

WEEK IN BRIEF

Upland **offering rates** have lost ground under the influence of ICE futures. New York failed to respond positively to a sharp reduction in USDA's production forecast. The bulk of the open interest has shifted from the maturing December contract to March. The December/March spread has widened modestly. Turnover has remained robust... Prices on China's ZCE futures have declined. May's premium over January has narrowed. Volume was lighter than last week... The US Sourcing Summit has taken place in Scottsdale, Arizona. Cairo will shortly host the *Destination Africa* event.

In the United States, Washington's November **production** estimate implies a seven percent reduction compared with last month's figure. Dry, sunny weather has returned to West Texas following precipitation received this week and field work should resume soon. In the Delta and Southeast, unsettled conditions have hampered picking and transport to gins... By early this month, over 70 percent of the crop had been picked in Azerbaijan, where yields have failed to meet expectations... In India, arrivals have picked up following last week's Diwali holiday. Production estimates from domestic cotton bodies vary quite widely... The harvest is past its peak in Pakistan... Doubts have been cast on output in China's important Xinjiang region, owing to unhelpful weather during the growing season... Rainfall over Argentina's growing belt is considered beneficial on balance, but could delay sowing in some areas... Optimism persists with regard to the outlook for the next Brazilian crop... Irrigated planting is winding down in Australia. Further moisture is in the near-term forecast and may stimulate dryland plantings.

Despite the decline of prices, **mill demand** has continued to be mainly of a gap-filling nature, with spinners reluctant to make volume purchases in the current uncertain economic climate. Sporadic orders have emanated from the Far East but activity has remained generally dull. Some import demand has been in evidence from Pakistan, for various growths including Indian, US and Greek. Forward purchases have also been noted from mills with good cover. Mills in Turkey have purchased some US lower grades. Bangladesh spinners have covered with cotton afloat... Import demand from China has been slow. Commercial and mill stocks are abundant... Egyptian export registrations have continued considerably ahead of the pace of last year... Vietnam's raw cotton imports in the season so far are only slightly ahead of 2017... In Brazil, cumulative shipments from the 2018 crop are considerably behind last year. China was the main destination last month... USDA has reduced its forecast of this season's US exports.

The cotton **yarn** market has been subdued in Pakistan. Stocks have continued to mount and downstream demand is sluggish... India's exports of cotton products have grown by almost 27 percent in the first half of the fiscal year... In Bangladesh, cumulative garment export earnings in the first four months of the fiscal year are 20 percent ahead of the previous period... Egypt's clothing exports during the year to September were nine percent ahead of the same period in 2017.



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INTERNATIONAL COTTON PRICES

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Poor demand

The past week has been characterised by falling offering rates, but little improvement in the tenor of mill demand from most import markets. A lack of buying confidence at all stages of the cotton textile supply chain has instead continued to eclipse any supply side developments. In terms of business arranged, this week's US Sourcing Summit was a more subdued affair than in recent years, according to early anecdotal reports.

New York has continued to display a degree of volatility: of the ten sessions completed in November, four have ended with triple-digit moves. Not for the first time, New York futures seemed to react in a rather perverse manner to a piece of ostensibly bullish fundamental news. USDA's reduction of the domestic production forecast, although not entirely unexpected given the scale of the havoc wrought by Hurricane Michael, placed the 2018/19 crop at the lower end of most estimates. Futures rallied briefly, but ended the session on November 8 almost unchanged, before falling sharply during the subsequent three trading days. March (the contract in which the greatest open interest now resides) has ended the reporting period with a net loss of 222 cent points but remains within the trading range (76.82/81.45 cents per lb, based on the settlement) established in mid-September.

The weakness of the No. 2 contract has been attributed to a variety of external factors, including a stronger dollar, falling stock and crude oil markets and of course the Sino-US trade war, which continues to cast a long shadow over the outlook for raw cotton consumption.

The recent slow pace of US export sales is also affecting trading sentiment. Washington last week reduced its forecast of exports for this season by 500,000 bales (480 lbs) to 15,000,000. Attainment of that figure would result, all other things being equal, in a carryover at the end of the marketing year unchanged from the beginning stock. Given the size of the forward commitment for 2018/19 accumulated over earlier months, the weekly average sales volume required to reach the revised forecast is relatively modest, provided that Chinese cancellations do not escalate.

US quality issues

In addition to the obstacle represented by Chinese tariffs, the pattern of US export trading during the remainder of the marketing year will be influenced by quality considerations. With the exception of the Far West, the harvest in all major growing regions has this season been dogged by persistent and untimely rainfall. More rain has brought the harvest to a standstill from West Texas to the Carolinas during the past week.

As a result, average grade has declined progressively. By early November, inspection data showed the proportion of bales classed as Middling and better to be well below the corresponding proportions for last season. While the lowering of grade will be unwelcome to producers and shippers, for certain of their mill customers, the availability of discounted cotton may prove timely. Just as spinners are struggling to remain profitable, with high-priced cotton inventories in hand and yarn selling rates under pressure, those that can spin such qualities may see an opportunity to reduce average raw cotton replacement costs. Readers will recall that last season's plentiful supply of West Texas low Micronaire cotton encountered an unexpectedly robust demand — when sufficiently discounted. Whether mill demand will on this occasion be sufficient to absorb the US low

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grade supply will become clearer over the coming months; other producing countries such as Turkey and Greece have themselves produced a good proportion of rain-affected cotton this season.

China on the periphery

The market's current bearish undertone is due in no small part to the virtual absence of Chinese spinners from the ranks of import purchasers, despite the availability of this year's discretionary sliding-scale quota and the anticipation of next year's Tariff-rated Quota. Their indifference can be attributed to an ample local supply position (confirmed in the latest assessments of commercial and industrial stocks, as reported

on page 10). Despite this week's fall in international offering prices, the incentive to buy from the world market remains less than compelling.

Last but not least, persistent apprehension at the possible escalation of the tariff war with the United States is clearly affecting demand from China's downstream textile sector. Whether that might change in the event of a rapprochement between Presidents Trump and Xi Jinping later this month remains to be seen. Despite the depth of apprehension felt by Chinese spinners, one potentially bullish development is perhaps worthy of note. Some recent reports from Xinjiang appear less sanguine than before with regard to this season's

yields. It is already apparent that cotton in adjacent Central Asian producing republics has suffered quite substantial losses as a result of this season's adverse growing conditions (inclement spring weather that retarded planting and early development; extreme heat during the summer months).

Ginning data over the coming weeks should determine whether doubts with regard to the size of the crop are well founded. For the time being, the more palpable reality is that external factors have conspired to postpone the resurgence of Chinese import demand and with it the bullish transformation that for some time has captured the imagination of both international and local traders.



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CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at November 15, 2018

Description	Price	Change on week	Shipment	Forward		
				Price	Change on week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	98.50	-2.50	5/6	NQ		
Benin Kaba/s 1-1/8"	89.75	-2.75	1/2	NQ		
Burkina Faso BOLA/s 1-1/8"	89.25	-2.75	1/2	NQ		
Cameroon IRMA/s 1-1/8"	89.75	-2.75	1/2	NQ		
Cameroon PLEBE 1-5/32"	91.25	-2.75	1/2	NQ		
Chad Kero A51 1-5/32"	91.25	-2.75	1/2	NQ		
Indian Shankar-6, 1-1/8"	83.50	-1.75	12/1	NQ		
Ivory Coast MANBO/s 1-1/8"	89.25	-2.75	1/2	NQ		
Mali JULI/s 1-1/8"	90.25	-2.75	1/2	NQ		
Spanish SM 1-1/8"	87.75	-1.25	11/12	NQ		
Tanzanian RG1 1-1/8"	NQ			NQ		
Texas SM 1-1/8"	88.25	-2.25	11/12	NQ		
Uzbekistan SM 1-1/8"	NQ			NQ		
Zambian SM 1-1/8"	NQ			NQ		
Zimbabwe SM 1-1/8"	NQ			NQ		
Medium grades						
1-1/8" staple unless stated						
Australian Midd	NQ			NQ		
Benin BELA *	88.75	-2.75	1/2	NQ		
Brazilian Midd	86.75	-2.25	11/12	87.25	-1.00	10/11
Burkina Faso RUDY *	88.25	-2.75	1/2	NQ		
California/Arizona Midd	89.25	-	11/12	NQ		
Greek Midd	86.75	-1.75	11/12	NQ		
Indian medium grades **	82.50	-1.75	12/1	NQ		
Iv. Coast BEMA *	88.25	-2.75	1/2	NQ		
Mali ROKY/KATI *	89.25	-2.75	1/2	NQ		
Memphis/Eastern Midd	88.25	-2.25	11/12	NQ		
Memphis/Orleans/Texas Midd	87.25	-2.25	11/12	NQ		
Mexican Midd	NQ			NQ		
Tanzanian Type 1SG 1-3/32"	NQ			NQ		
Uzbekistan Midd	NQ			NQ		
Lower grades						
Argentine SLM, 1-1/16"	NQ			NQ		
Brazilian SLM 1-3/32"	NQ			NQ		
Greek SLM 1-3/32"	NQ			NQ		
Indian J-34 SG **	NQ			NQ		
Memphis/Eastern SLM 1-3/32"	86.25	-2.25	11/12	NQ		
Memphis/Orleans/Texas SLM 1-3/32"	85.25	-2.25	11/12	NQ		
Memphis/Orleans/Texas LM 1-1/8"	NQ			NQ		
Pakistan AFZAL 1-1/16"	NQ			NQ		
Pakistan Type 1467 1-3/32"	NQ			NQ		
Long Staple cottons:						
US Pima Grade 2 1-7/16" #	149.00	-1.00	11/12	NQ		
Egyptian Giza 86 Good+3/8	NQ			NQ		
Egyptian Giza 94 Good+3/8	118.00	-2.00	11/12	NQ		
Israeli Pima H1, 1-7/16" #	163.00	Unch	11	NQ		
Israeli Acalpi	145.00	Unch	11/12	NQ		

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

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

THE COTLOOK INDICES

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

The quotations are compiled and published daily.

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

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

The 2017/18 Index expired on July 31, 2018.

Prices as at November 15, 2018

2018/2019 Cotlook A Index	86.30	
Description	Price	Shpt
Indian medium grade	82.50	12/1
Greek	86.75	11/12
Brazilian	86.75	11/12
Memphis/Oreans/Texas	87.25	11/12
Memphis/Eastern	88.25	11/12

The Cotlook A Index

Seasonal Averages

2012/13	87.90
2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	82.77
2017/18	87.99
2018/19	90.06

Monthly Averages

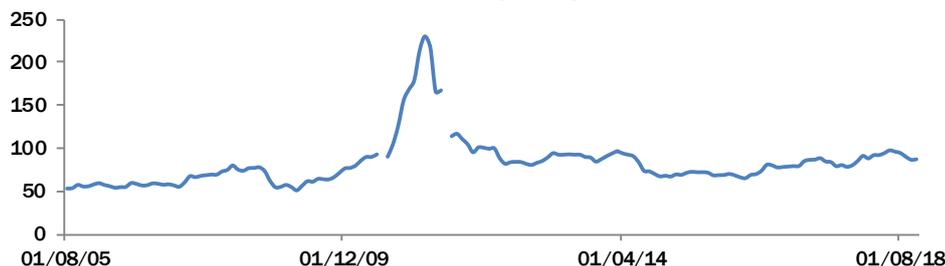
April 2018	92.24
May 2018	94.48
June 2018	97.71
July 2018	96.18
August 2018	94.55
September 2018	90.36
October 2018	86.80
November 2018	87.32

Daily Values

	2018/19
November 09	88.35
November 12	87.40
November 13	86.05
November 14	85.55
November 15	86.30

Average for week 86.73

The Cotlook A Index
- monthly averages -



YARN INDEX

2005 = 100

This week	132.80	Last month	135.07
Last week	132.87	Last year	127.25

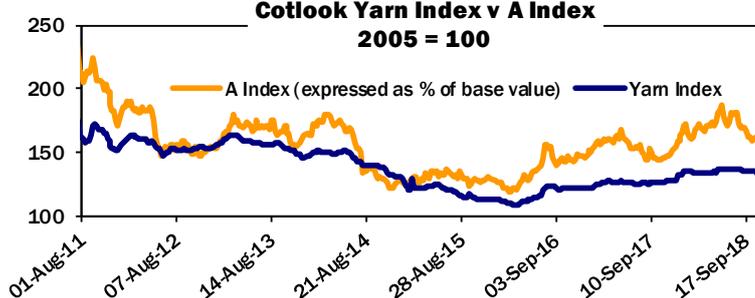
Export prices (in US dollars per kilo FOB)

		This week	Change on week	Change on year
Pakistan	20s	2.26	Unch	-0.07
India	20s	2.75	Unch	0.20
Turkey	20s	3.20	Unch	0.05
Indonesia	20s	2.56	Unch	Unch
China	21s	3.17	-0.01	-0.13
Uzbekistan	20s	2.45	Unch	-0.10
Pakistan	30s	2.65	Unch	-0.07
India	30s	3.05	Unch	0.25
Turkey	30s	3.45	Unch	0.10
Indonesia	30s	2.85	Unch	Unch
China	32s	3.42	-0.02	-0.08
Uzbekistan	30s	2.60	Unch	-0.10

