

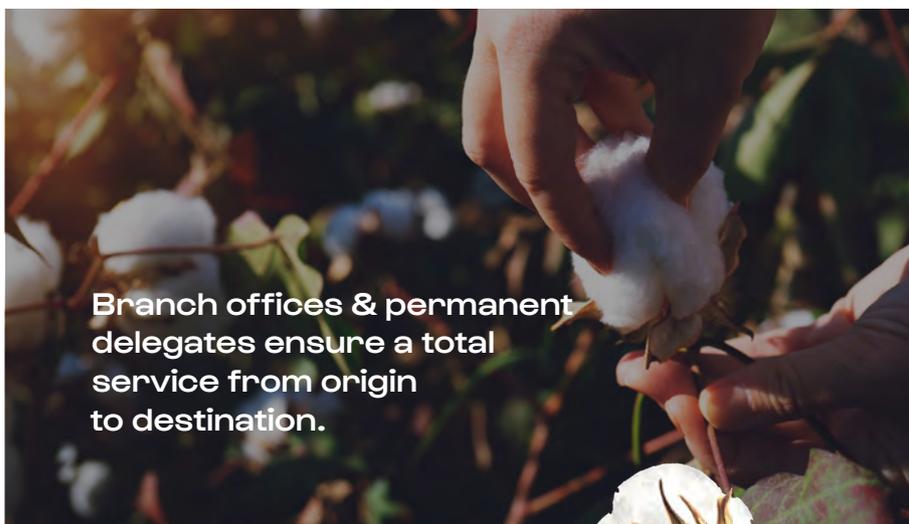
WEEK IN BRIEF

Upland **offering rates** have moved in a volatile fashion, in reflection of New York, to end lower on the week. Nearby ICE futures fluctuated widely during the period in view, recording three-digit changes in four of the past five sessions. Weekly turnover was the greatest since mid-August. Open interest recorded a six-month high... Markets in China have been closed owing to the Golden Week holiday... Local Indian prices have continued their downward trajectory... World Cotton Day will be celebrated on October 7. Cotlook's Special Feature is available to download on page 7.

In the United States, **picking** is expanding across the growing belt. Damage assessments are ongoing in parts of the Southeast, following the arrival of Hurricane Ian over open cotton last week. Open skies have facilitated field work in the Delta. Harvest-aid chemicals are being applied in West Texas, but even some irrigated fields have failed in the important growing region... In Pakistan, the deficit between seed cotton arrivals in the current and 2021/22 seasons is widening. However, recent clear weather has facilitated progression of the harvest and deliveries are expected to increase in the coming weeks... Seed cotton arrivals are gradually accelerating in India. Total rainfall received from the Southwest Monsoon was six percent above normal... Official production estimates in Brazil indicate a bumper outturn in 2023. Sowing of the soybean crop is progressing apace in Mato Grosso, to the benefit of the outlook for cotton *safrinha*... Enthusiasm for cotton remains high in Argentina. Planting may begin in the next few weeks, weather permitting.

Mill demand has continued to emanate predominantly from Pakistan, mainly for cotton available nearby, with various origins attracting the attention of import buyers. Spinners in Bangladesh have bought some Indian lots for nearby shipment and Franc Zone cotton for the first quarter of next year. Elsewhere, mills are generally on the sidelines in view of the current price volatility. Some routine enquiry has been witnessed in European markets. A few parcels of nearby lint have found buyers in the Far East... During the week ended September 29, US upland export sales registrations for shipment in the current season rose by a net 121,200 running bales. The major destination was Pakistan. Shipments were 209,600 bales... Turkish raw cotton imports in August were lower than the previous month and the same period last year... Export shipments from Egypt are progressing very gradually... India's cotton imports during August were the highest for two years, while exports were weak... Raw cotton exports from Brazil were robust in September.

Business in the cotton **yarn and textiles** market remains subdued in the face of weak downstream demand. Manufacturers in Pakistan have continued to approach new yarn purchases with caution, but spinners have resisted lower prices... In Bangladesh, earnings from ready-made garment exports during September were lower than the previous month. Cotton yarn values have been adjusted lower... Cotton yarn exports from India during August were considerably below those in the same month last year.



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INTERNATIONAL COTTON PRICES

Unpredictable futures

The past week has seen more volatility in New York futures, including a four cent-limit advance on October 4. That movement, like so many observed of late, was ascribed not to cotton fundamentals but to broader economic factors. In this case, the catalyst was a rally in equities based (rightly or wrongly) on perceptions that a less severe monetary policy than previously thought might be in the offing in the United States and elsewhere. The gain was in any event more than offset the following day, and for the reporting period December has incurred an additional net loss of 526 cent points.

Sluggish physical business

Demand in the physical market has continued in much the same vein observed for some time now. In general, mill buying confidence remains lacking, not only on account of the headlong collapse of cotton prices over recent months, albeit punctuated by some unpredictable and sharp rallies, as we have seen during the past week. The palpable instability of raw cotton prices has certainly restrained purchasing activity but the unremitting gloom with which downstream manufacturers view the economic outlook has also severely affected demand for yarn.

Pakistan continues to account for the lion's share of import business, though some intermittent demand is also witnessed from Bangladesh. The volumes traded to other major markets such as Vietnam and Turkey have been very limited (the last-mentioned has more frequently been cited as an exporter than an import buyer). Holiday influences have limited China's participation, but the country has not in any event been an active buyer from the international market of late, and seems a peripheral influence on trading sentiment.

The latest US export report has tended to reflect the current state of international demand, although the net addition to commitments in the week ended September 29 was rather more robust than in the two previous weeks, at 121,200 running bales. Pakistan was again the major destination, accounting for 57 percent of the increase. China, meanwhile, remained on the sidelines in terms of new sales, but was the principal destination for shipments, with 78,400 bales headed to that market during the week in view.

Hurricane Ian

On the supply side, attention in the United States has been directed to the course of Hurricane Ian, though as we remarked last week futures remained uncharacteristically indifferent to the threat posed to open cotton as the storm bore down on the Southeast. In the event, the system has indeed inflicted some damage to cotton in the Carolinas but tracked to the east of growing areas in Georgia (the second largest US cotton state after Texas). Overall, the impact on the size of the US crop from the storm should be fairly limited.

India's return as an exporter?

Planting in India is meanwhile effectively complete on an area only modestly below the record 13 million hectares that earlier seemed within reach. The orderly withdrawal of the Monsoon has spared the crop the damage inflicted by rainfall in late September and October of last year. Cautious optimism is thus in evidence with regard to the outlook for the crop. Seed cotton arrivals are so far very limited but are expected to gain



momentum, as is customary, post the Diwali holiday, which this year falls toward the end of this month.

