries headed the list of origins but when imports were stronger than this year from Brazil, India and Pakistan.



The cumulative total for August and September (the first two months of the 2016/17 international statistical season, was 34,915 tonnes, versus last year's figure of 52,550 tonnes. The total for Australia was 4,218 tonnes more than in the same two months last year whereas the US was lower by 6,556 tonnes and all other major origins showed declines. However, a wider range of origins featured.

Thailand raw cotton imports

(in tonnes)

	Aug/Sep
United States	11,670
Australia	8,215
Mali	3,606
Cote d Ivoire	2,587
Burkina Faso	1,971
Brazil	1,715
Turkmenistan	819
Kazakhstan	618
Guinea	601
Argentina	587
Tanzania	321
Togo	305
Nigeria	266
Greece	211
Mozambique	207
Zambia	199
Benin	195
India	178
Pakistan	155
Others	491
Total	34,915

United States

Harvesting has expanded across the cotton belt under favourable weather. Growers have reported good yields in the Delta with variable output reported across the lower Southeast. End-of-season work and stripping is set to pick up in the Texas High Plains. Late season heat units have helped the maturation of some cotton ahead of harvesting.

Futures declined to four week lows during the five-day period ended November 2, with the lead month at one point (November 1) settling at its lowest level since October 11. Open interest in the December contract has decreased on the approach of 'first notice day' on November 23. Open interest overall nonetheless remains high, at over 250,000 contracts.

Some support for cotton futures was derived from outside influences late in the period and the market recovered a little ground on November 2. Index fund position rolls started on October 28. Liquidation of positions in December should gather pace in the coming week.

The March '17 contract held a 53-point premium over the December '16 contract during the session ended on November 2. Trading volumes remained strong (an estimated 143,608 contracts changed hands over the five-day reporting period) but tailed off on November 2.

ICE No. 2 Cotton Futures

(in cents per lb)

No. 2:

	02-Nov	26-Oct	Change
Dec-16	68.60	69.26	-0.66
Mar-17	69.13	69.87	-0.74
May-17	69.68	70.30	-0.62
Jly-17	69.79	70.42	-0.63
Oct-17	68.77	69.74	-0.97
Dec-17	68.90	69.23	-0.33
Mar-18	69.19	69.57	-0.38
May-18	69.27	69.66	-0.39
Jly-18	69.42	69.89	-0.47
Oct-18	69.45	69.92	-0.47

Certificated stock as of Nov 1 totaled 35,571 bales.

Chicago Futures

(in cents per bushel)

Soybeans

	02-Nov	26-Oct	Change
Nov-16	976.75	1010.00	-33.25
Jan-17	986.50	1021.00	-34.50
Mar-17	993.50	1028.25	-34.75

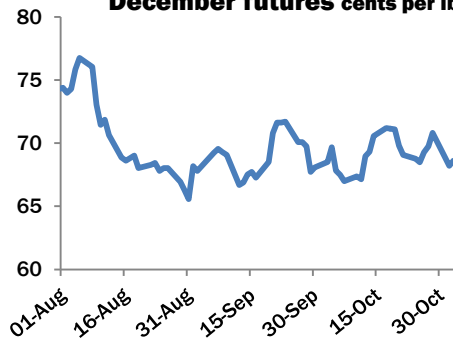
Wheat

	02-Nov	26-Oct	Change
Dec-16	417.75	411.50	6.25
Mar-17	434.50	432.00	2.50
May-17	449.00	447.25	1.75

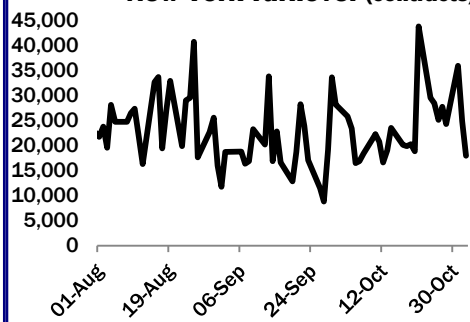
Corn

	02-Nov	26-Oct	Change
Dec-16	346.25	354.00	-7.75
Mar-17	355.50	363.25	-7.75
May-17	363.00	370.00	-7.00