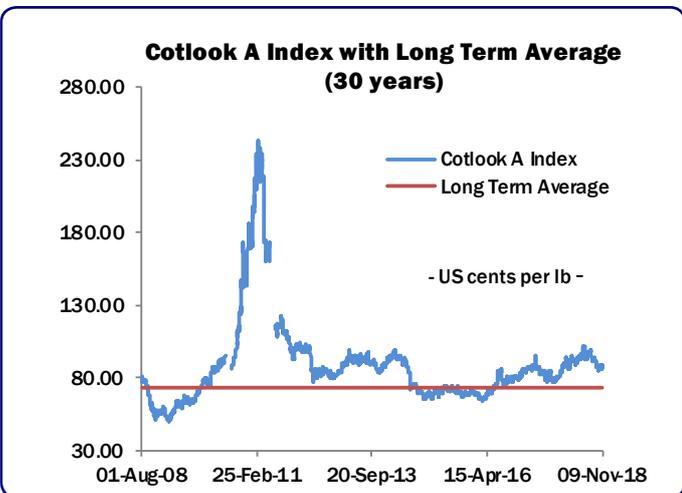
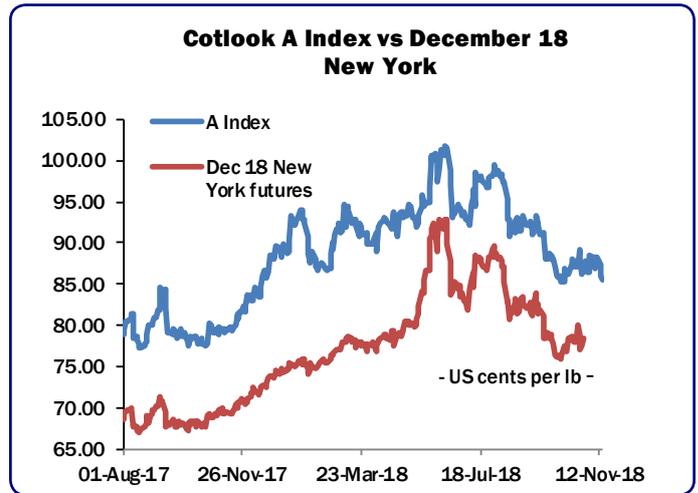
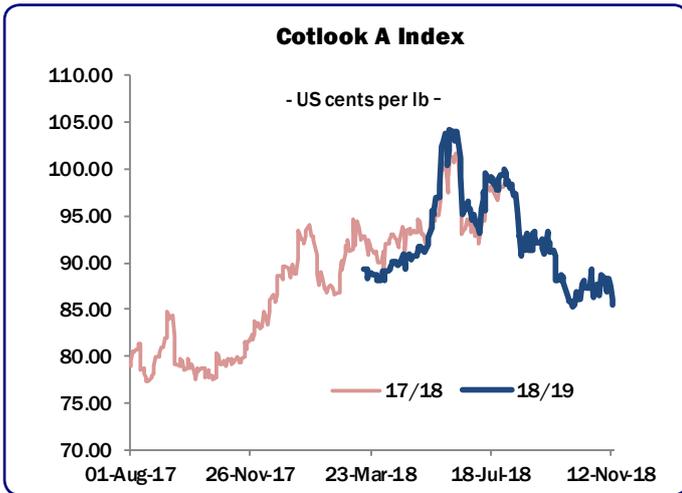
The Yarn Index is derived from our published FOB prices for 20s and 30s counts from India, Pakistan, Indonesia, China and Turkey, each weighted to reflect exports of cotton yarn from the individual country concerned, and expressing that as a percentage of the comparable average values for 2005. In determining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

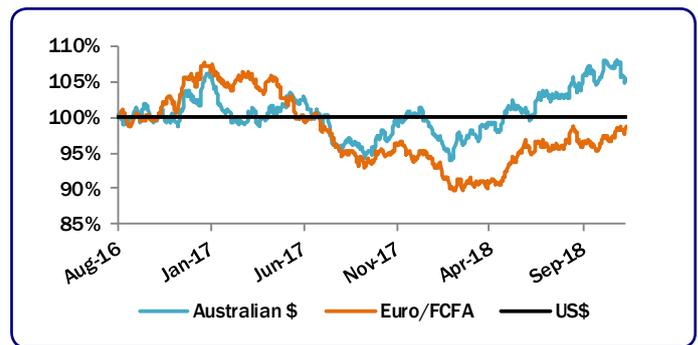
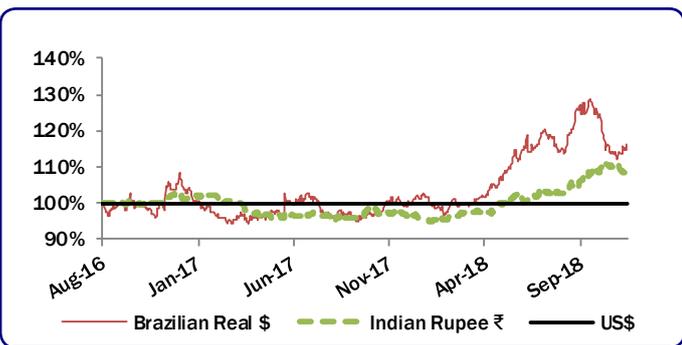


WORLD PRICE TRENDS

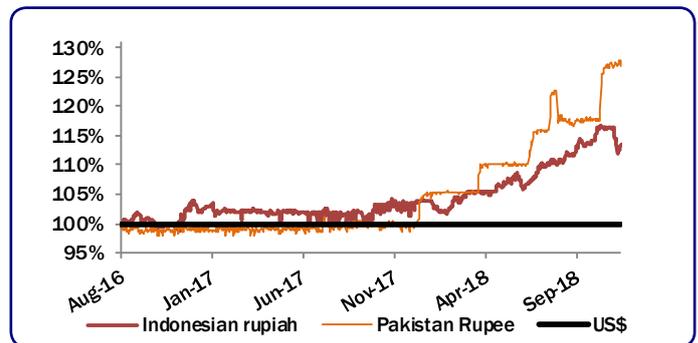
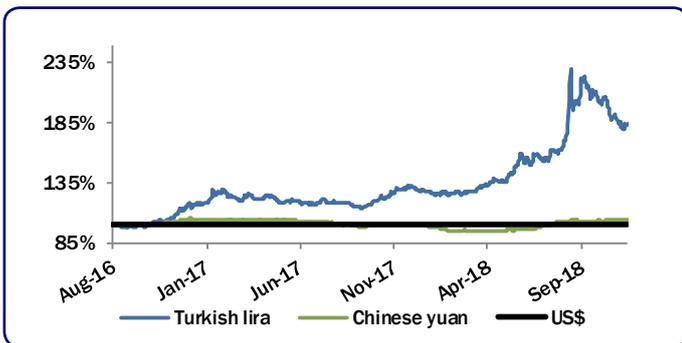


CURRENCY TRENDS

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



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



COTLOOK AND USDA ESTIMATES - IN THOUSANDS OF TONNES -

Production

	USDA			USDA		
	Cotlook	USDA	Minus Cotlook	Cotlook	USDA	Minus Cotlook
	2017/2018			2018/2019		
Argentina	220	179	-41	250	239	-11
Australia	1,000	1,023	23	570	544	-26
Azerbaijan	75	76	1	80	81	1
Benin	251	248	-3	275	278	3
Brazil	2,006	2,007	1	2,300	2,177	-123
Burkina Faso	295	283	-12	305	305	Unch
Cameroon	105	109	4	110	109	-1
Chad	30	26	-4	25	26	1
China	5,720	5,987	267	6,000	5,987	-13
Colombia	10	9	-1	10	9	-1
Cote d'Ivoire	175	171	-4	170	158	-12
Egypt	69	65	-4	100	98	-2
Greece	270	270	Unch	290	294	4
India	6,205	6,314	109	6,205	6,096	-109
Iran	53	54	1	60	60	Unch
Israel	12	12	0	10	10	1
Kazakhstan	65	65	Unch	66	54	-12
Kyrgyzstan	20	20	Unch	23	22	-1
Malawi	10	12	2	8	20	12
Mali	294	294	Unch	305	305	Unch
Mexico	339	340	1	377	376	-1
Mozambique	23	23	Unch	20	24	4
Nigeria	50	51	1	50	51	1
Pakistan	1,790	1,785	-5	1,700	1,742	42
Paraguay	5	5	Unch	5	5	Unch
Peru	20	17	-3	20	17	-3
Spain	65	64	-1	60	65	5
Sudan	90	103	13	110	109	-1
Syria	35	35	Unch	30	28	-2
Tajikistan	124	124	Unch	100	98	-2
Tanzania	60	50	-10	90	93	3
Togo	50	48	-2	52	50	-2
Turkey	900	871	-29	950	980	30
Turkmenistan	293	292	-1	220	261	41
Uganda	28	27	-1	25	27	2
USA	4,555	4,555	0	4,008	4,008	0
Uzbekistan	840	840	Unch	710	718	8
Zambia	38	40	2	44	44	Unch
Zimbabwe	50	54	4	55	50	-5
World Total	26,523	26,932	409	26,070	25,994	-76

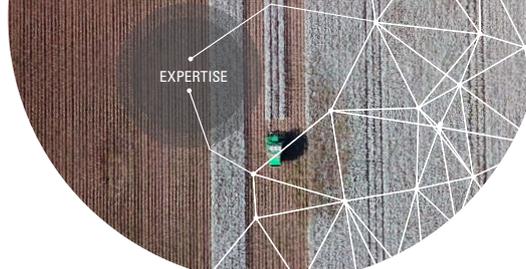
Consumption

	USDA			USDA		
	Cotlook	USDA	Minus Cotlook	Cotlook	USDA	Minus Cotlook
	2017/2018			2018/2019		
Argentina	125	136	11	115	136	21
Azerbaijan	28	27	-1	35	26	-9
Bangladesh	1,500	1,633	133	1,650	1,742	92
Brazil	725	740	15	775	762	-13
Burma	64	169	105	64	169	105
China	8,800	8,927	127	9,000	9,253	253
Colombia	55	41	-14	55	41	-14
Egypt	140	126	-14	150	136	-14
Germany	23	25	2	23	23	Unch
Greece	15	20	5	15	20	5
India	5,610	5,378	-232	5,695	5,508	-187
Indonesia	750	762	12	790	773	-17
Iran	115	125	10	120	125	5
Italy	25	38	13	25	38	13
Japan	50	57	7	50	56	6
Kazakhstan	9	14	5	12	14	2
Malaysia	35	59	24	35	63	28
Mexico	414	414	Unch	414	414	Unch
Morocco	20	9	-11	20	10	-10
Nigeria	25	47	22	25	44	19
Pakistan	2,200	2,351	151	2,350	2,351	1
Peru	65	69	4	65	71	6
Russia	47	46	-1	42	46	4
Salvador	35	35	Unch	35	35	Unch
South Africa	25	21	-4	25	23	-2
South Korea	210	201	-9	180	174	-6
Taiwan	115	137	22	110	125	15
Tajikistan	20	11	-9	20	22	2
Tanzania	30	38	8	30	38	8
Thailand	220	250	30	210	239	29
Turkey	1,550	1,600	50	1,500	1,546	46
Turkmenistan	155	142	-13	170	147	-23
United States	703	702	-1	718	718	Unch
Uzbekistan	460	566	106	460	610	150
Vietnam	1,500	1,437	-63	1,650	1,633	-17
World Total	26,268	26,841	573	27,040	27,625	585

WORLD STOCK

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

World Cotton Balance Sheet									
Unit = 1,000 tonnes									
	World (excl. China)			China			World		
Cotlook	16/17	17/18	18/19	16/17	17/18	18/19	16/17	17/18	18/19
Production	18,133	20,803	20,070	4,690	5,720	6,000	22,823	26,523	26,070
China net trade	-1,082	-1,225	-1,980	+1,082	+1,225	+1,980			
New Supply	17,050	19,578	18,090	5,772	6,945	7,980	22,823	26,523	26,070
Consumption	16,596	17,468	18,040	8,550	8,800	9,000	25,146	26,268	27,040
Net change in stock	+455	+2,110	+50	-2,778	-1,855	-1,020	-2,323	+255	-970
USDA									
Opening stock	8,090	7,508	9,225	12,345	9,998	8,278	19,667	17,506	17,503
Production	18,270	20,945	20,007	4,953	5,987	5,987	23,223	26,932	25,994
China net trade	-1,083	-1,219	-1,491	+1,083	+1,219	+1,491			
New Supply	17,187	19,726	18,516	6,036	7,206	7,478	23,223	26,932	25,994
Consumption	16,912	17,914	18,372	8,382	8,927	9,253	25,294	26,841	27,625
Other adjustments	-857	-95	-64	-1	+1	+0	-90	-94	-64
Ending Stock	7,508	9,225	9,305	9,998	8,278	6,503	17,506	17,503	15,808
Net change in stock	-582	+1,717	+80	-2,347	-1,720	-1,775	-2,161	-3	-1,695
ICAC									
Opening stock	7,660	8,180	10,190	12,650	10,630	8,570	20,330	18,810	18,760
Production	18,180	20,860	20,180	4,900	5,890	5,940	23,080	26,750	26,120
China net trade	-1,087	-1,256	-1,606	+1,087	+1,256	+1,606			
New Supply	17,093	19,604	18,574	5,987	7,146	7,546	23,080	26,750	26,120
Consumption	16,500	+17,610	+18,270	8,000	9,200	8,450	24,500	26,810	26,720
Other adjustments	-73	+16	+6	-7	-6	-6	-100	+10	+0
Ending Stock	8,180	10,190	10,500	10,630	8,570	7,660	18,810	18,760	18,160
Net change in stock	+520	+2,010	+310	-2,020	-2,060	-910	-1,520	-50	-600





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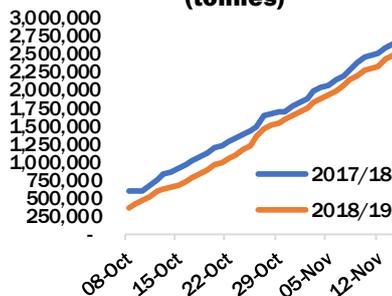
CHINA

Survey suggests lower output in Xinjiang

In contrast to previous optimistic signals from Xinjiang, the latest indications are less reassuring, with some of the major growing regions lagging considerably behind last year in terms of ginning progress. As noted in Central Asian countries which neighbour southern Xinjiang, yields appear to be lower than expected following unhelpful weather during the growing season. The climatic conditions experienced in that part of the world may also have similarly affected crop progress in the important Chinese growing region.