Perhaps influenced by recent crop and weather developments, as well as the challenges facing the domestic mill sector, local offering rates in India have been falling sharply in recent weeks – more steeply even than the headlong decline of New York over the same period. Traders are thus monitoring the respective price trends closely.

Thus far, little new crop export business, if any, has come to light outside Bangladesh, and local prices would no doubt need to decline further in order for Indian to become a serious contender for volume export business outside the neighbouring market (bilateral trade between

India and Pakistan remains suspended, notwithstanding some conjecture of a shift of positions following the August flooding in the latter country). Thus far, evidence of Indian export offers has been insufficient to prompt the introduction of an Indian quotation to the selection from which the Cotlook A Index is calculated. Last season, Indian was quoted as the cheapest growth from the beginning of August. By early March, as the domestic supply and demand position tightened in the face of a major shortfall in output, the growth had moved outside the basket comprising the cheapest five quotations. As our chart on page 9 illustrates, India became a net importer of cotton over the later months of last season.

A vertical advertisement for Cotton Leads. The background is split diagonally from the bottom-left to the top-right. The upper-left portion shows a woman in a light-colored, long-sleeved dress with lace details, seen from behind, looking out over a field. The lower-right portion shows a close-up of a cotton plant with a large, fluffy white cotton boll. Overlaid on the image is the text "Before cotton is worn it's born" in a large, white, sans-serif font. At the bottom left, there is a brown rectangular button with the text "Learn more" in white. At the bottom right, the "COTTON LEADS" logo is displayed in white, with a stylized wave icon to its right.

Before cotton is
worn
it's
born

Learn more

COTTON
LEADS 

CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at October 6, 2022

Description	Price	Change on week	Shipment
American-Type cottons:			
Higher grades			
Australian SM 1-5/32"	NQ		
Benin Kaba/s 1-1/8"	102.75	-5.25	1/2
Burkina Faso BOLA/s 1-1/8"	102.25	-5.25	1/2
Cameroon IRMA/s 1-1/8"	102.75	-5.25	1/2
Cameroon PLEBE 1-5/32"	104.75	-5.25	1/2
Chad Kero A51 1-5/32"	104.75	-5.25	1/2
Indian Shankar-6, 1-1/8"	NQ		
Ivory Coast MANBO/s 1-1/8"	102.25	-5.25	1/2
Mali JULI/s 1-1/8"	103.25	-5.25	1/2
Spanish SM 1-1/8"	NQ		
Tanzanian RG1 1-1/8"	NQ		
Texas SM 1-1/8"	102.50	-5.00	12/1
Togo Alto/s 1-1/8"	102.25	-5.25	1/2
Uzbekistan SM 1-1/8"	NQ		
Zambian SM 1-1/8"	NQ		
Zimbabwe SM 1-1/8"	NQ		
Medium grades			
1-1/8" staple unless stated			
Australian Midd	NQ		
Benin BELA *	101.75	-5.25	1/2
Brazilian Midd	103.00	-6.50	11/12
Burkina Faso RUDY *	101.25	-5.25	1/2
California/Arizona Midd	NQ		
Greek Midd	106.75	-6.75	10/11
Indian medium grades **	NQ		
Iv. Coast BEMA *	100.75	-5.25	1/2
Mali ROKY/KATI *	102.25	-5.25	1/2
Memphis/Eastern Midd	102.00	-5.00	12/1
Memphis/Orleans/Texas Midd	101.50	-5.00	12/1
Mexican Midd	NQ		
Tanzanian Type 1SG 1-3/32"	NQ		
Uzbekistan Midd	NQ		
Lower grades			
Argentine SLM, 1-1/16"	NQ		
Australian SLM 1-1/16"	101.25	-7.00	10/11
Brazilian SLM 1-3/32"	NQ		
Greek SLM 1-3/32"	104.75	-6.75	10/11
Indian J-34 SG **	NQ		
Memphis/Eastern SLM 1-3/32"	99.50	-5.00	12/1
Memphis/Orleans/Texas SLM 1-3/32"	99.00	-5.00	12/1
Memphis/Orleans/Texas LM 1-1/8"	NQ		
Pakistan AFZAL 1-1/16"	NQ		
Pakistan Type 1467 1-3/32"	NQ		
Long Staple cottons:			
US Pima Grade 2 1-7/16" #	325.00	Unch	12/1
Egyptian Giza 86 Good+3/8	NQ		
Egyptian Giza 94 Good+3/8	NQ		
Israeli Pima H1, 1-7/16" #	325.00	Unch	11/12
Israeli Acalpi	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 2022/23 A Index is due to expire on July 31, 2023.

Prices as at October 06, 2022

2022/2023 Cotlook A Index		101.70
Description	Price	Shpt
Ivory Coast BEMA	100.75	1/2
Burkina Faso RUDY	101.25	1/2
Memphis/Orleans/Texas	101.50	12/1
Memphis/Eastern	102.00	12/1
Brazilian	103.00	11/12

The Cotlook A Index

Seasonal Averages

2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	82.77
2017/18	87.99
2018/19	84.35
2019/20	71.33
2020/21	84.96
2021/22	131.73
2022/23 *	119.62

* To date

Monthly Averages

April 2022	154.72
May 2022	163.75
June 2022	154.17
July 2022	131.03
August 2022	124.42
September 2022	117.60
October 2022	103.80

Daily Values

	2022/23
September 30	103.80
October 03	104.00
October 04	102.80
October 05	106.70
October 06	101.70

Average for week

to date	103.80
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The Cotlook A Index
- monthly averages -



YARN INDEX

2005 = 100

This week	161.99	Last month	176.45
Last week	165.23	Last year	157.39

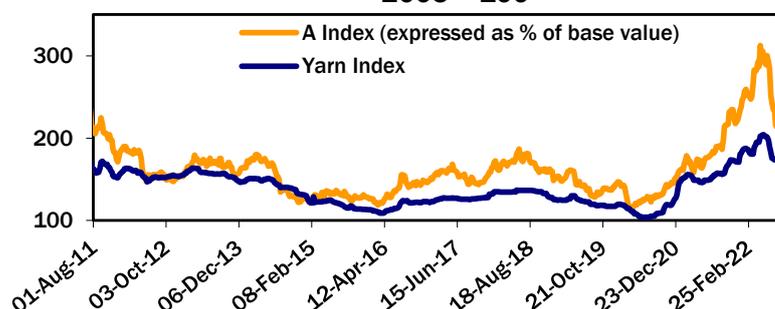
Export prices (in US dollars per kilo FOB)