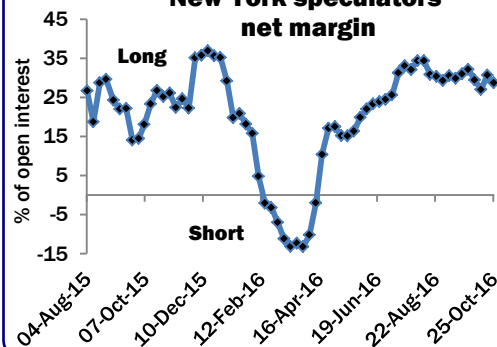
December futures cents per lb



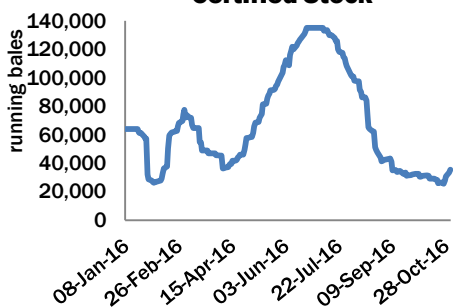
New York Turnover (contracts)



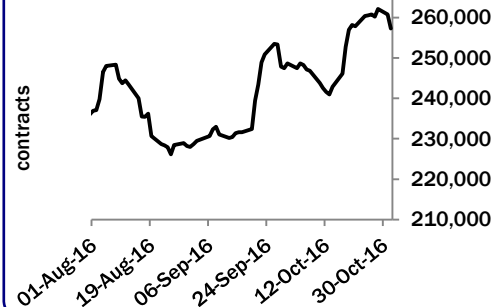
New York speculators' net margin



No. 2 Contract Certified Stock



Open interest in New York futures



Many market participants remain bearish on the longer term outlook for futures. The general expectation in the cotton industry is that Washington's US crop estimate will be raised in the next report, scheduled for release next week. The dynamics for the near term include the buildup of cotton stocks as the harvest progresses, which could keep some risk adverse traders away from futures until the December contract has moved off the board.

Speculators reduced their net long margin to 28.7 percent of the total open interest (260,503 on October 25), down from 30.7 percent in the previous week. Specs increased longs by 29 and shorts by 2,753 positions, respectively. Commercial traders' net short margin decreased to 31.9 percent, down from 34.4 percent the previous week, after adding 564 longs and shedding 3,423 shorts in the period. By November 1, open interest had fallen to 257,262 contracts.

Certificated stocks increased and were last reported at 35,571 bales (its largest level since September 8), most of which were in Memphis and Dallas area warehouses. Traders are closely watching the movement in certificated stocks with some saying a large amount of cotton could be coming to the board.

Shipments, sales focus nearby

Merchants continue to ship cotton against previous commitments and to book some new business for nearby delivery. The shipment periods offered are moving forward into early 2017 and the selling basis of most shippers is shifting to the March '17 contract, as December nears its delivery period.

Classings

As the harvest is well underway across the cotton belt, under nearly ideal conditions, the pace of classing is increasing. An additional 1,031,417 bales of upland and 33,014 of Pima were inspected by the USDA during the week ended October 27, raising the season-to-date total to 3,697,463 and 50,298, respectively.

Only minimal changes to upland quality occurred during the week. Color grades remained predominantly Strict Low Middling White/leaf 4 and better across the belt, ranging from 47.0 percent in the Southwest to 80.1 percent in the Far West. Improvements were reported in all regions, except the Memphis Territory, where a slight decline occurred on the week. In comparison to last year, color grades so far this season are much better.

Beltwide, average staple length remained either unchanged or improved on the week in all states. The average staple was 35.1/32nds inches and longer throughout the Southeast and 36.1 and longer in all other states, except Texas, where staple length averaged 35.9.

Average Micronaire readings across the belt continue in the premium range of 3.5 to 4.9. Fiber strength improved in all regions except the Southwest, which remained unchanged on the week at 30.7 grams/tex. In comparison to last season, fiber strength was better in all regions, except the Memphis Territory.