By November 14, according to CNCE data, almost two million tonnes of 2018 crop cotton had been inspected nationwide, compared with around 2.17 a year ago. By the same date, the total ginned volume in Xinjiang was 2.47 million tonnes. Around 60,000 tonnes are being ginned daily.

Xinjiang ginning progress (tonnes)



In its November review of prospective supply and demand, *Beijing Cotton Outlook* (BCO) left most figures unchanged for the 2017/18 and 2018/19 seasons (September/August).

For the current season, production was maintained at 5,700,000 tonnes (including 5,100,000 from Xinjiang) and imports at 1,600,000. However, given the potential negative impact of trade frictions and declines in orders, consumption has been lowered by 100,000, to 8,700,000 (including 460,000 for non-mill use). As a result, total supply in 2018/19 is unaltered

Ginned Volume Xinjiang (by Nov 13) tonnes

Region	Area	2018	2017	Change
Northern Xinjiang	Bortala	9.38	10.43	-10%
	Changji	15.79	13.99	13%
	Urumqi	0.48	0.36	34%
	Karamay	2.05	2.07	-1%
	Kuitun	9.62	9.24	4%
	Tacheng	23.27	22.90	2%
	Yili	0.10	0.08	26%
	4th Division	0.79	0.98	-19%
	5th Division	5.75	7.87	-27%
	6th Division	10.81	10.91	-0.9%
7th Division	10.97	12.64	-13%	
8th Division	29.84	30.64	-3%	
10th Division	0.42	0.19	114%	
Southern Xinjiang	Aksu	36.58	37.17	-2%
	Kizilsu	4.18	4.68	-11%
	Hetian	0.09	0.57	-84%
	Kashgar	29.18	29.05	0.4%
	Bayingol	17.18	23.30	-26%
	1st Division	11.27	13.07	-14%
	2nd Division	4.47	4.93	-4%
	3rd Division	4.62	5.63	-18%
14th Division	0.00	0.00	-	
Eastern Xinjiang	Hami	1.65	1.81	-9%
	Turpan	1.55	1.43	9%
	13th Division	1.33	1.56	-15%
Total		231.37	245.50	-6%

at 13,220,000 tonnes, while ending stocks have been increased by 100,000, to 4,520,000 tonnes.

Market prices

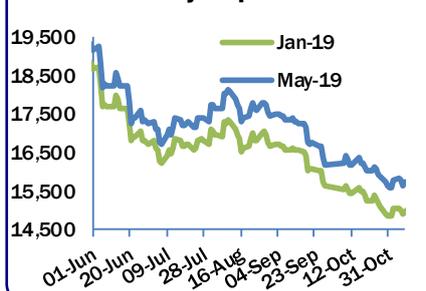
Zhengzhou cotton futures have declined across the board this week; the January and May contracts ended the period 35 and 140 yuan lower, respectively, placing the latter month's premium at 655 yuan per tonne, down

Zhengzhou Cotton Futures

	Settlement yuan per tonne			Volume* number of contracts	Open Interest 15-Nov
	08-Nov	15-Nov	Chng		
Jan	14,970	14,935	-35	106,278	296,854
Mar	15,295	15,230	-65	537,598	454
May	15,730	15,590	-140	66,290	278,892
Jul	15,965	15,750	-215	348,708	1,252
Sep	16,235	16,085	-150	4,120	41,212
Nov	-	15,990	-	34,946	-
				1,097,940	618,664

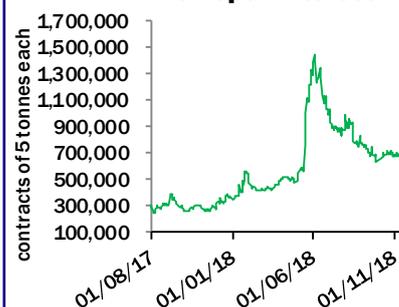
*Counting both the sale and the purchase.

**ZCE contracts compared
yuan per tonne**



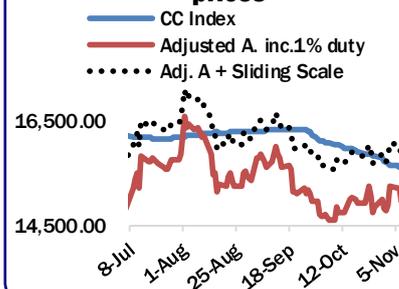
from 760 a week ago. Volume and open interest have both declined.

ZCE Open Interest



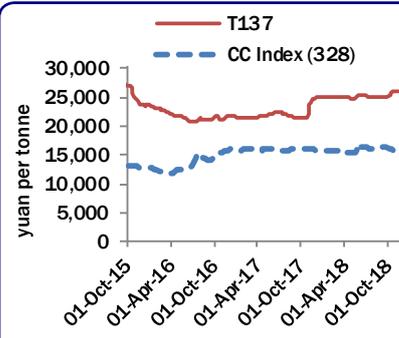
The **China Cotton Index** (basis Type 3218B) has also moved lower, to 15,585 yuan. The **Cotlook A Index**, adjusted to ex-port Chinese terms stood on November 15 at 14,880 yuan (including once percent import duty) and 15,790 yuan (on application of a sliding-scale tariff).

International vs. domestic prices



Prices of **Xinjiang long staple cotton** have ruled steady during the past week. However, the benchmark value for Type 137 advanced by 50 yuan, to 25,950 yuan per tonne, equivalent to 170.3 US cents per lb.

In the **man-made fibres** market, polyester staple (1.4D) has declined, to 9,000 yuan per tonne, representing 57.8 percent



International Prices

Data as at 15 November, 2018	Approximate delivered mill value		
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	inc. 40 percent duty & 10 percent VAT
Cotlook A Index	13,581	15,048	20,533
Texas SM	13,880	15,380	20,997
Burkina Faso BOLA/s	14,033	15,550	21,235
India Shankar-6	13,152	14,572	19,867
Benin KABA/s	14,109	15,635	21,354
Cameroon IRMA/s	14,109	15,635	21,354
Cameroon PLEBE 1-5/32"	14,339	15,890	21,711
Ivory Coast MANBO/s	14,033	15,550	21,235
Mali JULI/s	14,186	15,720	21,473
US Pima Grade 2	23,181	25,713	35,451
China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	15,585	-21	102.30
ZCE JAN	14,935	-35	98.03
Xinjiang Type 137	25,950	50	170.34
Xinjiang Type 237	25,400	Unch	166.73
	yuan/tonne	chg on week	cents/kilo
polyester	9,000	-400	130.24
viscose	14,000	-550	202.60
	Yuan/kilo		cents/lb
32s carded yarn	23,620	-120	340.39
40s combed yarn	24,860	-80	358.25
Monthly yuan/dollar customs exchange rate			6.9103
Actual Rate (Nov 15)			6.9392

remain very slow with only one third sold in the region so far. Yield is slightly lower than the previous forecast, at 400/420 kilos per mu, due to low temperatures.

Road transportation remains slow

Latest data from the China National Cotton Exchange show that 25,200 tonnes of Xinjiang cotton were transported by road to 'mainland' warehouses from November 5 through 11, which was 100 tonnes less than in the previous week, and 41,000 tonnes less than during the same period last year. The bulk (14,000) was destined for three eastern destinations: Henan (28 percent), Shandong (27 percent), and Shannxi (ten per-

cent). The average freight price has declined slightly, to 800 yuan per tonne to eastern destinations.

The aggregate volume moved eastwards by road from September 1 through November 11 totalled 161,000 tonnes, down by 47.8 percent, year-on-year.

Port stocks

Imported cotton stocks held at Zhangjiagang Port continued to rise during the past week (to around 31,000 tonnes). Australian and Brazilian accounted for most of the increase, while the quantity of US and Indian cotton declined.

Commercial and industrial inventory

Data from the China Cotton Association (CCA) and BCO indicate that stocks in commercial and industrial hands in October were 30 percent larger than a year earlier and were in fact at their highest level for October in any year during the current decade. The typical cyclical pattern suggests that such stocks

of the CC Index. Viscose staple is also lower, at 14,000 yuan per tonne. The ratio against the CC Index is 89.8 percent.

Seed cotton market

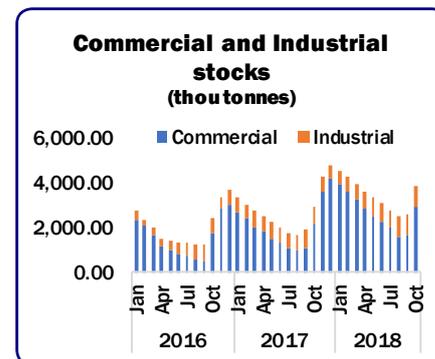
Handpicked seed cotton prices in Xinjiang (for lots giving an outturn of 40 percent) have increased modestly this week, while machine-picked lots in Aksu have declined to 5.3/6.9 yuan per kilo.

In Turpan Prefecture, cultivated area is estimated at around 140,000 mu (9,333 ha) with a lint output of 15,000 tonnes, mainly from Toxsun County (7,000 tonnes), Shanshan County (6,000) and Turpan City (2,000). Average yield is around 350 kilos per mu. Picking and ginning are progressing earlier than last year and quality parameters are said to be satisfactory.

Seed cotton business in mainland markets has remained sluggish of late. In Anqing City, Anhui, the price of cottonseed has declined slightly, to around two yuan per kilo, which has added to pressure on local ginners' margins.

Picking has virtually come to an end in Cangzhou City, Hebei, but seed cotton sales

Handpicked seed cotton prices			
		Week ended Nov-15	Change on week
Northern Xinjiang	Wusu	6.3	0.7
	Aksu	7.2	0.2
Southern Xinjiang	Kashgar	7.2	0.2
	Bayingol	6.9	-0.2
Eastern Xinjiang	Turpan	7	-
'Mainland'	Anhui	6.7	0.5



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will continue to rise during the next couple of months, as the new crop moves to market.

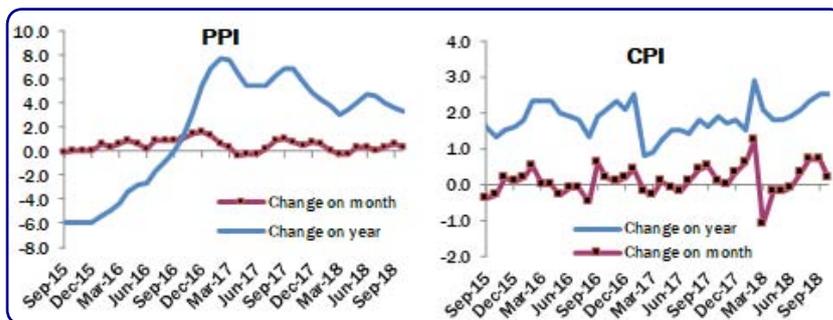
According to provisional data compiled by the CCA's Logistics Branch, commercial inventories nationwide (excluding stocks held by spinners and those in the State Reserve) by the end of October provisionally totalled 2,974,000 tonnes, 1,308,100 tonnes more than at the end of September (or up 78.5 percent), and 826,100 more than during the same month last year. The total consisted of 1,846,600 tonnes in Xinjiang warehouses (up 1,470,200 tonnes on the month), 850,900 in the 'mainland' (minus 190,300) and 276,500 in bonded warehouses at ports (up 28,200).

Meanwhile, BCO's latest survey of mills' raw cotton inventories shows a decrease during October from one month earlier, to 890,500 tonnes (-34,200). Around 15 percent of the spinners that responded to the survey had increased their holdings, whereas 13 percent decreased them. Cotton yarn inventories were sufficient to meet over 21 days of requirements (up three days).

Of the survey respondents, 43 percent expressed an optimistic view (up 23 percentage points from the previous month), and 34 percent were pessimistic (up by six percentage points). The domestic textile industry remained sluggish during the period, in relation to the continuing Sino-US trade frictions.

PMI declines further

According to a separate survey by BCO, the Purchasing Managers' Index for the cotton textile sector continued to fall during October, losing 3.95 percentage points, to 42.03, still well below the mark that indicates contraction rather than expansion. New orders, production and cotton inventory decreased during the traditional 'peak



season', reflecting less confidence in the market, though operating rates and cotton yarn inventory increased. More respondents than a month earlier witnessed lower prices (79 percent), while just 15 percent complained about a rise in cotton prices (mainly Xinjiang high grades).