		This week	Change on week	Change on year
Pakistan	20s	3.06	Unch	0.17
India	20s	3.35	-0.10	0.20
Turkey	20s	3.55	-0.10	0.30
Indonesia	20s	3.75	Unch	0.65
China	21s	3.32	-0.21	-0.56
Pakistan	30s	3.44	Unch	0.17
India	30s	3.60	-0.10	0.10
Turkey	30s	3.90	-0.10	0.30
Indonesia	30s	4.55	Unch	1.15
China	32s	3.44	0.02	-0.68

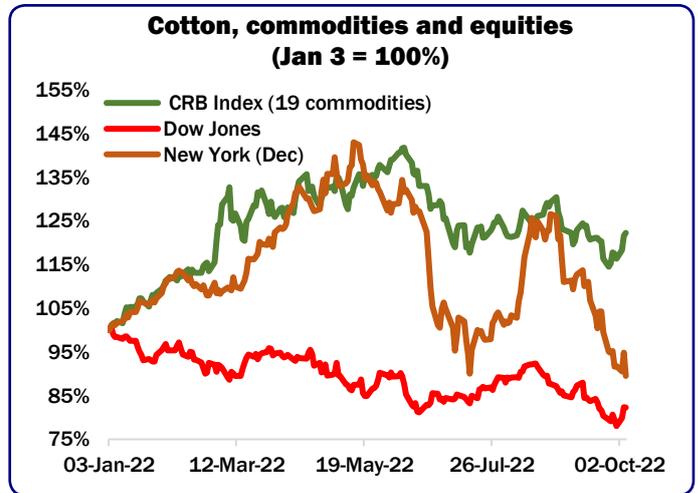
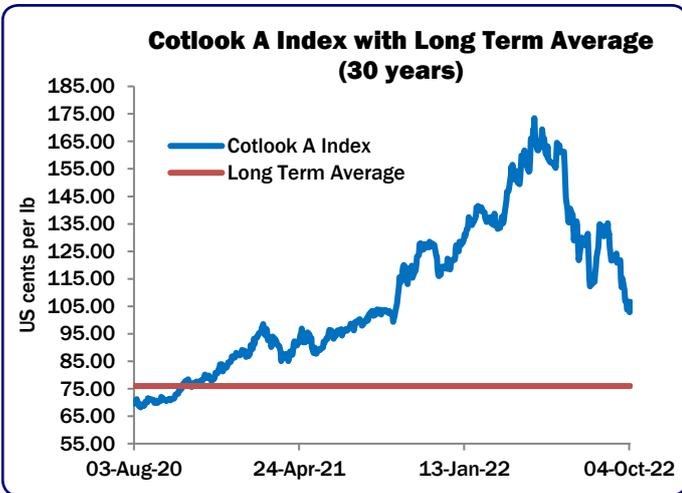
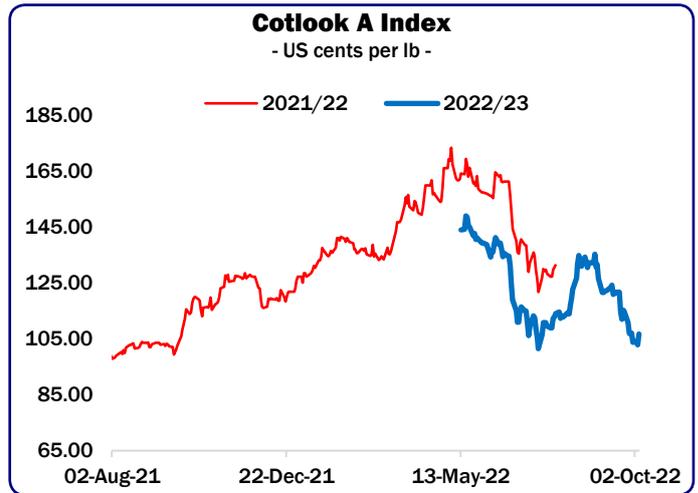
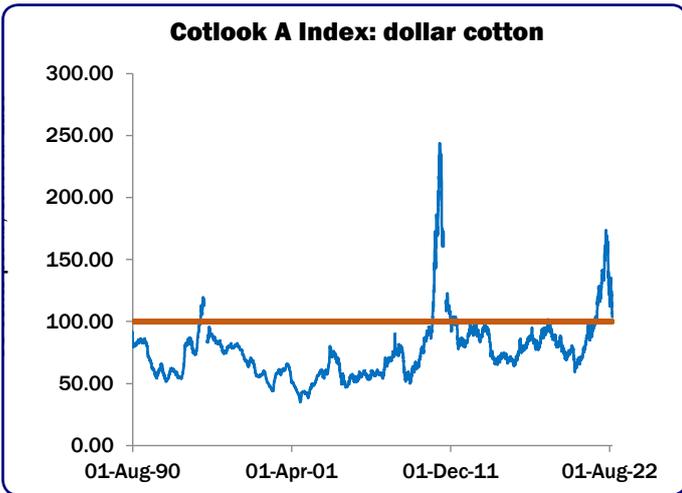
The Yarn Index is derived from our published FOB prices for 20s and 30s counts from India, Pakistan, Indonesia, China and Turkey, each weighted to reflect exports of cotton yarn from the individual country concerned, and expressing that as a percentage of the comparable average values for 2005. In determining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

The 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

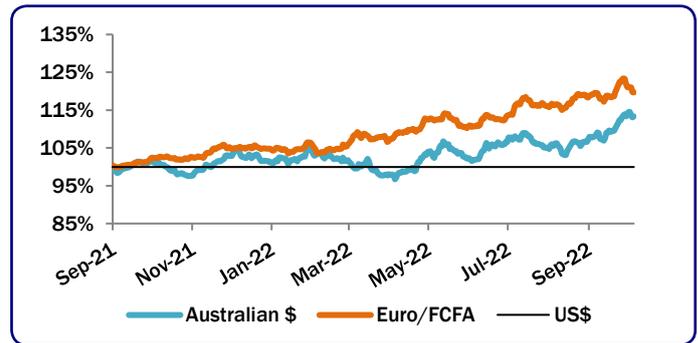
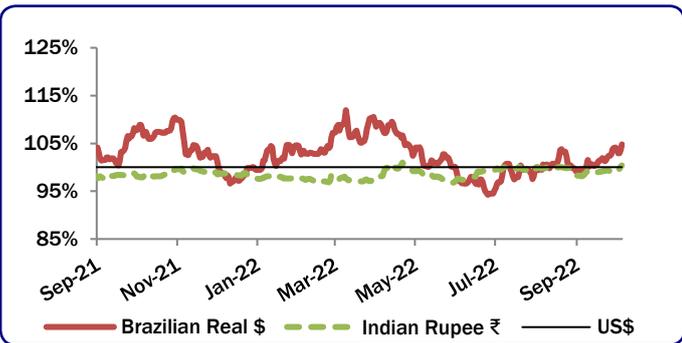