Classings by State

	27/10/2016 running bales		
	2016 YTD	2016 Prev Wk	2015 TOTALS
Alabama	180,257	126,263	531,587
Georgia	464,465	267,908	2,223,611
Nth. Carolina	54,008	22,781	521,571
Florida	16,175	6,383	110,888
Virginia	4,377	0	132,045
Sth. Carolina	37,028	19,404	139,248
Southeast	756,310	442,739	3,658,950
Arkansas	371,346	270,692	481,300
Mississippi	353,923	252,404	613,348
Missouri	207,224	134,970	403,708
Louisiana	169,191	121,804	192,858
Tennessee	200,564	154,097	300,737
Memphis Terr.	1,302,248	933,967	1,991,951
Texas	1,503,776	1,216,724	5,627,811
Oklahoma	38,816	16,122	345,026
Kansas	0	0	37,306
Southwest	1,542,592	1,232,846	6,010,143
Arizona	52,131	36,377	254,344
California	44,182	20,383	169,543
New Mexico	0	0	18,630
Far West	96,313	56,760	442,517
Total	3,697,463	2,666,312	12,103,561

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						
27/10/2016	Total	2016	2015	2016	2015	2016	2015	2016	2015						
756,310	3,658,950	35.4	35.6	4.6	4.7	29.5	28.6	14.6%	26.5%	10.3%	15.4%	54.9%	12.3%	55.8%	41.4%
1,302,248	1,991,951	36.4	36.8	4.7	4.7	31.2	32.0	19.6%	12.6%	0.7%	3.0%	44.8%	32.3%	72.1%	59.9%
1,542,592	6,010,143	36.4	35.8	4.5	4.1	30.7	30.5	11.2%	10.8%	8.3%	10.6%	35.9%	35.3%	69.3%	64.4%
96,313	442,517	37.3	36.9	4.7	4.4	33.4	32.0	0.8%	17.2%	3.0%	3.7%	79.3%	58.9%	80.7%	80.5%

The amount of cotton tenderable against ICE futures increased in the Memphis Territory and Southwest, while decreasing in the Southeast and Far West. The proportion of upland cotton deliverable across the belt amounted to 70.4 percent.

Since a wide disparity prevailed between merchants' bids and producers' price ideas, entries into the government loan program soared during the week ended October 24. The Commodity Credit Corporation reports that 444,050 bales of 2016/17 crop upland were placed into the loan program, raising total entries to 1,279,870 bales. Redemptions from the current crop amounted to 71,927 bales, and 4,329 were repaid from the 2015/16 crop. The unpaid loan balance for both marketing years therefore jumped by 367,794 bales to a total of 1,017,342 of which independent farmers controlled 51,653 and cooperatives and loan servicing agents held 965,689 bales.

Sales on the Spot Market totaled 28,569 bales for the week ended November 2, which represented a sharp increase from the preceding week's 10,288 bales. Most of the

Basis Levels		2016/17 Option-to-Purchase Prices**	
		2016/17	
		cents per lb	cents per lb
Southeast	SLM 1-3/32"	100 to 175 "on"	-
Memphis Territory	SLM 1-3/32"	even to 50 "on"	-
Texas/Oklahoma	SLM 1-3/32"	25 to 100 "off"	-
Far West - SJV	Midd 1-3/32"	825 to 900 "on"	-
DSW - Arizona	Midd 1-3/32"	300 to 350 "on"	-

Dec '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

US Upland Statistics

cotton sold came from East Texas/Oklahoma (14,745 bales), followed by West Texas (10,485), the Delta (2,634) and the Southeast (725). No sales were reported from the Desert Southwest or Far West. Basis levels strengthened in the Memphis Territory and Texas while remaining unchanged elsewhere. Option-to-purchase premiums were not quoted.

Sales on *The Seam* increased this week on both the grower and the business exchanges, with 22,100 and 9,007 bales sold, respectively.

Dry, warm weather across US cotton belt

Unseasonably hot, dry weather has prevailed across most of the cotton belt during the period under review, with record-setting readings reported for the time of year. October was one of the hottest in history and November is beginning with forecasts of unseasonably high temperatures from West Texas to the Southeast. Harvesting is in full swing across the country. According to the USDA's latest crop progress report, nine out of the 15 main producing states were ahead of their respective five-year average as of October 30. Forty-six percent of the cotton was off the stalk, which is two percentage points less than the average.

The combination of a lack of rain and high temperatures has caused drought-like conditions to worsen, according to US Drought Monitor data as at October 25. Soil moisture levels deteriorated, with 'extreme' to 'exceptional drought' reported in parts of the Southeast and Memphis Territory.