Consumer inflation up in October

According to the National Bureau of Statistics, during October the consumer price index (CPI), a main gauge of inflation, was unchanged from that in September, but showed a 2.5 percent increase on October 2017. The producer price index (PPI), which measures costs for goods at the factory gate, rose by 3.3 percent, year-on-year. The growth was down from the 3.6 percent gain registered in September.

CIIE posts US\$57.8 billion in deals

The six-day China International Import Expo (CIIE) ended in Shanghai on November 10, with the value of intended deals topping US\$57.8 billion. The figure for apparel, accessories and consumer goods reached about US\$3.4 billion, and the total value of intended deals with countries and regions involved in the 'One Belt One Road' initiative was about US\$4.7 billion, according to the CIIE Bureau. A total of 3,617 companies from 151 countries and regions showcased their products at the event.

AZERBAIJAN

Local news reports suggest that by the beginning of this month more than 190,000 tonnes of seed cotton had been harvested, representing over 73 per cent of the expected output this year. Weather conditions in November customarily deteriorate and this year seems to be no exception. Cloudy and intermittently wet conditions, accompanied by cooler temperatures, have prevailed in many areas over the past week or so. This may slow the harvest (though it is unclear whether much cotton remains to be picked) and may affect the quality of late pickings. Final results are thus in some doubt, in the absence of evidence that earlier expectations of higher yields have proved well founded. The current

indications of average yield achieved to date is around 14.5 centner/ha against last season's 15.2 centner.

Government support for the cotton sector has continued this season. In September, the state procurement prices for cotton were increased by 50 manat/tonne, regardless of grade. Whether this has helped to motivate farmers is unclear. Additional cotton harvesting machines were purchased and used (though large areas are still picked by hand).

Plans for next season include an increase in production to around 300,000 tonnes of seed cotton, to be achieved predominantly through enhanced yields. Azerbaijan also plans to grow a new variety of coloured cotton (planting seeds imported from China and tested/adapted for local

conditions during the past season). In the longer term, the ambition is to restore production to 500,000 tonnes of seed cotton (a level last recorded in 1991).

Some observers and economists argue that, even with a return of government intervention, the cotton sector is losing ground. The average cotton yield remains low and, in some areas, has decreased; the growth in production of the past two years was predominantly due to expansion in planted area. [\[Read more\]](#)



INDIA

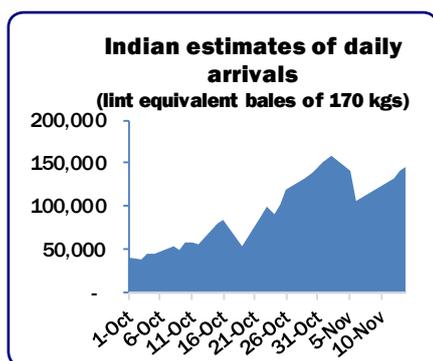
ICF forecasts production will surpass 37 million bales

The Indian Cotton Federation (ICF) has issued a press release announcing its estimates for the 2018/19 cotton crop. Total production is forecast at 37.3 million bales of 170 kgs, with the Northern Zone accounting for 6.1 million, the central belt (including Gujarat, Maharashtra and Madhya Pradesh) for 20 million and southern India 10.7 million.

These figures stand in contrast to those published by the Cotton Association of India last week, which presented a significantly more pessimistic view of production: 34.325 million bales overall, with totals in the three zones lower than ICF estimates by five, four and 17 percent, respectively. The ICF's more confident calculation is based on its own analysis of crop size over the last 12 years as well as reports that close to half a million packets of cotton seeds have been sold to farmers this year. Moreover, ICF asserts that pest pressures have been relatively light this season, and that while certain areas of Karnataka, Maharashtra and Gujarat did receive deficient rainfall, precipitation levels in most other regions were normal; hence their assessment that total production should be higher than last year. According to CAI, the final production figure for 2017/18 was 36.5 million bales.

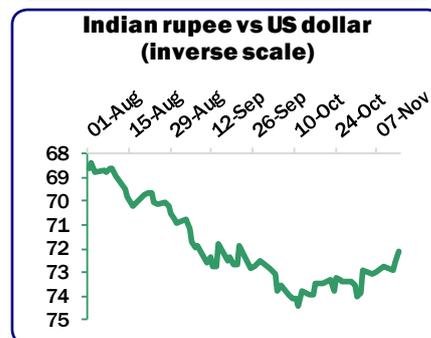
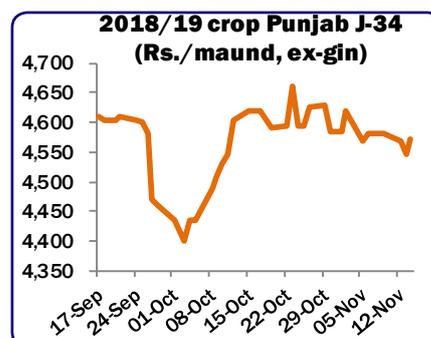
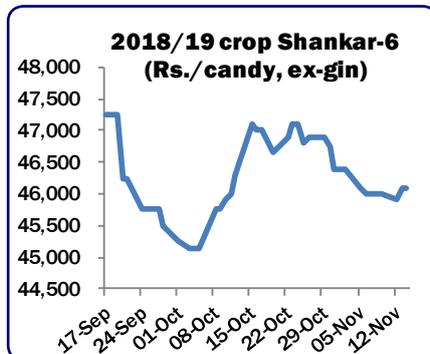
Arrivals

Following a hiatus for the Diwali holiday, arrivals have resumed their recent pace. This week's average daily total, according to private estimates, was just over 140,000 lint equivalent bales.



Local prices

Interior asking rates for Shankar-6 have rallied over the week, quoted at an average of ₹46,100 per candy on November 14, with an equivalent value of 81.55 cents per lb (almost 1.2 cents higher than last week). Punjab J-34 moved slightly lower to ₹4,573 per maund, however, the approximate dollar price increased to 77.10 cents



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per lb, as the rupee has again gained ground against the dollar over the period.

Overall price movements on the various MCX futures contracts have been mixed this week, with November and December gaining ground, while the months

MCX cotton futures						
	Closing price 7 Nov	Closing price 14 Nov	Price changes on week	OI at close on 14 Nov	OI changes on week	Volume 8 Nov to 14 Nov
	Rupees per bale			Lots of 25 bales		
30-Nov-18	22,300	22,410	110	3,208	-461	6,502
31-Dec-18	22,450	22,500	50	5,287	611	5,167
31-Jan-19	22,670	22,660	-10	508	246	479
28-Feb-18	22,880	22,840	-40	38	2	63
31-Mar-18	23,230	23,050	-180	2	-4	8
30-Apr-18	23,150	23,150	0	-	0	0
				9,043	394	12,219

further ahead have fallen in value. Total turnover amounted to 12,219 lots (305,475 bales of 170 kgs), compared with 12,071 lots (301,775 bales) the week before. Open interest rose by 394 lots of 25 bales, with the increases registered principally for December and January.

Textile Minister announces 26.8 percent rise in cotton textile exports

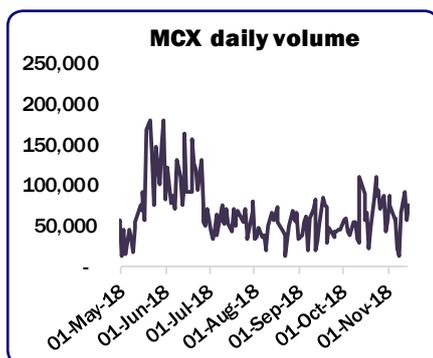
It is reported in local press that Smriti Irani, the Textile Minister, speaking at an award ceremony hosted by the Cotton Textiles Export Promotion Council (TEXPROCIL) on November 3, has given a positive assessment of cotton textiles exports during the current financial year. While overseas sales of ready-made garments declined by three percent in the first half of the year, those of cotton products (including raw cotton, yarn, fabrics, and made-ups) have grown by

26.8 percent. Ms Irani also said that India should stand ready to explore new opportunities for trade, especially those arising from the China-US tariff war, and announced that to that end the Indian government is preparing alternative schemes to promote exports that will be compatible with the demands of the World Trade Organisation.

In March, the US made a complaint to the WTO regarding India's export subsidy programmes, including the Merchandise Exports from India Scheme (MEIS), claiming that such initiatives create an uneven playing field. The WTO's dispute settlement body has now established a panel to examine the US complaint.

US reports Indian MSP to the WTO

This week, the US has made a further notification to the World Trade Organisation with reference to India's Minimum Support Price arrangements. The US alleges that while the Indian government is permitted to support producers with a subsidy of up to ten percent of the value of production, the actual level of support provided over the past eight years has been "vastly in excess" of that if calculated according to local currency values rather than in US dollars. The Indian government has rejected the accusation, claiming that the methodology used to determine the value is flawed.



PAKISTAN

Cotton harvest starting to wind down

The cotton harvest is ending in several key growing areas, and this will soon be mirrored in other regions as growers need to prepare fields for winter wheat planting. Nevertheless, due to high seed cotton prices, farmers remain keen to pick as much cotton as possible before fields are cleared.

Temperatures have fallen around most of the cotton-growing belt over the last few days, but recent winter rains have largely been confined to upper parts of the country.

The recent pessimism regarding harvest prospects has continued and most local trade sources estimate that the final crop size may now be under 11 million bales (of approximately 155 kilos).

Seed cotton arrivals have started to drop from the peak levels witnessed in recent weeks. Daily arrivals are

estimated to be below the equivalent of 100,000 bales and are expected to slow down further in the coming days. Considering the less favourable prospects for the crop, seed cotton prices have generally been held firm and growers are willing to hold on to their stocks. Seed cotton was quoted earlier in the week around Rs. 3,600 to Rs. 4,200 per 40 kilos, depending on the quality.

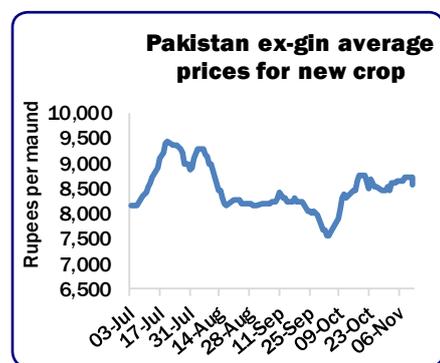
Local cotton trading at a low ebb

Generally, subdued conditions have prevailed in the local cotton market. Declines in New York futures during the week have placed domestic cotton prices under pressure and mills have adjusted their buying price ideas lower. However, growers and ginners have resisted a commensurate fall in their own price ideas and have accommodated buyers only at marginally lower rates. Certain spinners have continued to buy sporadically in the local market, while others have halted their domestic buying, having already covered good volumes. Complaints

of operating losses persist, based on the present relatively high raw cotton replacement costs.

On November 14, new crop cotton was traded from lower Sindh at around Rs. 8,100 to Rs. 8,500 per maund, ex-gin, and the more desirable styles from Punjab and Upper Sindh at around Rs. 8,700 to Rs. 9,025 per maund (roughly 79.00/82.00 US cents per lb at the prevailing exchange rate).

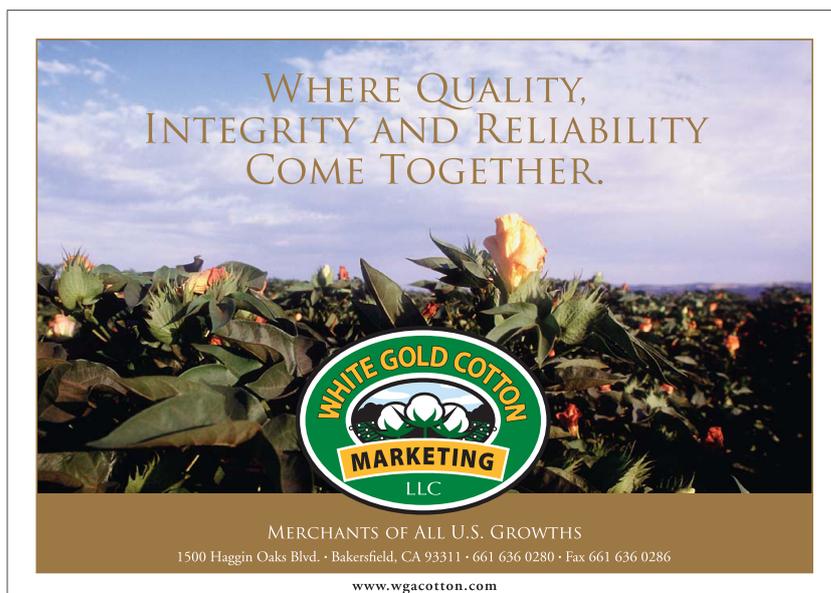
On the same date, the KCA's official spot rate for Grade III, 1-1/16" staple, Micronaire 3.8/4.9 NCL, from the 2018/19 crop was established as Rs. 8,800 per maund, ex-gin (unchanged).



Demand for cotton imports continues

Since local cotton prices are not fully reflecting the recent falls in futures, mill enquiry for foreign growths (which have been priced easier in sympathy with New York) has continued to pick up. As many of the bigger mill groups are well covered for the coming few months, they have been comfortable buying imported cotton for later shipments and thus avoiding carrying costs.