WORLD PRICE TRENDS

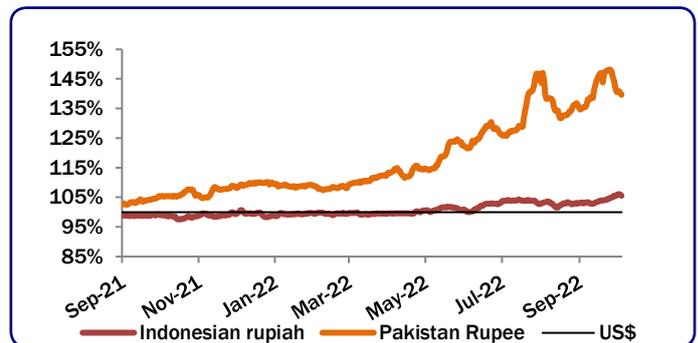
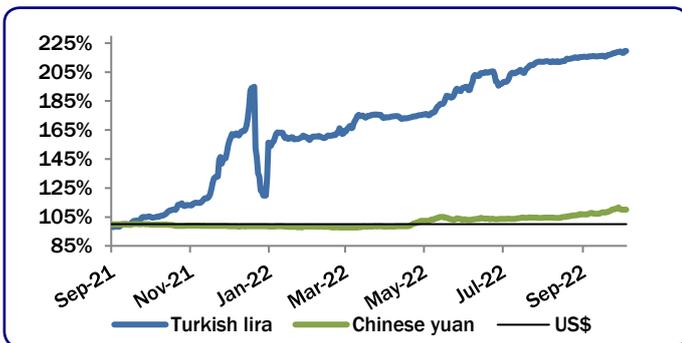


CURRENCY TRENDS

EXPORTERS' CURRENCIES VS. US\$ (AUG 1, 2021 = 100%)



IMPORTERS' CURRENCIES VS. US\$ (AUG 1, 2021 = 100%)



COTLOOK PRODUCTION ESTIMATE

	(thousands of tonnes)	
	21/22	22/23
Argentina	300	320
Australia	1,100	1,150
Azerbaijan	100	100
Benin	322	280
Brazil	2,550	2,600
Burkina Faso	222	250
Cameroon	159	160
Chad	72	65
China	5,825	5,920
Colombia	10	10
Côte d'Ivoire	252	220
Egypt	75	110
Greece	275	300
India	5,305	5,950
Iran	60	60
Israel	8	10
Kazakhstan	60	60
Kyrgyzstan	20	20
Malawi	8	8
Mali	304	295
Mexico	266	280
Mozambique	25	25
Nigeria	50	50
Pakistan	1,275	950
Paraguay	10	10
Peru	20	20
Spain	55	45
Sudan	133	140
Syria	35	35
Tajikistan	110	110
Tanzania	50	70
Togo	21	20
Turkey	830	950
Turkmenistan	195	200
Uganda	13	28
USA	3,815	3,012
Uzbekistan	750	750
Zambia	12	15
Zimbabwe	40	40
World Total	24,992	24,891
World excl China	19,167	18,971
N Hemisphere	20,824	20,576
S Hemisphere	4,169	4,315
African Fr. Zne	1,361	1,300
Central Asia	1,135	1,140
EU	330	345

WORLD STOCK

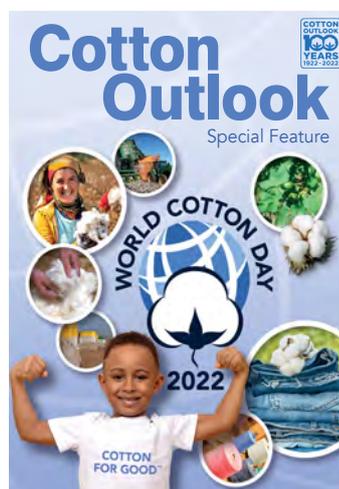
The accompanying table shows our production and consumption estimates and the resultant adjustments in world stock levels during 2020/21 and 2021/22, together with our prediction for 2022/23. Where available comparable data produced by the United States Department of Agriculture and by the International Cotton Advisory Committee are also shown.

World Cotton Balance Sheet

Unit = 1,000 tonnes

COTLOOK	World (excl. China)			China			World		
	20/21	21/22	22/23	20/21	21/22	22/23	20/21	21/22	22/23
Production	17,778	19,167	18,971	6,330	5,825	5,920	24,108	24,992	24,891
China net trade	-2,790	-1,681	-1,740	+2,790	+1,681	+1,740			
New Supply	14,988	17,486	17,231	9,120	7,506	7,660	24,108	24,992	24,891
Consumption	17,106	17,223	16,839	8,400	7,500	7,600	25,506	24,723	24,439
Net change in stock	-2,118	+264	+393	+720	+6	+60	-1,398	+270	+453
USDA									
Opening stock	13,499	10,711	10,389	8,034	8,546	8,049	21,533	19,257	18,461
Production	17,825	19,313	19,693	6,423	5,879	6,096	24,248	25,192	25,789
China net trade	-2,798	-1,681	-1,949	+2,798	+1,681	+1,949			
New Supply	15,027	17,632	17,744	9,221	7,560	8,045	24,248	25,192	25,789
Consumption	17,865	17,954	17,663	8,709	8,056	8,165	26,574	26,010	25,828
adjustments	+50	+0	+0	+0	-1	+1	+50	+22	+31
Ending Stock	10,711	10,389	10,470	8,546	8,049	7,930	19,257	18,461	18,453
Net change in stock	-2,788	-322	+81	+512	-497	-119	-2,276	-796	-8
ICAC									
Opening stock	13,091	11,301	11,379	9,025	9,305	8,994	22,115	20,605	20,373
Production	18,460	19,714	19,125	5,910	5,730	5,860	24,370	25,444	24,985
China net trade	-2,770	-2,274	+2,274	+2,770	+2,274	+1,770			
New Supply	15,690	17,440	21,399	8,680	8,004	7,630	24,370	25,444	24,985
Consumption	+17,264	+17,830	+17,059	8,400	8,315	8,240	25,664	26,145	25,299
adjustments	-217	+468	-4,044	+0	+0	+0	-217	+468	+0
Ending Stock	11,301	11,379	11,675	9,305	8,994	8,384	20,605	20,373	20,058
Net change in stock	-1,790	+78	+296	+280	-311	-610	-1,510	-233	-314

World Cotton day 2022



Available to
download
October 7, 2022



PAKISTAN

PCGA arrivals figures show growing year-on-year deficit

According to the third report from the Pakistan Cotton Ginners' Association, arrivals by October 1 amounted to the equivalent of 2,936,153 lint bales, 910,310 (24 percent) short of the corresponding figure a year earlier. Two weeks ago, the deficit was 19 percent.