Southeastern producers, however, have taken advantage of the hot, dry weather, and as a result, picking increased in North Carolina to 38 percent (up 18 percentage points on the week), followed by Virginia at 40 percent (up 15 points) and Georgia at 61 percent (up 14 points). Nevertheless, work in those regions continues to lag behind the normal pace. Some Virginia farmers have reported hard-locking in fields that were adversely affected by storms last month, and consequently, average yields have dropped. Local analysts have placed yields from early pickings at between 500 and 1,000 pounds per acre. Harvesting is proceeding rapidly in Alabama and Georgia. Average yields have varied across the region. Significant losses have been reported from drought-stricken fields or storm damaged areas from Hurricane Matthew, while better-than-expected yields have been obtained from fields that received timely precipitation or irrigation water during the growing season.

Picking is rapidly nearing an end across most of the **Memphis Territory** under open weather. In Louisiana and Arkansas, only one percent and five percent of fields, respectively, remained to be harvested as of October 30. Between 10 and 15 percent of the crop has yet to be picked in Mississippi and Missouri. However, if dry conditions hold, growers expect to complete activities by late next week. Above-average yields have been recorded from irrigated land. Late season rains adversely affected cotton in central parts of Louisiana, and

LOAN STATISTICS

CCC Data as of Oct 24, 2016 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
16/17	1,279,870	278,434	0	1,001,436
15/16	6,757,636	6,744,730	0	15,906
Totals	8,037,506	7,020,164	0	1,017,342
Last period's total (Oct 17)				649,548

*Including 51,653 bales held by individuals and 965,689 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	11,157	-
S. Carolina	9,994	-
Georgia	75,459	-
Alabama	44,167	-
Florida	11,416	-
Virginia	282	108
Southeast	152,475	108
Tennessee	51,550	1,499
Missouri	70,334	480
Mississippi	207,019	347
Arkansas	144,272	43
Louisiana	58,215	13
Memphis Terr	531,390	2,382
Texas	288,364	12,483
Oklahoma	5,517	98
Kansas	-	404
South West	293,881	12,985
New Mexico	-	-
Arizona	12,686	431
California	11,004	-
Far West	23,690	431
Upland Total	1,001,436	15,906

SPOT MARKETS

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

	Prices		Turnover (bales)
	(cents per lb)		
	02-Nov	26-Oct	
Southeast	69.60	(70.26)	725
N. Delta	68.60	(68.76)	2,634
S. Delta	68.60	(68.76)	0
E. Tx/Okla	67.25	(68.00)	14,745
West Texas	67.25	(67.75)	10,485
Desert Southwest	65.85	(66.51)	0
San Joaquin Valley	67.10	(67.76)	0
7 MARKET AVERAGE	67.75	(68.26)	

Turnover for the period ending Nov 2 28,589
Total turnover for season to Nov 2 96,364

Selected markets to Nov 2 (Oct 26 values in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	69.35 (69.51)	68.60 (68.76)
1-3/32" (35)	71.35 (71.51)	70.60 (70.76)

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

NY No.2 Dec '16 Even

SAN JOAQUIN VALLEY

1-3/32" (35)	77.00 (77.66)	70.10 (70.76)
1-1/8" (36)	80.50 (81.16)	70.90 (71.56)

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

NY No.2 Dec '16 +840

WEST TEXAS

15/16" (32)	64.25 (64.75)	62.75 (63.25)
1" (33)	66.00 (66.50)	63.50 (64.00)
1-1/32" (34)	67.50 (68.00)	67.25 (67.75)

W. Texas Micronaire (cent points per lb):

	02-Nov	26-Oct
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/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.

Basis Levels

2016/17

Option-to-Purchase

2016/17

Prices**

cents per lb

cents per lb

Southeast	SLM 1-3/32"	100 to 175 "on"	-
Memphis Territory	SLM 1-3/32"	even to 50 "on"	-
Texas/Oklahoma	SLM 1-3/32"	25 to 100 "off"	-
Far West - SJV	Midd 1-3/32"	825 to 900 "on"	-
DSW - Arizona	Midd 1-3/32"	300 to 350 "on"	-

Dec '16 New York Futures FOB railcar/truck - Southeast and Memphis Territory. FOB wise - Arizona uncompressed, California compressed.

** Premium required by growers to enter commitment to sell cotton held in the CCC Loan

reductions in output and quality have occurred. Local analysts note yields of between 500 and 1,300 pounds per acre.