Although Indian prices have not exactly mirrored the drop in futures and despite a firmer Indian rupee, the



neighbouring origin has again attracted some good buying interest. An additional few thousand tonnes of Shankar-6 29 mm have been purchased at around 82.50/83.50 cents per lb, CFR Karachi. Additional business in Greek has been reported, with further volumes of SLM 1-1/8" booked at 82.50/83.50 cents per lb, while Turkish SLM has been traded at 79.00/81.00 cents per lb, CFR.

US cotton has continued to attract attention and a further few thousand tonnes have changed hands over the past few days (some business having been confirmed in the margins of the US Sourcing Summit). Aggressively-priced US new crop lower grades and old crop 'recaps' have continued to be sold at varying prices: 42-4-36 'green cards' with bark level 1 have been taken up around 450/550 cent points 'on' March 2019 futures.

Fine count spinners have covered more volumes of Egyptian Giza-94 G/FG at around 109.00/111.00 cents per lb, CFR Karachi.

Yarn and textiles

Conditions in the local yarn and textiles market have remained subdued. Demand has failed to show any improvement. Since there is an abundant yarn supply, including stocks accumulated in spinners' warehouses, downstream manufacturers have continued to cover only against their most pressing requirements, as they foresee a further reduction in selling rates.

Export yarn demand has also remained weak. Buying interest has failed to revive and mills have continued to complain of a lack of volume sales.

Asking prices for 20/21s carded yarn have been maintained at around 395/425 US dollars per 400 lb bale, while those for 30/32s carded yarn have also been unchanged at around 465/495 per bale.

Asking rates for polyester staple have been reduced to around Rs. 185/188 per kilo.

BANGLADESH

The pace of cotton buying has been slower during the last couple of months than in the same period in recent years, due to several factors. The volume of forward 'on-call' business that was concluded earlier in the year has resulted in some mills being quite well covered for the time being. Many spinners have been demonstrating extreme caution as

the country approaches the national elections.

The wait-and-see attitude prevalent amongst mill buyers can also be attributed to recent volatility in the New York futures market and losses sustained on cotton yarn sales.

Many spinners have met their immediate cotton needs from stocks held locally. In addition, in past weeks there has been a focus on picking

up parcels of old crop cotton 'afloat'.

In view of the foregoing, reports of confirmed upland business this week have been sparse. Mention has been made of some new crop Indian (Organic), Shankar-6, 1-1/8" Micronaire 3.8/4.9 NCL 29 gpt booked at 86.50 cents per lb, for prompt shipment.

For another week, ex-warehouse asking prices have generally been held unchanged. Offers of African

Franco Zone 's' grades, 1-1/8" staple, have been placed at around 89.50/90.00 cents per lb. Asking prices for Indian MCU-5, 30 and 31mm, have been slightly cheaper at 87.00/87.50 cents, with Shankar-6 1-1/8" continuing to attract a discount of around one cent.

Yarn and textiles

The typical range of offering rates for carded cotton 30s yarn has been maintained at around US\$3.05/3.20 per kilo.

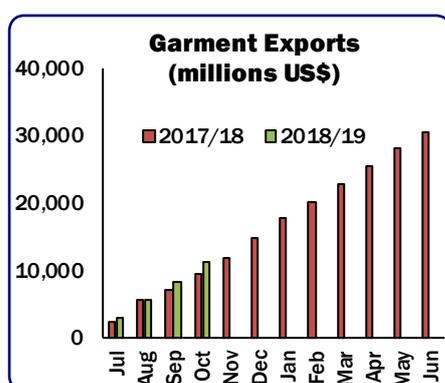
October's ready-made garment exports

According to the Export Promotion Bureau (EPB), garment export earnings during October (the fourth month of the 2018/19 fiscal year) amounted to US\$3.141 billion, over thirty-seven percent higher than those in the same month of last year. Apart from August, which saw a downturn, July, September and October have all seen

strong double-digit gains.

Cumulative earnings for the four months, at US\$11.333 billion, were just over 20 percent higher than those for the corresponding period of 2017.

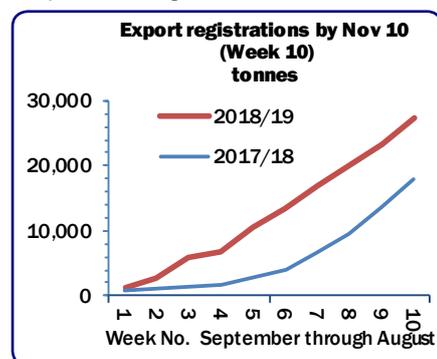
Women garment exports rose, year on year, by 22.6 percent to US\$5.458 billion for the four-month period. The performance of the knitwear sector was only slightly less impressive: earnings during July/October rose by 17.8 percent to US\$5.875 billion.



EGYPT

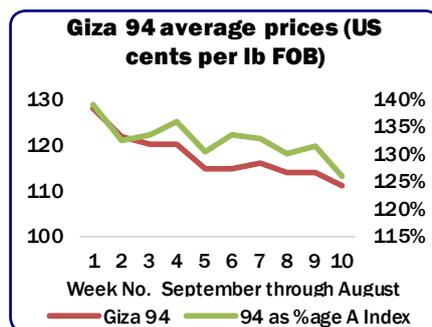
Export registrations

The week ended November 10 witnessed another strong figure for export registrations. No less than 4,181 tonnes were added to the total, according to *Alcotexa* (the exporters' association), bringing the cumulative amount for the 2018/19 marketing year to date to 27,471.50 tonnes. Registrations were also rising strongly at this time a year ago, but the current season's total is nonetheless still over 50 percent higher.



The latest week's registrations once again consisted mainly of Giza 94 (2,678 tonnes) and Giza 86 (1,282), for which *Alcotexa* recorded average prices of 111.00 and 114.00 US cents per lb FOB. Average prices at which sales of those two varieties were registered during the preceding week were 114.00 and 116.00 cents per lb. Subsequently, reference has been made to still lower offers and to shippers' expectations that lack of financial liquidity and pressure on farmers to sell seed cotton (in the absence of the promised government support) will lead to further reductions

in the coming weeks. A steady downward trend has been evident since the opening of this year's registration period at the beginning of September.



Other registrations during the week in question comprised 200 tonnes of the Giza 92 and Giza 96 extra-long staple varieties, at average prices of 131.00 and 147.00 cents per lb, respectively. More detail is shown in the table below.

Egyptian registrations

(week ended Nov 10, 2018)

	US cents/lb	
	tonnes	FOB
Giza 94	98	197.25
	105	108.00
	600	109.00
	200	112.00
	200	113.50
	975	114.00
Giza 86	500	118.50
	200	111.50
	500	113.00
	44	113.50
	400	114.00
	138	117.00
Giza 92	200	131.00
Giza 96	21	147.00
Grand total	4,181	

Crop data

By November 13, according to the Cotton Arbitration and Testing General Organisation (CATGO), the amount of seed cotton classed was 1,457,662 kantar (229,582 tonnes) and CATGO's estimate was that a further 500,000 kantar or so remained in farmers' hands.

By the same date, the quantity of lint pressed (representing a small proportion of the seed cotton classed) amounted to 398,783 metric cantar of 50 kilos each (19,538 tonnes).

Two weeks earlier, when the amount of lint pressed totalled 314,562.61 metric cantar (around 15,728 tonnes), Giza 94 accounted for 69 percent and Giza 86 for around a further ten percent. Almost 69 percent of the Giza 94 pressings were classed as Good+3/8 or better; the comparable percentage for Giza 86 was slightly under 30 percent.

Yarn and textiles

A sluggish export market is in evidence for yarn and textiles. Fine count yarn sales have decreased slightly further of late. By contrast, clothing exports, by value, were nine percent greater than a year earlier during the period from January through September, at US\$1.176 billion. September alone witnessed a 40 percent increase, year on year.

The third annual "Destination Africa" business-to-business sourcing exhibition and conference will be held from November 17 to 19. The conference theme will be *Sustainable Textiles: A dialogue about Challenges & Opportunities for Africa*.

TURKEY

Import enquiry remains subdued. The recent partial recovery of the lira has prompted some mills to test prices for various growths, including US lower grades. For many spinners, however, hand-to-mouth buying of cotton from the domestic new crop remains a more advantageous strategy in the prevailing financial climate.

Much of the cotton on offer from the Turkish crop comprises rain-affected lots. Urfa 42/51 colour grades have this week been quoted at prices equivalent to around 70.75 US cents per lb, ex-gin, and Urfa 43/52s from the same region at around 68.50 cents per lb.

The Izmir bourse has this week recorded turnover of a few hundred tonnes daily, 41-3/4 colour grades from Söke commanding prices around TL 9.30 per kilo (approaching 77.00 US cents per lb), ex-gin, payment at 10 days. Manisa 42/51 styles have been traded at around TL 9.00/9.10 per kilo (say 74.25/75.25 cents per lb), ex-gin, cash payment.

It is reported that certain mills attending this week's US Sourcing Summit have purchased attractively discounted US low grades.

FAR EASTERN MARKETS

During the period under review, the cheapening of upland asking rates has prompted some sporadic buying interest in certain markets, but generally demand from the mill side remains very guarded. Business has mainly focused on nearby supplies available for December shipment. Once again, spinners in Indonesia have been amongst the more active, with mention of smaller quantities taken up in other markets. The region remains subdued as mills contend with macro-economic issues, the fall-out from the Sino-US trade dispute and uncertainties regarding the outlook for raw cotton consumption.

In **Taiwan** a small parcel of US Eastern/M/O/T 'recap' has moved off at 76.85 cents per lb, for shipment December, CFR Taiwanese ports.



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For a Taiwanese-owned operation in Lesotho, 295 tonnes of Zambian have found buyers: 200 tonnes of SM light spotted 1-1/8" at 83.00 cents per lb and 95 tonnes of Middling light spotted 1-3/32" at four cents less, both for shipment December, CIP Lesotho.

During the past week in **Indonesia**, reports mention business in a few thousand tonnes of various origins. Brazilian Middling 1-1/8" to 1-5/32" has been traded at 87.00/87.60 cents per lb and SM 1-5/32" at 90.00 cents, both for shipment December. Australian SM 1-5/32" has been secured at 94.00 cents, for shipment nearby. The condition of cotton yarn markets remains very weak, both in terms of the domestic and export business.

During the week ended November 9, the cotton market in **Japan** was

very quiet. Mills preferred to remain on the sidelines, prior to the release of Washington's supply and demand numbers. Total estimated volume was below 1,000 bales.

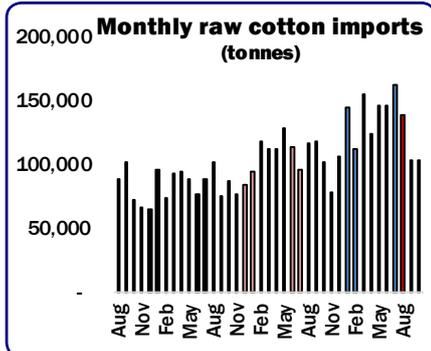
Recently in **Thailand**, some nearby shipments of US Middling have changed hands, together with Brazilian, when prices dipped in the lower futures market. However, these were small transactions of a hand-to-mouth nature. There has been no mention of any 2018/19 crop US changing hands.

Recently, a mill in **South Korea** bought around 500 tonnes of US cotton, for shipment during the first quarter of 2019, for its overseas operations.

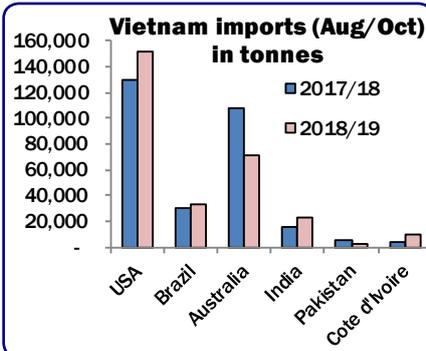


VIETNAM

During October, according to *Vietnam Customs*, imports of raw cotton amounted to 102,545 tonnes, of which 62,858 tonnes were attributed to Foreign Direct Invested enterprises. The main origin, as customary, was the United States, from where imports amounted to 42,829 tonnes. The next two largest sources of supply were Brazil (22,261 tonnes) and Australia (12,997).



The reduction of import volumes over the past two months is consistent with trade reports that spinners are requesting postponement of shipments against contracts concluded earlier, and is no doubt symptomatic of the generally poor state of the yarn market. Some sources suspect that the recent strong upward growth of mill consumption may be slowing.



Cumulative imports during the first three months of the 2018/19 international statistical season (the sum of the monthly data) amounted to 344,506 tonnes, only slightly more than during the corresponding period a year earlier (335,415).

	2017/18	2018/19
August/October		
tonnes		
USA	129,526	151,932
Brazil	29,744	33,758
Australia	108,426	71,499
India	16,009	22,271
Pakistan	4,906	2,525
Cote d'Ivoire	4,037	10,077
Indonesia	1,395	1,676
Argentina	1,403	4,517
Korea	777	1,309
China	150	726
Taiwan	170	71
Others	38,872	44,145
Total	335,415	344,506

In the same period, exports of textile fibres and yarns were 124,804 tonnes, roughly 8.6 percent higher than the volume recorded in October 2017. The cumulative volume since the start of the calendar year stands at over 1.15 million tonnes, representing an increase of 10.1 percent over the corresponding period last year.