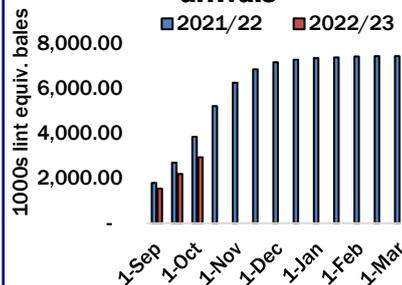
Arrivals in Sindh (where much of the recent flood damage has occurred) amounted to 2,350,585 bales (41 percent lower, year on year), while Punjab had taken delivery of 1,495,878 bales (up three percent).

Arrivals by District

- lint equivalent bales -
2022/23 2021/22
as at Oct 1. as at Oct 1. % Chg

Punjab:	2022/23	2021/22	% Chg
Multan	29,438	24,644	+19%
Lodhran	32,593	43,371	-24.9%
Khanewal	186,638	156,791	+19%
Muzaffar garh	40,454	43,736	-7.5%
Dera ghazi khan	104,348	112,051	-6.9%
Rajanpur	14,830	53,192	-72.1%
Layyah	78,035	80,698	-3.3%
Vehari	138,245	67,812	+104%
Sahiwal	125,400	96,499	+30%
Pakpattan	6,450	2,127	+203%
T.t. singh	73,658	51,310	+44%
Faisalabad	25,492	10,774	+137%
Jhang	7,724	4,450	+74%
Mianwali	29,500	10,324	+186%
Bhakkar	8,811	-	-
Rahim yar khan	206,532	152,923	+35%
Bahawalpur	172,279	188,276	-8.5%
Bahawalnagar	259,105	392,900	-34.1%
Total Punjab	1,545,632	1,495,878	+3.33%
Sindh:			
Hyderabad	107,059	119,194	-10.2%
Mirpur khas	42,555	64,600	-34.1%
Sanghar	770,558	1,134,028	-32.1%
Nawabshah	55,052	137,140	-59.9%
Naushero feroze	40,827	172,209	-76.3%
Khairpur	67,182	197,482	-66.0%
Ghotki	62,959	91,327	-31.1%
Sukkur	132,027	292,764	-54.9%
Dadu	4,545	5,364	-15.3%
Jamshoro	35,282	58,664	-39.9%
Badeen	8,982	3,613	+149%
Baluchistan	63,493	82,591	-23.1%
Total Sindh	1,390,521	2,350,585	-40.8%
Grand Total	2,936,153	3,846,463	-23.7%

Pakistan seed cotton arrivals



2022/23 Crop Statistics in lint equivalent bales

Deliveries and ginnings	Punjab		Sindh		Total
	as at October 1 (Last year)		(Last year)		
Delivered gins	1,545,632	(1,495,878)	1,390,521	(2,350,585)	2,936,153
Pressed	1,399,090	(1,376,349)	1,239,951	(2,046,980)	2,639,041
Sales					
Mills	1,203,441	(1,296,761)	1,115,562	(2,006,739)	2,319,003
Exporters	0	(3,000)	4,900	(600)	4,900
Unsold Stocks	195,649	(76,588)	119,489	(39,641)	315,138
Unginned Stocks	146,542	(119,529)	150,570	(303,605)	297,112

Source: Pakistan Cotton Ginners' Association.

Sales to domestic mills accounted for 2,319,003 bales (versus 3,303,500 at the start of October last year), leaving an unsold stock of 612,250 bales (539,363).

Temperatures in the cotton-growing belt have remained moderately hot in the past week, with daytime highs recorded in the high 30s Celsius.

New crop harvesting has continued at a good pace, facilitated by the clear weather. Growers have focused primarily on maximising their returns in the face of a greatly reduced crop, and getting as much remaining cotton as possible off the stalk. Seed cotton arrivals have continued at around 50,000 lint equivalent bales per day, with the pace expected to accelerate in the next few weeks, during the traditional 'peak season'. Private estimates of the crop have converged at around 5.5/6.0 million local weight bales.

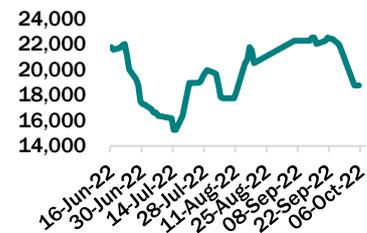
Although seed cotton asking rates have come under pressure due to the decline of lint prices, the range remains very wide. Prices are quoted between Rs. 6,500/9,500 per 40 kilos, depending on quality.

Domestic lint prices

Local prices for yarn fell sharply early in the period, but have since stabilised in view of the limit-up close in New York on October 4. A modest increase in buying activity has been noted. However, mills are very concerned by a recent announcement that the government will not continue to subsidise electricity prices to the textile sector after October. Industry representatives are lobbying for a reversal of the decision and have warned of factory shutdowns if the subsidies are not extended. On October 5, business for lower grades of Sindh cotton was reported at prices

between Rs. 16,000 and 18,000 per maund (average 92.30 cents per lb), ex gin. Some higher quality lint from Punjab had been sold at Rs. 18,000/19,500 per maund (101.80 cents per lb).

2022/23 crop Punjab cotton (Rs./maund, ex-gin)



Moderate import business

Moderately active interest in imported growths has continued during the week. In view of the falls in ICE futures, mills have continued to cover stocks aiming to average out their recent higher-priced contracts. Otherwise, many remain on the sidelines, waiting for greater price stability or even further falls. The past week's strengthening of the rupee against the US dollar has also helped the completion of transactions. Further business for nearby US recaps has been reported in a wide range - between 1,000 and 2,000 'on' December - depending on the specifications, while 41-4-36/37 green cards have found buyers at between 2,100 and 2,150 on the same cover month for shipment in the first and second quarters of 2023. Sales of Greek SLM 1-1/8" are noted at 1,900/1,950 'on' for nearby shipment, Brazilian recaps at 1,600/1,800 'on', and West African 's' types for shipment nearby and in the first quarter of next year at 1,850/1,900 'on'. Tanzanian Middling 1-3/32" to 1-1/8" has been booked at 1,850/1,900 'on' for prompt shipment, and Turkish Middling 1-1/8"

at 1,600/1,700 'on', also nearby. All prices quoted are based on December 22 futures. In addition, sales of US 2023/24-crop cotton have continued and forward demand for Brazilian has also featured.