American Pima

	Harvest		
	-percentages-		
	Oct	Previous	5-Year
	30	Year	Avg.
Southeast			
North Carolina	38	42	41
South Carolina	30	36	43
Georgia	61	40	43
Alabama	68	63	51
Virginia	40	47	43
Memphis Terr.			
Tennessee	74	57	54
Missouri	85	69	63
Mississippi	90	86	84
Arkansas	95	83	80
Louisiana	99	95	96
Southwest			
Texas	30	39	39
Oklahoma	36	34	32
Kansas	13	18	17
Far West			
Arizona	45	39	36
California	48	68	65
Summary	46	48	48

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

	Crop Condition				
	30/10/2016				
	-percentages-				
	VP	P	F	G	EX
Southeast					
North Carolina	11	19	32	34	4
South Carolina	0	5	58	36	1
Georgia	4	14	31	42	9
Alabama	1	4	42	43	10
Virginia	0	4	38	58	0
Memphis Terr.					
Tennessee	1	2	18	58	21
Missouri	5	14	52	26	3
Mississippi	0	5	31	45	19
Arkansas	6	4	15	45	30
Louisiana	1	12	36	45	6
Southwest					
Texas	4	15	35	38	8
Oklahoma	0	1	30	62	7
Kansas	1	3	28	64	4
Far West					
Arizona	6	2	14	50	28
California	0	0	30	30	40
Summary	4	13	34	40	9

PIMA SPOT QUOTATIONS

Selected markets to November 2 compared with Oct 26 in parenthesis, were as follows

AMERICAN PIMA	1-3/8" (44)	1-7/16" (46)
GRADE 2	133.00 (118.50)	140.00 (125.50)
3	119.25 (104.75)	126.25 (111.75)
4	98.50 (84.00)	105.50 (91.00)

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.

Pima CCC Loan Activity

running bales to Oct 24, 2016

	Total	Repayments	Forfeitures	Outstanding
	Entries			Stock
2016/17	5,773	0	-	5,773
2015/16	<u>266,785</u>	<u>265,763</u>	-	<u>1,022</u>
	272,558	265,763	-	6,795
Previous Total Outstanding (Oct 17):				2,027
		<u>2016/17</u>		<u>2015/16</u>
Arizona		44		219
California		5,729		15
New Mexico		-		279
Texas		-		509
Pima Total		5,773		1,022

Export sales

During the week ended October 27, net export sales registrations of upland cotton for shipment during the current 2016/17 season amounted to 160,400 running bales. Increases were reported for China (29,800, including a decrease of 200), Indonesia (29,400, including a decrease of 100), Vietnam (26,800, including 200 switched from Japan and a decrease of 300), Taiwan (14,200) and South Korea (13,100, including a decrease of 3,200). A reduction was reported for Japan (3,000).

Net sales of 6,000 running bales reported for 2017/18 were mainly for Mexico (5,100) and Indonesia (900).

Export shipments of 127,000 running bales were reported for Vietnam (28,900), Indonesia (24,600), Mexico (19,800), Turkey (9,100) and South Korea (6,600).

Net sales of current crop Pima totaled 2,200 running bales, representing a marketing-year low. The main destinations were Egypt (500),

China (400), Peru (400), Indonesia (300) and Japan (300).

EXPORT STATISTICS

Official return, week ended, Oct 27.	UPLAND	PIMA
-in running bales-		
2016/2017 season		
Previous Outstanding Commitment	3,891,200	258,300
New Sales	168,800	2,200
Cancellations	8,500	0
Net Change in Sales Commitment	160,400	2,200
Shipped during the period	127,000	7,600
Cumulative Shipments to, Oct 27.	2,089,600	117,200
Total Outstanding Commitment	3,924,600	252,900
Theoretical Disappearance	6,014,200	370,100
2017/2018 season		
Previous Outstanding Commitment	428,100	0
Net change in Sales Commitment	6,000	0
Total Outstanding Commitment	434,100	0

Most bolls have opened in West **Texas** and more of the crop (46 percent) is rated as being in good to excellent' condition. Harvesting, though, continues to lag behind the normal pace at 30 percent, compared with the 39 percent average. Mostly cloudy skies and hot temperatures have ruled across the state, with record-breaking highs for this time of year reported in Lubbock. Some producers will have to decide whether to apply harvest-aid chemicals or await a freeze to kill the plants. Slightly cooler temperatures are forecast but no frost. Harvest progress varies across the region, ranging from defoliant being applied to stripping. Better-than-expected average yields have been noted from many fields, and quality continues to be good, with higher grades and lower leaf content.