Vietnam's textile fibre and yarn exports

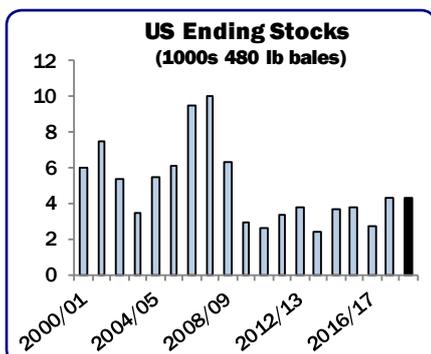
	Oct-18	Jan/Oct '18
tonnes		
China	67,001	641,825
S Korea	14,968	138,209
US	4,580	32,736
Thailand	3,643	34,593
Turkey	3,607	54,431
Bangladesh	2,537	19,250
India	2,491	28,981
Japan	2,260	18,046
Indonesia	2,073	17,662
UK	1,995	11,581
Brazil	1,966	28,507
Others	10,219	126,669
Total	117,340	1,152,490



UNITED STATES

USDA forecasts US cotton production at 18.41 million bales

At 18.41 million bales (480 lbs), the November US production figure represents a seven percent decrease from last month's 19.76 million, with USDA citing lower output in the Southeast mainly owing to adverse weather. Mill use and exports were



reduced to 3.3 and 15.0 million bales, respectively, versus 3.4 and 15.5 last month. Ending stocks are now projected at 4.3 million bales for the US in 2018/19, compared with 5.0 million in the previous report.

"Domestic use is reduced 100,000 bales and exports are reduced 500,000. Projected ending stocks in 2018/19 are 700,000 bales lower this month, at 4.3 million bales or 24 percent of use," USDA said. "The marketing-year average price received by producers is forecast between 71.0 and 77.0 cents per pound, with a midpoint of 74.0 cents, one cent above last month."

The Department's world estimates include slightly lower beginning stocks at 80.39 million, lower consumption at 126.88 million and lower

ending stocks at 72.61 million bales. "Historical revisions to Benin's exports resulted in a 375,000-bale

(in million 480-lb bales)	2017/18 Nov.	2018/19 Proj. Oct.	2018/19 Proj. Nov.
Beginning Stocks	2.75	4.30	4.30
Production	20.92	19.76	18.41
Domestic Use	3.23	3.40	3.30
Total Exports	15.85	15.50	15.00
Ending Stocks	4.30	5.00	4.30

(in million 480-lb bales)	2017/18 Nov.	2018/19 Proj. Oct.	2018/19 Proj. Nov.
Beginning Stocks	80.40	80.89	80.39
Production	123.70	121.66	119.39
Consumption	123.28	127.76	126.88
Trade	40.94	41.45	41.13
Ending Stocks	80.39	74.45	72.61
China ending stocks	38.02	29.87	29.87
ROW ending stocks	42.37	44.58	42.74

USDA Fourth Estimate									
2017/18		2018/19		2018/19 (Third Estimate)			2018/19 (Fourth Estimate)		
Final Report Production (bales)	Plantings Sept. (acres)	Area for Harvest (acres)	Production (bales)	Indicated Avg.Yield (lbs/acre)	Area for Harvest (acres)	Production (bales)	Indicated Avg.Yield (lbs/acre)		
thousands		thousands			thousands				
Upland :									
N.Carolina	741.0	430.0	400	670	804	400	690	828	
S.Carolina	471.0	300.0	290	485	803	280	470	806	
Georgia	2,225.0	1,430.0	1,420	2,900	980	1,350	1,950	693	
Florida	155.0	118.0	116	220	910	80	125	750	
Virginia	192.0	98.0	97	205	1,089	97	195	965	
Alabama	808.0	510.0	505	1,120	1,014	470	880	899	
Southeast	4,592.0	2,886.0	2,828	5,600	950	2,677	4,310	773	
Tennessee	732.0	360.0	355	765	1,034	355	775	1,048	
Missouri	750.0	325.0	320	830	1,245	320	830	1,245	
Mississippi	1,351.0	620.0	615	1,460	1,140	615	1,460	1,140	
Arkansas	1,074.0	485.0	480	1,150	1,150	480	1,150	1,150	
Louisiana	404.0	195.0	190	420	1,061	190	420	1,061	
Mfs Terr	4,311.0	1,985.0	1,960	4,625	1,133	1,960	4,635	1,135	
Texas	9,270.0	7,700.0	4,500	6,700	715	4,500	6,700	715	
Oklahoma	1,020.0	780.0	570	930	783	570	850	716	
Kansas	197.0	165.0	159	335	1,011	159	342	1,032	
South Wes	10,487.0	8,645.0	5,229	7,965	731	5,229	7,892	724	
New Mexic	113.0	78.0	65	150	1,108	65	140	1,034	
Arizona	485.0	150.0	149	480	1,546	149	450	1,450	
California	235.0	50.0	49	172	1,685	49	210	2,057	
Far West	833.0	278.0	263	802	1,464	263	800	1,460	
Upland Tot	20,223.0	13,794.0	10,280	18,992	887	10,129	17,637	836	
American Pima :									
Texas	26.0	17.0	16.0	32.0	960	16.0	32.0	960	
New Mexic	13.3	7.0	6.9	13.0	904	6.9	13.0	904	
Arizona	30.2	14.0	13.5	25.0	889	13.5	25.0	889	
California	630.0	210.0	209.0	701.0	1,610	209.0	701.0	1,610	
Pima Tota	699.5	248.0	245.4	771.0	1,508	245.4	771.0	1,508	
Grand Total	20,922.5	14,042.0	10,525.4	19,763.0	901	10,374.4	18,408.0	852	

ICE No. 2 Cotton Futures			
(in cents per lb)			
No. 2:	14-Nov	7-Nov	Change
Dec-18	76.39	78.96	-2.57
Mar-19	78.35	80.57	-2.22
May-19	79.63	81.95	-2.32
Jly-19	80.75	83.05	-2.30
Oct-19	78.22	79.93	-1.71
Dec-19	77.50	78.25	-0.75
Mar-20	77.95	78.62	-0.67
May-20	78.20	78.88	-0.68
Jly-20	78.40	79.08	-0.68
Oct-20	74.97	76.11	-1.14
Certificated stock as of November 13 totaled 97,981 bales.			
Chicago Futures			
(in cents per bushel)			
	14-Nov	7-Nov	Change
Soybeans			
Nov-18	870.50	867.75	2.75
Jan-19	883.50	879.50	4.00
Mar-19	896.75	892.25	4.50
Wheat			
Dec-18	503.00	510.25	-7.25
Mar-19	512.00	522.50	-10.50
May-19	521.00	533.00	-12.00
Corn			
Dec-18	367.00	372.25	-5.25
Mar-19	378.00	383.75	-5.75
May-19	385.75	391.50	-5.75

decrease in 2018/19 beginning stocks there, accounting for much of this month's 500,000-bale decline in global beginning stocks," USDA said. "Forecast global production is reduced 2.3 million bales as smaller expected crops in the United States, India, Pakistan and Turkmenistan offset an increase in Benin. Global ending stocks are 1.8 million bales lower this month, at 73 million bales or 57 percent of mill use."

In its fourth state-by-state estimate, USDA significantly lowered production in the Southeast, by 1.29 million bales, to total 4.31 million. The largest decrease was in Georgia, now with an estimated production figure of 1.95 million versus last month's 2.9. Decreases were reported in all other states, with the exception of South Carolina, which showed a slight increase.

In the Memphis Territory, a marginal increase was reported (+10,000), while decreases were reported in the Southwest (-73,000, mainly attributable to Oklahoma,

while the forecast for Texas was unchanged) and Far West (-2,000).

ICE futures lose ground

No. 2 cotton futures rallied on release of the report on November 8, but the upturn proved short-lived and the market ended the session little altered. Futures have settled on negative ground four out of five sessions during the period. Many analysts believe the trade wars, mainly of course the continuing dispute with China, are negatively influencing not only cotton futures but all financial and commodity markets. Early reports from this week's Sourcing Summit in

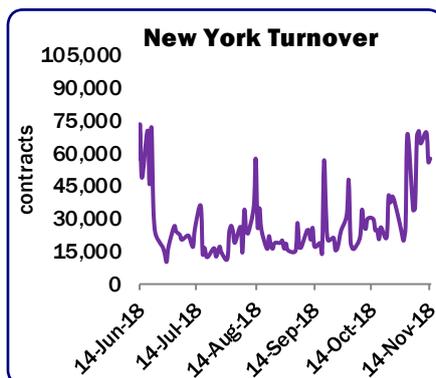
Scottsdale, Arizona, suggest a generally subdued mood amongst overseas delegates from various US export markets.

The December '18 delivery traded within a 488 cent-point range, finishing at 76.39 cents per pound on November 14 (down 257 points on the week). First Notice Day for December is November 26, and many speculators have focused on rolling their long positions from the front month into the March and May '19 contracts. Although the last trading day of the period ended on a positive note, bearish sentiment is predominant in the futures market.

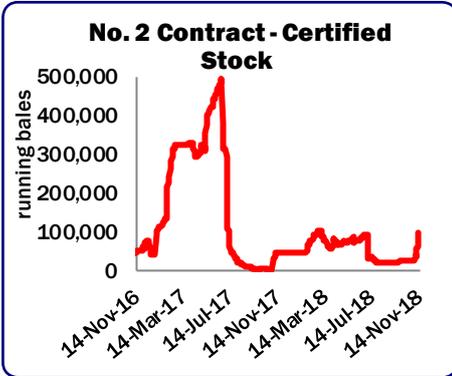
Volume this week remained strong with an estimated 298,295 contracts changing hands, compared with last week's 275,669 contracts.

Total open interest has continued to shift from the December '18 delivery to March and May '19 contracts. Open interest in the December '18 delivery was 50,680 as of November 13, while that in March '19 was 124,353 contracts, and 31,335 contracts were reported in May '19.

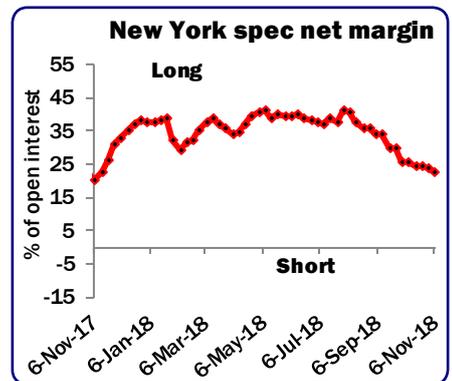
Certificated stocks increased on the week and were last reported at 97,981 bales on November 13, the highest level since March 6, 2018. The majority of bales (53,569) were held in Memphis area warehouses, followed by Galveston, TX (22,349), Houston, TX (13,465), Dallas/Ft. Worth (8,561), and Greenville, SC (37).



The number of bales in both certificated stocks and the CCC loan amounted to 43,027. There were 11,506 bales awaiting review, of which 6,061 were in Memphis, TN, 5,045 in Galveston, TX, and 400 in Houston, TX.



Speculators trimmed their net long margin for a 13th consecutive week to 22.4 percent of the total open interest (269,274 on November 6), down from 23.6 percent the previous week. Specs decreased longs and shorts by 946 and 2,600 contracts, respectively. Commercial traders increased their long and short holdings by 6,705 and 4,939, respectively, for a resultant net short margin of 23.3 percent, lower than last week's 24.3.



For the week ended November 2, the CFTC reported total on-call sales at 134,045 contracts, down 982 from the previous week. December '18 unfixed on-call sales decreased by 2,948 contracts to 18,131 while those on March '19 increased by 631 contracts to 39,331. Aggregate unfixed sales on the 2018/19 contracts amounted to 106,866 contracts, lower than the 113,924 contracts (unfixed on the 2017/18 deliveries) at this time last year.

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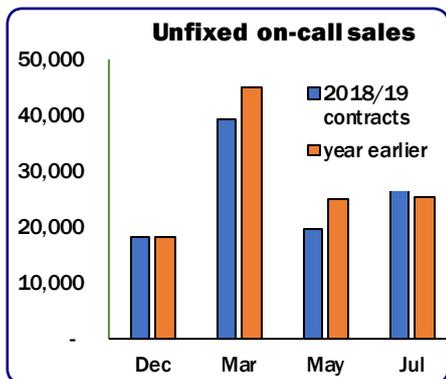
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US UPLAND AND PIMA STATISTICS



CCC Loan Activity

A total of 125,872 bales of 2018/19-crop upland were entered into the Commodity Credit Corporation loan program during the two-day period ended October 31, raising the season-to-date entries to 1,610,409. Repayments from the current crop amounted to 7,698 bales, while no redemptions or forfeitures were reported from the 2017/18 and 2016/17 crops. The outstanding stock for all three crop years therefore increased to 1,343,394 bales, of which cooperatives and loan servicing agents accounted for 1,178,950, leaving independent growers with 164,444 bales.

A total of 7,758 bales were traded on the Spot Market during the week ended November 14, increasing the season-to-date cumulative amount to 54,687 bales. The vast majority of business was reported from West Texas (3,918 bales) and East Texas/Oklahoma (2,951), followed by the Desert Southwest (865), and the North Delta (24 bales). Basis levels were virtually unchanged on the week.