Yarn and textiles

Activity in the local yarn and textiles market has remained subdued in recent days, and spinners report no improvement in demand for cotton yarn. Downstream manufacturers have

continued to complain of poor sales and have thus maintained a hand to mouth approach to new purchases. Yarn stocks are still accumulating in mills' warehouses, despite some spinners having paused their operations.

Meanwhile, export demand for cotton yarn is scarce; the already subdued tenor of enquiry from China has not been improved by holiday influences in that market. Nonetheless, spinners have tried to maintain

their asking rates in view of the recent appreciation of the local currency against the US dollar: 20/21s carded yarns are quoted at around US\$550 per 400-lb bale, FOB, while 30/32s are also unaltered at an average of US\$625 per bale.



INDIA

Prices

Interior asking rates for Shankar-6 have declined to their lowest point since the turn of the year, as arrivals increase and reports of slowing consumption by mills proliferate. On October 4 (the following day being a national holiday), S-6 was quoted at ₹69,500 per candy, ex gin (equivalent to 108.80 US cents per lb, down by a further six cents from a week earlier). Prices for new crop J-34 have stabilised. Lint from Punjab is offered at around ₹7,150 per maund (106.65 cents per lb) for nearby deliveries.

MCX cotton futures						
	Closing price Sept 28	Closing price Oct 5	Price changes on period	OI at close on Oct 5	OI changes on period	Volume Sept 28- Oct 5
	Rupees per bale			Lots of 25 bales		
31-Oct-22	31,240	32,050	810	751	-240	1,559
30-Nov-22	30,170	29,250	-920	1,424	362	896
30-Dec-22	29,920	29,840	-80	517	71	186
31-Jan-23	33,500	33,500	-	-	-	-
				2,692	193	2,641

MCX

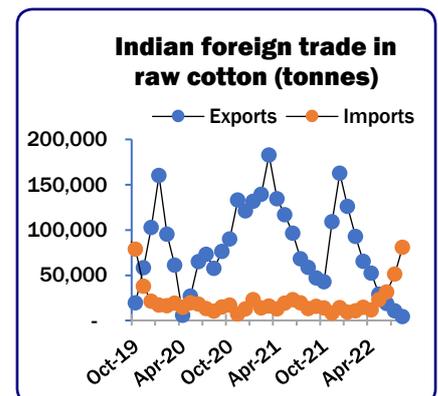
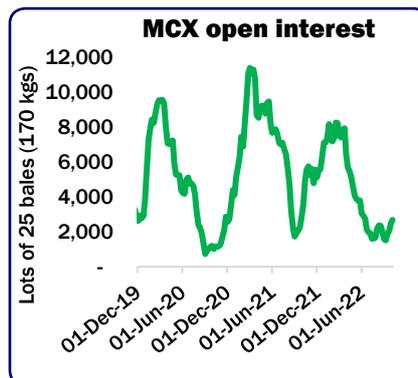
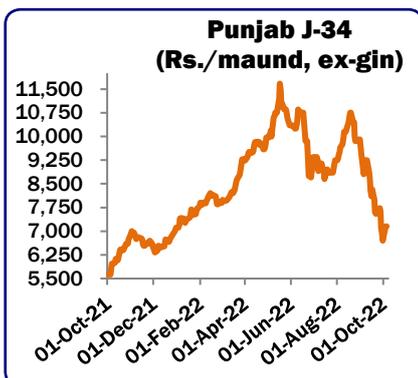
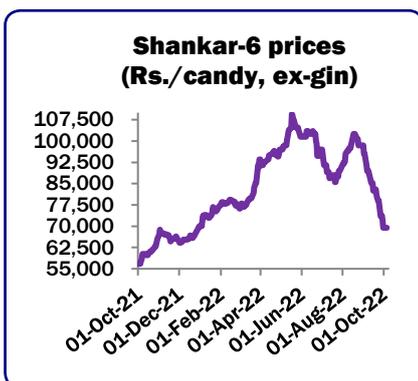
MCX cotton futures prices were relatively volatile this week, reflecting a similar trend on the No. 2 contract in New York. The most active month ended the period on gains, but No-

vember (which has the greater open interest) continued to fall. Volume remained low at 2,641 lots (66,025 bales). Open interest climbed for the fourth week in a row.

Raw cotton exports hit long-term low in August

According to data from the Ministry of Commerce, raw cotton imports in the first month of the 2022/23 statistical season recorded a two-year high of 80,921 tonnes. Imports in August last year amounted to 13,323 tonnes. The US, Australia and Brazil were the principal origins.

Exports were the lowest for a single month for several seasons. The total volume shipped (4,231 tonnes) was



lower even than in April 2020, when Covid disruption was at its height.

Monsoon records six-percent surplus overall

The Monsoon weather system continues to withdraw in a south-easterly direction. Scattered or isolated showers are recorded across most cotton-growing regions, although coverage in Madhya Pradesh is more widespread. The final rainfall total issued by the Indian Meteorological Department for the Monsoon season (June to September) shows a six-percent surplus compared to the long-term average.

Arrivals

Country-wide seed cotton arrivals have reached about 33,500 lint equivalent bales per day, including

Monsoon rainfall from June 1 to September 30			
Year	Actual (mm)	Normal (mm)	% Departure
2022	925	868.6	6
2021	874.6	880.6	-1
2020	957.6	880.6	9
2019	968.3	887.5	10
2018	804.3	887.5	-9

Source: Indian Meteorological Department

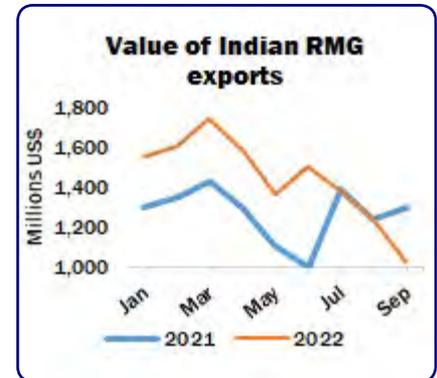
10,500 in the Northern Zone, 5,000 in Gujarat and Maharashtra, and 4,500 in Andhra Pradesh.