Elsewhere in the state, picking is winding down in East Texas under favorable conditions. Ginning is nearing an end in the Winter Garden district. Winter field preparations are drawing to a close in South Texas. Processing, however, will continue in the Coastal and Upper Coastal Bend for several more weeks. Soil moisture levels have deteriorated in many areas, and an extended period of rainy weather will be required before ponds, lakes and ground water table levels are recharged. Thundershowers are in the near-term forecast but precipitation amounts are expected to be light.

Harvesting is expanding quickly in **Oklahoma**, and growers have been pleased with early production and quality. Above-average yields of around 1,000 pounds per acre have been obtained from dryland and between 1,500 and 2,000 pounds per acre from irrigated land.

US Price Mechanism

US PRICE MECHANISM

- 2016/2017 season -

- value if applied today, November 3, 2016 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	76.48
B) Three Far Eastern 'fine count' CFRs	78.23
C) Three Far Eastern 'coarse count' CFRs	NQ
D) Cheapest US Midd. 1-3/32" CFR	78.65

ADJUSTED WORLD PRICE CALCULATION

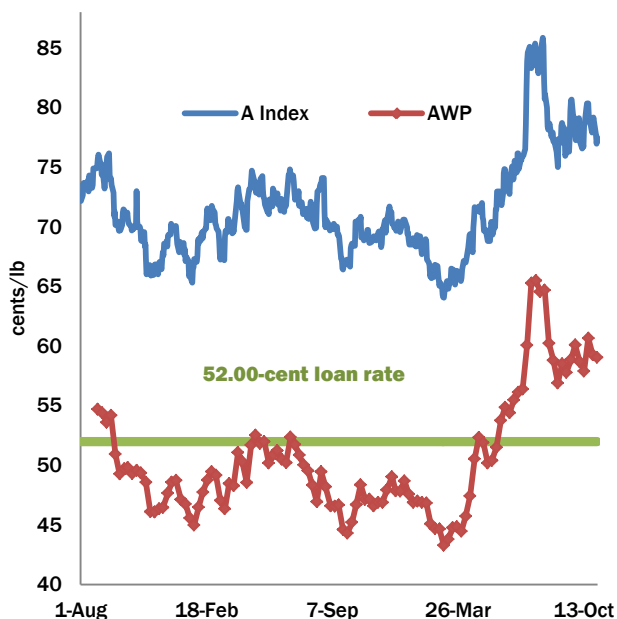
Deduct from A	
Average cost to market	14.53
Loan Quality Differential	
(at average location) between:	
Middling 1-3/32"	54.90
SLM 1-1/16"	52.00 2.90
E) Total Adjustment Factor	17.43
F) Adjusted World Price (A - E)	59.05
G) Fine Count' Adjustment Factor	must be above zero
2016 crop (current values 1.90-(B-A))	0.25
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	-7.05

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 7.05 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)	160.00
P2) P1 adjusted for quality and transportation ((P1+2.04)-18.39)	145.16
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	165.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+2.04)	162.04
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 November 4	N/A

Strong storms have moved through parts of the **Far West** during the period under review, bringing much needed rain to drought-stricken California. Cotton growing areas in the state have received light to moderate precipitation, briefly hindering picking. Harvesting lags behind the normal pace statewide; 48 percent of the crop was off the stalk as of October 30, which is 17 percentage points less than the five-year average. Work is expected to gain momentum soon. Yields have been above-average yields and quality is said to be good. Growers have been busy cutting and shredding stalks as required by the Pink Bollworm Program.

A wintry mix has fallen in the **Sierra Nevada Mountains**, improving the snowpack. Some 3.0" to 12.0" of snow have been recorded, with heavier amounts at higher elevations. This development promises to benefit water allocation prospects for next spring.

Harvesting is ahead of schedule in **Arizona** at 45 percent, nine percentage points better than the average. Mostly sunny, warm conditions have ruled across the state, allowing harvest activities to proceed at a steady pace.