LOAN STATISTICS

CCC Data as of October 31, 2018 (running bales):

Crop	Total Entries	Repossession	Forfeitures	Outstanding Stock
18/19	1,610,409	285,300	0	1,325,109
17/18	9,799,746	9,781,610	0	18,136
16/17	<u>9,372,917</u>	<u>9,372,752</u>	<u>16</u>	<u>149</u>
Totals	20,783,072	19,439,662	16	1,343,394

Last period's total (Oct 29) 1,225,220
 *Including 164,444 bales held by individuals and 1,178,950 by cooperatives

Details by state for 2016/17 crop, 2017/18 crop, and 2018/19 crop upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	- OUTSTANDING -		
	2018/19	2017/18	2016/17
N. Carolina	15,913	3	-
S. Carolina	15,053	16	-
Georgia	17,473	207	117
Alabama	36,738	130	32
Florida	1,546	1	-
Virginia	2,509	-	-
Southeast	89,232	357	149
Tennessee	152,760	1	-
Missouri	205,412	289	-
Mississippi	267,025	494	-
Arkansas	274,430	274	-
Louisiana	<u>69,945</u>	-	-
Memphis Terr	969,572	1,058	0
Texas	244,257	5,302	-
Oklahoma	7,185	159	-
Kansas	-	50	-
South West	251,442	5,511	0
New Mexico	-	132	-
Arizona	9,401	9,825	-
California	<u>5,462</u>	<u>1,253</u>	-
Far West	14,863	11,210	0
Upland Total	1,325,109	18,136	149

Pima CCC Loan Activity

running bales to October 31, 2018

	Total Entries	Repayments	Forfeitures	Outstanding Stock
2018/19	17,075	1,539	-	15,536
2017/18	<u>349,539</u>	<u>343,708</u>	-	<u>5,831</u>
	366,614	345,247	-	21,367
Previous Total Outstanding (Oct 29):				20,387
				<u>2018/19</u> <u>2017/18</u>
Arizona	-	-	-	1,949
California	-	15,536	-	2,532
New Mexico	-	-	-	386
Texas	-	-	-	<u>964</u>
Pima Total	-	15,536	-	5,831

SPOT MARKETS

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

	Prices		Turnover
	(cents per lb)		
	14-Nov	7-Nov	
Southeast	75.39	(77.96)	0
N. Delta	74.64	(77.21)	24
S. Delta	74.64	(77.21)	0
E. Tx/Okla	71.14	(73.46)	2,951
West Texas	71.14	(73.46)	3,918
Desert Southwest	70.64	(73.21)	865
San Joaquin Valley	71.14	(73.71)	0
7 MARKET AVERAGE	72.68	(75.17)	

Turnover for the period ending Nov. 14 7,758
 Total turnover for season to Nov. 14 54,687

Selected markets to November 14 (Nov. 7 values in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	75.39 (77.96)	74.64 (77.21)
1-3/32" (35)	76.39 (78.96)	74.64 (77.21)

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

NY No.2 Dec '18 -175

SAN JOAQUIN VALLEY

1-3/32" (35)	80.04 (82.61)	73.14 (75.71)
1-1/8" (36)	83.54 (86.11)	73.94 (76.51)

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

NY No.2 Dec '18 +365

WEST TEXAS

15/16" (32)	67.99 (70.31)	66.64 (68.96)
1" (33)	69.99 (72.31)	67.39 (69.71)
1-1/32" (34)	71.99 (74.31)	71.14 (73.46)

W. Texas Micronaire (cent points per lb):

	14-Nov	7-Nov
24 & Below	-2475	-2475
25-26	-2475	-2475
27-29	-1600	-1600
30-32	-1250	-1250
33-34	-1025	-1025
35-36	0	0
37-42	0	0
43-49	0	0
50-52	-250	-250
53 & Above	-375	-375

Strength grams/tex (cent points per lb):

Mfs Terr	Mfs Terr	W Texas	SJV
19.0-19.9	*	-300	*
20.0-20.9	*	-300	*
21.0-21.9	-300	-275	*
22.0-22.9	-250	-250	*
23.0-23.9	-200	-225	*
24.0-24.9	-175	-225	-500
25.0-25.9	-150	-150	-400
26.0-26.9	-25	-100	-300
27.0-28.9	0	0	0
29.0-29.9	0	0	0
30.0-30.9	25	25	75
31.0-32.9	50	25	125
33.0 & Above	50	25	250

* Strengths have no history of being produced.

Note: Official quotations for cotton of 3.5-3.6 & 4.3-4.9

Micronaire, strengths 23.5-25.4 g/tex, compressed in Mixed lots, FOB car/truck.

PIMA SPOT QUOTATIONS

Selected markets to November 14 compared with AMERICAN PIMA

GRADE	1-3/8" (44)	1-7/16" (46)
2	123.25 (123.25)	132.00 (132.00)
3	109.50 (109.50)	117.25 (117.25)
4	88.75 (88.75)	96.50 (96.50)

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.

Harvest hampered across most of cotton belt

Sunny, warmer weather returned to West Texas late in the period, following a strong winter storm. A

Basis Levels

		2018/19	
		cents per lb	
Southeast	SLM 1-3/32"	100	"off" to "even"
Memphis Territory	SLM 1-3/32"	100	to 200 "off"
Texas/Oklahoma	SLM 1-3/32"	500	to 600 "off"
Far West - SJV	Midd 1-3/32"	350	to 550 "on"
DSW - Arizona	Midd 1-3/32"	50	to 175 "off"

Dec '18 New York Futures FOB railcar/truck - Southeast and Memphis Territory. FOB whse - Arizona uncompressed, California compressed.

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

Trading decreases on The Seam

Trading on *The Seam's* grower exchange amounted to 4,303 bales this week (all from the Southwest), down from the 8,623 that changed hands the previous week. An average price of 72.18 cents per pound was paid this week, against the 72.38 cents recorded a week ago.

On the business to business side, 910 bales were sold at an average price of 66.28 cents per pound this week. A total of 250 bales traded during the previous period, for which the average price paid was 69.38 cents per pound.

Grower To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	72.18	487	3,816	4,303
Total	72.18	487	3,816	4,303
Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	66.28	205	705	910
Total	66.28	205	705	910

mix of sleet, ice and snow fell across most of the region during the week under review, with snow accumulations of between 1.00" and 4.00". A killing freeze occurred as nighttime readings dropped below 32°(F). Hence, most harvest activities were at a standstill. However, fair, warmer readings are in the near-term forecast, which will allow soft soils to firm and will help bleach any discolored lint in open bolls. Outside work, therefore, is expected to resume soon. Ginning continues with little interruption as processing plants work through backlogs of seed cotton supplies on their yards.

Inclement weather also has been reported elsewhere in the state, with wintry precipitation falling in many areas. Field preparations, therefore, have been further delayed. In **South Texas**, the deadline for stalk destruction was extended to the middle of this month, owing to intermittent storms during October. Although below-average temperatures for this time of year were recorded during the period, an extended period of freezing or lower readings is needed to help kill any overwintering insects.

Similar wintry conditions have ruled across the **Memphis Territory** during the period under review. Growers rushed to get as much cotton off the stalk as possible before the storms arrived. Consequently, picking was at or ahead of the normal pace across most of the Delta as of November 11, ranging from 80 percent in Tennessee to 93 percent in both Arkansas and Missouri. Untimely rains fell, saturating fields and halting pickers. Precipitation developed soon after as moisture from the Gulf of Mexico streamed northward and encountered a strong cold front, and freezing rain, sleet and snow developed in central and northern parts of the Delta, with snow accumulations of between 0.50" and 3.00" recorded.

Although the transportation of seed cotton supplies from fields to gins has been hampered by the wintry weather, gins are still operating at full capacity. However, a few have reported difficulties in pressing the wet lint. The harvest season is winding down, and an extended period of open



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weather is needed to allow producers time to complete activities.

Farmers in the **Southeast** have likewise experienced a week of largely unhelpful weather. Cloudy, rainy conditions have prevailed across most of the region, with severe weather reported in isolated locales. Record-setting rains fell in parts of Alabama and the Carolinas, and since groundwater table supplies were already at a surplus, flash flooding occurred, idling pickers.

Earlier inclement weather associated with Hurricanes Florence and Michael, as well as low-pressure systems from the Gulf of Mexico, have delayed the harvest season and caused reductions in quality and yields throughout the region. Producers, therefore, are anxious to get the remaining cotton harvested before any additional damage can occur.

According to the latest crop progress report issued by the USDA, the greatest gains during the week ended November 11 were witnessed in North Carolina and Virginia, where work advanced by 14 and 12 percentage points, respectively, to 75 in the former and 78 percent in the latter. Regrowth has been reported on many stands, and additional rounds of defoliants have been applied this year, increasing the cost of inputs. Processing activities have slowed as some seed cotton supplies have been too wet to press.

In contrast to most parts of the belt, sunny, dry weather has persisted across the **Far West**. Picking is gaining momentum in California, and farmers are cutting and shredding stalks as soon as pickers exit fields. If open skies persist, the harvest likely will be completed in about a week to ten days. Sixty percent of the state's cotton was off the stalk as of November 11, which was an increase of 15 percentage points on the week but was 22 points lower than the average. Modules and round bales are lining gin yards, and producers have been pleased with quality and yields, with color grades predominantly Strict Middling White and better.

In Arizona, 45 percent of the crop was harvested, eight percentage points below the average. However, a slight deterioration in color grades has been witnessed, owing to late-season storms. Seed cotton supplies are increasing at gins, and pressing plants are operating 24 hours a day, seven days a week.



Bolls opening about on schedule

The National Agricultural Statistics Service's latest crop progress report issued showed 96 percent of bolls opening beltwide as of November 11, compared with the 98 percent five-year average. Openings were at or ahead of schedule in all states, except California and Texas, where 98 and 93 percent of bolls were open, down one and four percentage points, respectively from their average.

Bolls Opening 11/11/2018 -percentages-			
	Nov. 11	Previous Year	5-Year Average
Southeast			
North Carolina	100	100	99
South Carolina	100	100	99
Georgia	100	100	99
Alabama	100	98	98
Virginia	100	100	100
Memphis Territory			
Tennessee	100	100	100
Missouri	100	100	99
Mississippi	100	100	100
Arkansas	100	100	100
Louisiana	100	100	100
Southwest			
Texas	93	95	97
Oklahoma	100	99	99
Kansas	97	99	97
Far West			
Arizona	100	100	100
California	98	98	99
Summary	96	98	98

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

Inclement weather slows harvest

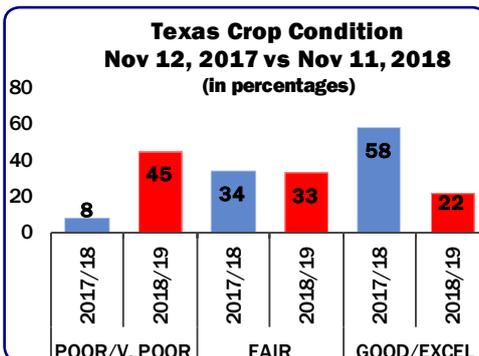
Harvesting peaked beltwide, with 54 percent of the crop off the stalk by November 11, compared with the five-year average of 61 percent. Inclement weather during the preceding week

Harvested 11/11/2018 -percentages-			
	Nov. 11	Previous Year	5-Year Average
Southeast			
North Carolina	75	76	63
South Carolina	49	71	62
Georgia	61	67	64
Alabama	70	64	71
Virginia	78	81	69
Memphis Territory			
Tennessee	80	72	67
Missouri	93	92	82
Mississippi	89	92	93
Arkansas	93	92	93
Louisiana	92	100	99
Southwest			
Texas	42	53	48
Oklahoma	31	47	48
Kansas	19	24	31
Far West			
Arizona	45	49	53
California	60	63	82
Summary	54	63	61

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

slowed work in most states. Consequently, picking was at or ahead of the normal pace in only five of the 15 main producing states. Forty-two percent of the Texas crop was harvested, which was six percentage points behind the average.

Nationally, reporting on crop conditions has ended for the season. However, according to the latest crop progress report from Texas, plant health continued to deteriorate on the week. The proportion of the state's plants rated 'good to excellent' amounted to 22 percent as of November 11, and 33 percent were 'fair', leaving 45 percent 'poor to very poor'. Conversely, a year earlier, 58 percent of the 2017/18 crop was categorized 'good to excellent', 34 percent 'fair', and only 8 percent was 'poor to very poor'.



Classings in full swing

Many classing offices are working two or three shifts a day, inspecting samples across the belt. The Agricultural Marketing Service reports that 1,119,687 bales of upland and 48,020 of Pima were classed during the week ended November 8, raising the all-cotton total for the season to 5,727,386 (139,883 of Pima). The proportion of upland cotton tenderable against ICE futures amounted to 67.2 percent for the week and 64.9 for the marketing year.

Color grades have deteriorated somewhat in most states, owing to inclement weather this fall. Consequently, the proportion of cotton graded Strict Low Middling White/leaf 4 and better has slipped, while the percentage of samples classed SLM Light Spotted/leaf 4 and higher has increased.