Ready-made garment and yarn exports

Preliminary data from the Ministry of Commerce and Industry indicate that the value of exports of

ready-made garments of all textiles amounted to US\$1.02 billion in September (US\$1.23 billion in August), 22 percent lower year on year.

Yarn exports in August amounted to 32,503 tonnes, just a fraction of the 115,905 shipped in the same month last year.



BANGLADESH

Slow raw cotton trading

The impression gained from recent market reports is that spinning mills continue to operate at well below the normal rate. The industry remains dogged by energy-related issues (a country-wide cut in supply occurred this week). Weak downstream demand is also a negative factor, as for some time ready-made garment manufacturers have been complaining of a flow of orders well below the level to which they had become accustomed until a few months ago. Faltering demand for yarn, as well as an unstable and unpredictable raw cotton market, have continued to sap the confidence of mill buyers of raw cotton.

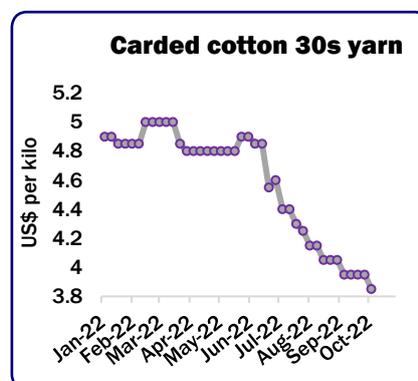
As in previous weeks, however, the market has not been entirely devoid of activity. The popular African Franc Zone styles have continued to find buyers for shipments during the first half of 2023.

Mills have also been seeking nearby shipment offers from India. It is reported that Indian suppliers have become more active in Bangladesh. Some business has been arranged for November/December shipment at prices in the region of 104.00/106.00 cents per lb. Brazilian has continued

to attract support for a similar shipment period. The latest transactions reported included BCI cotton (1-1/8") booked at around 111.00 cents per lb, CFR Chattogram for October/December shipment.

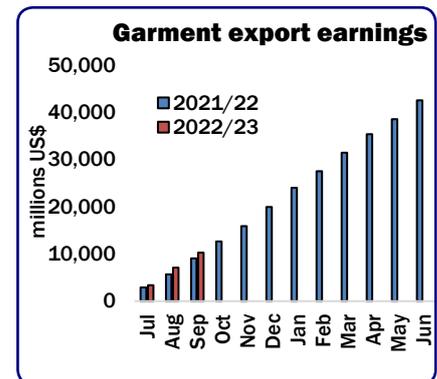
Cotton yarn values weaken

Cotton yarn values have lost some ground during the past week, influenced by the weakness of the raw cotton market and the aforementioned slowness of demand for yarn. The customary 30s carded types are now quoted in a range of US\$3.80/3.90 per kilo, a decline of 10 US cents on the week.



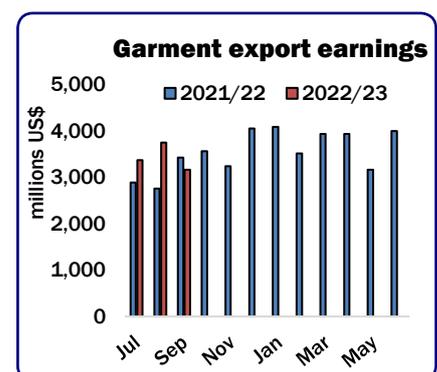
September RMG export earnings

Ready-made garment export earnings suffered a downturn of 15.6 percent in relation to the previous month,



both knitwear and woven garments having fallen by similar proportions, to US\$1.7 and 1.4 billion, respectively.

At US\$10.3 billion, however, the total for the first three months of the current fiscal year remained more than 13 percent ahead of the corresponding total a year earlier.



TURKEY

Trading activity

Import demand remains exceptionally low as mills await an improvement in demand for yarn, as well as greater predictability in cotton futures prices (and perhaps a steadier exchange rate against the US dollar).



Mill buying has thus largely been confined to purchases of a few truckloads of cotton from the domestic new crop, now becoming available in greater volume. Local price ideas for the standard qualities have been around US\$2.00 per kilo.

International merchants have also participated, and some export business has been arranged. The principal destination mentioned has been Pakistan.

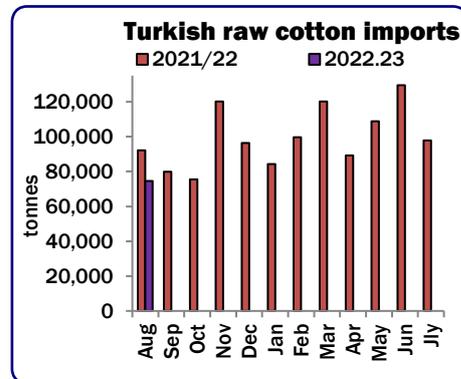
August imports

Raw cotton imports in August amounted to 74,632 tonnes, down from 97,756 the previous month and also below the volume (92,213 tonnes) recorded for the same month a year earlier.

The United States contributed the lion's share (40,791 tonnes or 55 per-

cent) to August's total. Other suppliers included West Africa (8,466 tonnes), Australia (8,269), Brazil (5,005), CIS (2,983) and Greece (1,018).

Exports during the same month totalled 1,957 tonnes.



EGYPT

Export shipments remain very slow

In the week ending October 1, new export sales recorded by Alcotexa were restricted to 58 tonnes of Exporters' Types destined for Pakistan, and a small quantity re-registered from India to China. Total standard sales are unchanged at 4,715 tonnes, mostly

for India and Bangladesh. Shipments of 2022/23 cotton have not yet begun.

Some shippers have reduced offering rates in an effort to stimulate demand and perhaps also to secure some dollar revenue, without much success so far. The prices offered are around 150 cents per lb (FOB) for Giza 94 and 135 cents per lb for Giza 95.

Classing data

According to figures obtained from Catgo, the quantity of seed cotton classed by October 4 was 119,940 kantars (one kantar = 157.5 kgs), just over half of the amount recorded by the same moment last year. Twelve percent of the total has been ginned

so far. Total expected output this year is 1.8 million kantars.

Producers are reported still to be unhappy at the prices offered at auction by merchants for new season seed cotton. Several sales have been abandoned as a result of farmers' refusal to participate.

Economic conditions

The Egyptian pound has continued to decline in value against the dollar, falling to a new low below the previous record of E£19.5605 to one dollar, which was reached five years ago after the flotation of the currency in 2016. Overall, the pound has lost nearly a quarter of its value in the recent dollar rally.

The International Monetary Fund has indicated that it is preparing a "significant aid package" for Egypt that could be approved within weeks.