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Brazil

Local trading conditions remained fairly steady during October, with prices holding about unchanged on a delivered mill Sao Paulo basis. Sellers became slightly more flexible in price toward the end of the period, resulting in a moderately increased volume of business, though mostly involving lots discounted on quality grounds (premium qualities remain difficult to source). In the final week of October, registrations of domestic sales at the BM&F included 9,200 tonnes of 2016 crop and 1,500 of 2017. The concentration of 2016 crop sales in the local market is attributed to an unattractive export parity.

On the export front, business has been mostly quiet. A pick-up in registrations at the Bolsa has been noted more recently, principally involving forward business in 2017 crop. Registration figures show 200 tonnes of 2016 crop and 4,500 tonnes of 2017.

Cooler conditions and scattered showers have moved over southern regions. Growers have taken advantage of dry spells to plant soybeans, of which around 70 percent are in the ground in Mato Grosso, which will be harvested ahead of the planting of cotton *safrinha*.

A recovery of yields is anticipated, to around 2.350 kgs per hectare, close to the average of the past five seasons. Yields in the 2015/16 season were the lowest for ten years, at 2.028 kg.

Greece

Scattered precipitation and occasional heavy cloud cover has been in evidence over Greece's growing regions during the last couple of weeks. On October 20, around 50 percent of the crop had been picked, with observers remarking that field work in some areas, including Serres and Drama, was already behind schedule, owing mainly to unhelpful weather earlier in the growing season. These regions have received further moisture, though the extent to which crops may have been further delayed or damaged has yet to be discerned. Clearer weather has emerged in the past few days and farmers will be hopeful of a prolonged dry spell.

Over half of the crop remains in ginner's hands. Local observers have suggested that ginner's offers have been in the region of 650 points 'on' New York, for 41 colour grade cotton, ex-gin, and 500 'on' for 42. Business to Turkey has remained sluggish, with only modest volumes sold, to those mills in need of cover.

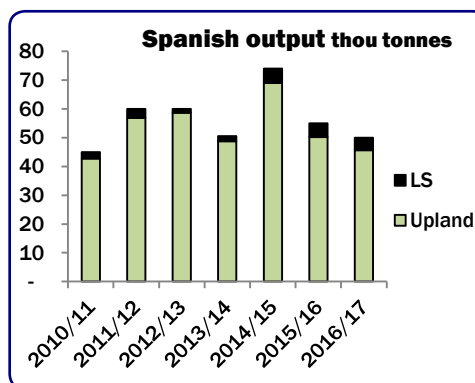
Spain

Crop estimate reduced

Concern expressed recently was that rainfall at the tail-end of the harvest had probably affected the colour grade of late pickings and that the upland outturn would fall short of 50,000 tonnes, while long staple output (mostly picked before the rains) would add a further 5,000 tonnes or so to the total. The latest reassessment is that the combined total may now prove to be no greater than 50,000 tonnes (45,000 upland and 4,400 long staples). Some 90 percent of the crop is said already to have been committed from ginner's hands.

Seed cotton in ginner's warehouses as at October 28, according to official data, amounted to 132,000 tonnes.

Despite the late rain's impact, the overall quality of this season's output has exceeded previous crops in terms of both average colour grade and staple length.



ICAC Plenary opened this week in Islamabad

The 75th Plenary Meeting of the International Cotton Advisory Committee (ICAC) opened on October 31, in Islamabad, Pakistan.

Following the opening formalities, ICAC's Executive Director Mr Sette reported on the organisation's activities. He informed that the lengthy process was continuing that would, he hoped, lead to the accession to membership of the European Union. He also expressed optimism that Bangladesh would, in the "near future" become a member.

Mr. Sette also paid a fulsome tribute to Dr. Rafiq Chaudhry, who will shortly retire after more than 26 years of service as head of ICAC's Technical Information Service.

On Tuesday the president of Pakistan, Mr. Mamnoon Hussain welcomed guests, congratulated the ICAC organising committee and stressed the importance of cotton to Pakistan's economy. The president noted with appreciation that the plenary meeting of the Advisory Committee was being held in Pakistan, after a long time, which was home to an excellent cotton crop and centre of the cotton weaving industry.

During the meetings, pest issues were raised in the technical session. In other sessions, a survey of production costs in 2015/16 was deliberated, and inter-fibre competition and government policy were discussed. The Plenary will close on Friday, November 4.

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