Upland Classings by State

	2018 YTD	2018 Prev Wk	2017 TOTALS
Alabama	284,611	219,540	774,914
Georgia	561,095	369,837	2,193,349
Nth. Carolina	276,129	178,745	763,203
Florida	17,754	10,816	119,040
Virginia	66,825	48,333	182,007
Sth. Carolina	103,751	69,620	405,645
Southeast	1,310,165	896,891	4,438,158
Arkansas	637,789	530,042	1,123,871
Mississippi	599,219	487,122	1,287,347
Missouri	390,995	335,507	682,976
Louisiana	257,160	211,183	407,696
Tennessee	417,572	338,626	718,537
Memphis Terr	2,302,735	1,902,480	4,220,427
Texas	1,853,355	1,578,653	9,209,178
Oklahoma	33,343	20,649	924,331
Kansas	8,651	-	193,156
Southwest	1,895,349	1,599,302	10,326,665
Arizona	33,469	27,356	458,850
California	45,249	33,252	222,677
New Mexico	536	-	43,250
Far West	79,254	60,608	724,777
Total	5,587,503	4,459,281	19,710,027

Most gins operating at full capacity

Most processing plants are working around the clock, processing seed cotton supplies on their yards. The USDA reported that 4,776,350 running bales of upland and 100,450 of Pima were ginned as of November 1, for an all-cotton total of 4,876,800 bales. This time last year, pressings from the 2017/18 crop amounted to 4,914,550 bales as of November 1, and 5,015,650 were processed from the 2016/17 season.

Ginning Statistics

	2016/17	2017/18	2018/19
All Upland Cotton:			
N. Carolina	91,850	174,850	202,250
S. Carolina	55,600	90,600	74,850
Georgia	595,450	468,650	396,500
Alabama	246,050	143,200	230,950
Florida	27,250	*	*
Virginia	13,800	34,300	51,050
Southeast	1,030,000	911,600	955,600
Tennessee	304,350	250,900	360,900
Missouri	315,550	250,200	354,200
Mississippi	505,800	470,700	563,750
Arkansas	513,350	404,150	572,750
Louisiana	221,650	232,500	232,050
Mid-South	1,860,700	1,608,450	2,083,650
Texas	*	*	1,634,250
Oklahoma	64,500	44,250	23,300
Kansas	*	*	*
Southwest	64,500	44,250	1,657,550
New Mexico	*	*	*
Arizona	*	*	*
California	60,500	53,850	36,000
Far West	60,500	53,850	36,000
Total**	4,931,050	4,824,800	4,776,350

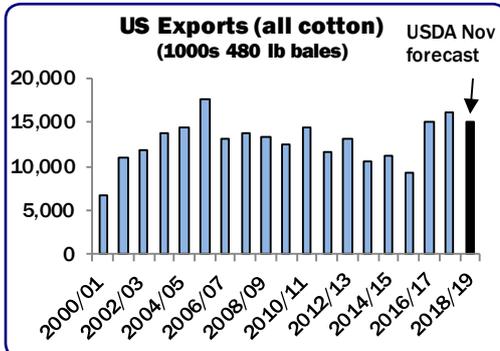
* Not published to avoid disclosure of individual gins.

** Totals do not add because of information withheld.

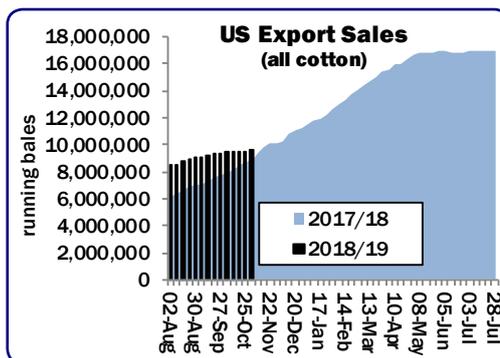


US EXPORTS

USDA's November supply and demand estimates included a reduction in projected exports during the 2018/19 marketing year of 500,000 bales (480 lbs), to 15,000,000. That figure would still represent the third-highest export volume on record.



The decreased export forecast no doubt reflects a combination of the smaller crop in prospect, the



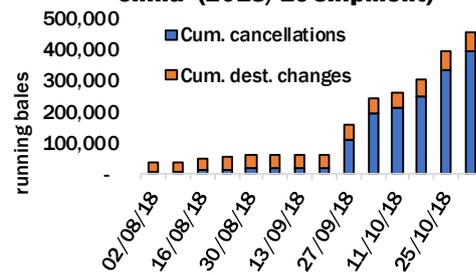
recent slow pace of new sales registrations and the rise in cancellations for China.

By November 1, this season's cumulative sales of all cotton (including those already shipped) were approaching 9.6 million running bales (equivalent to just over 66 percent of USDA's revised forecast). That total remained eight percent above the corresponding total a year earlier, whereas at the start of the marketing year (August 2), sales were no less than 38 percent ahead.

Last week's FAS report recorded further US upland cancellations for China of 57,300 running bales for the current season. During the period from August 2 to November 1, cancellations rose to 453,300 running bales (if one also includes destination changes).

During the same period, new sales to China totalled 183,100 bales, suggesting a net reduction in this season's sales commitment of 270,200 bales over three months or so. During the same period, however, new sales registrations for China, for shipment during the 2019/20 season, rose by 449,700. For the two

US upland cancellations for China (2018/19 shipment)



seasons, therefore, a net addition to sales registrations of 179,500 bales for that market have been recorded since early August.

As at November 1, China accounted for almost half of the US upland export sales commitment (1,850,300 running bales in total) for shipment in 2019/20.

The corresponding forward sales total at the same point a year earlier (for shipment during the 2018/19 season) was 897,153 running bales.



US PRICE MECHANISM

US PRICE MECHANISM

- 2018/2019 season -

- value if applied today, November 15, 2018 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	85.72
B) Three Far Eastern 'fine count' CFRs	86.83
C) Three Far Eastern 'coarse count' CFRs	NQ
D) Cheapest US Midd. 1-3/32" CFR	86.75

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 15.19

Loan Quality Differential

(at average location) between:

Middling 1-3/32"	54.05
SLM 1-1/16"	52.00 2.05

E) Total Adjustment Factor	17.24
F) Adjusted World Price (A - E)	68.48
G) Fine Count' Adjustment Factor	must be above zero
2018 crop (current values 2.20-(B-A))	1.09
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-4.95)	NQ
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-16.48

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	163.00
P2) P1 adjusted for quality and transportation ((P1+2.04)-14.80)	148.38
P3) Basic ELS Loan Rate (79.77) adjusted for quality 2-2-46	80.30
P4) Basic Loan Trigger = 134% of P3. P2 must be lower than P4 for four weeks for payments to be triggered	107.60

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	149.80
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+2.04)	165.04
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 15	N/A

ARGENTINA

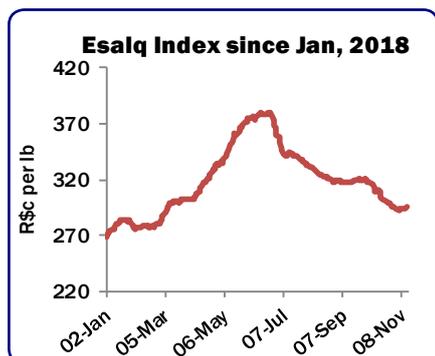
Further rains were received in parts of the cotton belt on November 12/13. The moisture has been considered welcome on balance but may hinder the progress or delay the start of sowing operations in some areas. In Chaco, the rainfall varied in intensity but only in a few places did accumulations surpass 50 millimetres. There remain pockets (in the vicinity of Du Graty and Santa Sylvina for example) in which soils remain dry. However, in general the soil moisture profile is favourable following the latest downpours and an earlier wet spell during the first week of November. Planting is therefore advancing and most forecasts anticipate an area of at least 500,000 hectares and perhaps more, against the 300,000 or so estimated by the Ministry of Agriculture to have been devoted to the 2017/18 crop.

Press reports quote the Minister of Production for Chaco as estimating that 180,000 hectares will be sown to cotton in the province, against the Ministry of Agriculture's latest forecast of just over 142,000.

Export business remains under discussion, and contracts amounting to a further 5,274 tonnes were registered in recent days.

BRAZIL

The local market has again presented a steadier appearance during the reporting period, following a lengthy decline that began in late June. The *Esalq* index of spot values has marked time during the past week. The value on November 14 was R¢295.10 per lb, equivalent to around 78.00 cents per lb at the prevailing exchange rate. The real has lost a little ground against



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the US dollar during the past week, apparently influenced by indications that the new government may adopt a gradual approach to reduction of the fiscal deficit.

Demand on the part of local mills is generally lacking, and offers of spot cotton are also rather scarce, being largely confined to lots rejected during the course of the recent take-up of earlier contracts.

Contracts registered with the *Bolsa Brasileira de Mercadorias* during the past week have comprised: 14,900 tonnes from the 2018 crop (10,000 for the local market and 4,900 for export); 4,500 from the 2019 crop (3,500 local, 500 'flex', 500 export); and 8,000 from the 2020 crop (1,000 'flex', 7,000 export).

Brazil: Raw Cotton Exports

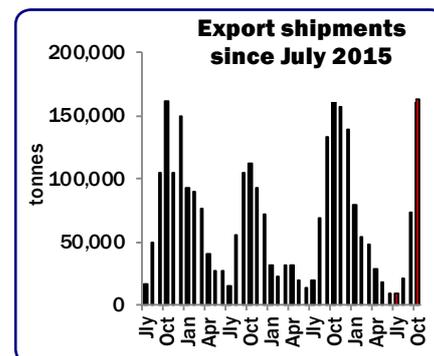
	(in tonnes)	
	17/18 (Jul/Oct)	18/19 Jul/Oct
Vietnam	100,264	55,422
Indonesia	78,244	43,615
China	49,803	60,589
Bangladesh	35,279	31,176
South Korea	21,065	20,487
Turkey	36,871	10,486
Pakistan	20,272	9,061
Thailand	10,120	8,367
Malaysia	16,834	8,086
Portugal	6,011	3,374
Taiwan	3,863	2,207
Italy	2,703	1,889
Other	6,550	10,801
World	387,879	265,558

Source: Foreign Trade Secretariat
Note: Totals may not add due to rounding

As reported last week, raw cotton export shipments rose to 163,000 tonnes in October, up from a disappointing 72,513 tonnes the previous month. Detailed customs data now available show that the single largest destination last month was China, which accounted for 49,015 tonnes (30 percent) of the total, followed by Vietnam (31,566 tonnes), Indonesia (23,763), Bangladesh (20,030) and South Korea (11,044).

The total for the July/October period (which broadly corresponds to the movement of the 2018 crop) is 265,558 tonnes, against 387,879 (from a significantly smaller crop) during the same four-month period a year earlier.

Logistical challenges remain well to the fore both as regards the current campaign (as intimated above, export shipments are already behind schedule) and next season, when a still larger crop is in prospect. Last week's official forecast indicates a rise in cotton area of between 10 and 20 percent in Mato Grosso and an increase of



between 13 and 21 percent in Bahia. Cotton Outlook's forecast of the 2019 crop has been raised to 2.3 million tonnes, a figure that still appears conservative in comparison to some private forecasts in circulation.

Although the new government will not take office until January, some cabinet posts have already been filled. Congresswoman Tereza Cristina from Mato Grosso do Sul has been appointed Minister of Agriculture, with the strong support of farmers' associations.

AUSTRALIA

Irrigated planting draws to a close

Local sources advise that around 200,000 to 220,000 hectares of irrigated cotton have been planted. That area comes close to earlier expectations of irrigated sowing, with perhaps a small balance to follow. These fields are said to be developing well.

October witnessed some reasonable amounts of rain overall, but November, so far, has been dry in Queensland. Thus, some growers in the region will need additional precipitation before they feel emboldened to press ahead with more dryland planting. The forecast is for some welcome rainfall during the

Rainfall monitor

Australia growing regions	Aug	Sept	Oct	to Nov 14
Queensland	mm	mm	mm	mm
Ayr (Burdekin River)	26.8	1	20.6	3.2
Clermont (Isaac Region)	8.4	0.4	52.4	0
Emerald (Central Highlands Region)	6.6	0.4	104	0
Dalby (Darling Downs)	6.8	3.2	184	4
Toowoomba (SE QC)	6.6	16.6	110	0
Cecil Plains (Darling Downs)	6.8	3.2	184	4
St. George (SW QC)	41.2	1	19.2	2
Goondiwindi (Southern Downs)	28.6	14.6	51.6	9.4
NSW				
Moree (Northern)	33.2	10.4	70	19.2
Walgett (NW)	9.4	5.4	42.8	11.6
Wee Waa (Northern)	31.2	9.4	81.6	10.6
Narrabri (Northern)	31.2	9.4	81.6	10.6
Gunnedah (NE)	31.4	52.8	57.2	16.8
Warren (Central Macquarie River)	23.8	9.2	59	20.8
Trangie (Central)	23.8	9.2	59	20.8
Hillston (Western Lachlan River)	7.8	3.2	53	14.8
Hay (Western Riverina)	2.8	3	13.2	46.2
Griffith (South Western)	6.4	8	48.8	35.4
Leeton (Riverina Region)	8.8	12.4	7.4	34.6

American Cotton Shippers Association



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approaching weekend and next week. Showers will move westwards across Queensland and northern New South Wales and should cover several growing areas.

Dryland area to date is estimated at over 100,000 ha. However, if there is enough rainfall during the coming week, the extended planting window will give an opportunity for selective additional dryland planting, particularly in the central Queensland area. Growers may favour cotton as an alternative to sorghum, as planting seed for the latter crop is no longer available.