Egyptian export data 2022/23 season (tonnes)

Reported by Alcotexa up to October 1

	New	Total	Shipped	%
India	-25	2,375	-	-
Pakistan	-	1,922	-	-
Bangladesh	-	200	-	-
Free Zone Egypt	-	150	-	-
Turkey	-	22	-	-
China	25	35	-	-
Others	-	11	-	-
Total	-	4,715	-	0%

FAR EASTERN MARKETS

Business activity dull

In Vietnam, business in raw cotton has been very quiet during the past week, as yarn sales are still slow and garment factories have continued

to complain of a lack of orders from the downstream sector. The 'Golden Week' holiday in China has contributed to the dull trading conditions. Confirmed raw cotton purchases have included Mali Juli/Kati 1-1/8" at around 213 cents per kilo for October shipment.

Local spinners remain pessimistic as regards the outlook for demand in the coming months: certain observers do not expect a revival of business activity until the third or fourth quarter of next year. Some mills' doors remain closed, while others are hopeful that they can continue to operate while

maintaining profitability for the time being, in order to retain their workers, as a shortage of labour is envisaged once demand does begin to pick up again.

Mill buying in **Japan** has been modestly more active in the past week. Some spinners made hand to mouth purchases during New York's decline, to cover their more pressing requirements. Perhaps 2,000 lint equivalent bales found buyers.

Asking rates for yarn are marginally higher than a week ago: carded cotton 20s yarn is quoted at around US\$2.37 per lb, and 40s count yarn at roughly US\$2.58 per lb.

According to the Japan Spinners' Association, cotton fabric imports during July were slightly higher on the year, at 16.1 million square metres. The major supplier was China, with 6.8 million sqm (down 4.4 percent year

on year). Imports from Indonesia showed a considerable increase of 42.7 percent, to 4.0 million sqm, while the volume from Pakistan was down 13.4 percent on the year, to 3.4 million sqm.

In **Taiwan**, business concluded in the past week has included perhaps 2,000 tonnes of lower grade US lint, for shipment in October/November, at 800/900 points 'on' December. Prices for carded cotton 30s yarns are again steady, at around US\$1.90 per lb, and carded cotton 40s at roughly US\$2.15 per lb.

The **Indonesian** cotton market has remained quiet in the past week; most spinners are reluctant to make purchasing decisions in the face of price volatility. Yarn sales have also been slow, causing mills to complain of reduced liquidity.

INTERNATIONAL COTTON CONFERENCE – BREMEN 2022

The 2022 International Cotton Conference took place on September 28 and 29, with the theme 'Cotton Decoded'. On the first day, delegates heard a keynote speech from Colin Iles (Executive Manager, Cotton and Sugar, Vitera).

Mr Iles first gave an overview of market influences from the beginning of the pandemic until spring 2021, a point at which unprecedented fiscal loosening (dwarfing the level of government intervention even during the 2008 financial crisis) had stimulated consumer spending, while inventory (which had been quickly run down during 2020) struggled to keep pace. The bullish effect of such an imbalance was clear. Eighteen months later, however, it is much harder to predict the direction of the market.

Mr Iles then reflected on the critical role that energy plays in the sustainment of life on earth, pointing out that the volume of gas, oil and coal produced year on year is four times that of all staple food crops. Much of the energy is actually consumed to produce nitrates, which do not occur naturally in anything like the quantity needed to grow our crops. Fifty percent of nitrate fertilisers are manmade, a process that accounts for between three and four percent of global natural gas consumption.

There followed some observations about current features of the market. First of all, Mr Iles commented on the scale of the last two months' adjustments to USDA's domestic production forecasts, which he acknowledged had the potential to create volatility in the futures market. He also looked at the pattern of fund participation in futures, observing that index funds are unlikely to liquidate positions in an inflationary period, and while the structure of the cotton futures market is inverted.

On the subject of supply chains, Mr Iles noted that according to US data, retail pipelines are full, while utilization of spinning capacity in China, Pakistan, India, Vietnam and Turkey is low, although there are some modest signs

of an improvement in China. He also looked at cotton consumption's sensitivity to GDP growth.

Next, he considered the unusual relationship between Chinese and world prices, illustrated by the recent discount of Zhengzhou cotton versus New York (whereas a sizeable premium is more customary).

Mr Iles then gave some tentative projections, noting that the market has experienced a two-year bull run and that we are now just two months into a bearish phase. In his view, the 2023/24 crop futures are potentially undervalued. US supply remains tight, inverses in futures are likely to persist. US cotton, which used to be the last to sell out is now the first, and this season's crop is 70 percent committed. However, non-US basis is perhaps vulnerable because of roll pressure and relative demand versus that for US cotton. As a final observation, Mr Iles noted that the Indian basis had fallen from 5,000 points over December to just 1,500 in a matter of weeks.

Press pictures here: https://cotton-conference-bremen.de/press-2/#Press_Releases



UNITED STATES

ICE cotton futures came under pressure again this week, as negative macro-economis factors continued to exert a strong influence on traders.

Harvesting is slowly expanding across the US and as of October 2, USDA reported that 22 percent of cotton had been gathered. Growers in North and South Carolina are still assessing damage to cotton fields from Hurricane Ian.

USDA will release their October supply and demand report next Wednesday, October 12 at noon, EST.

December '22 continues to decline

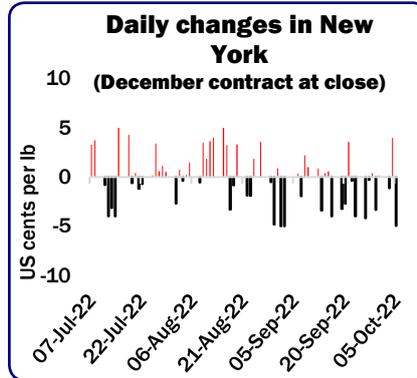
December cotton started the reporting period under pressure, losing 333 points on September 29. During the next session, traders were apparently indecisive as the lead month changed direction a couple of times before gaining a modest 18 points on the day. On October 3, December cotton initially moved to positive ground before falling once again to the downside, settling on losses of 114 points. The following day, the US dollar lost value and equity markets moved higher; cotton followed suit and the most active contract settled up 400 points, recording its first limit-up settlement since July 15. On the last day of the reporting period, December cotton initially gained strong ground before falling heavily to settle near the expanded 500-point limit at 83.23 cents/lb (-497), marking its lowest settlement since September 21, 2021 (81.89).

During the week ended October 5, December cotton traded between 82.70 and 90.52 cents/lb and settled on triple-point losses during three out of the five sessions for a net loss of 526 points (6.5 percent).

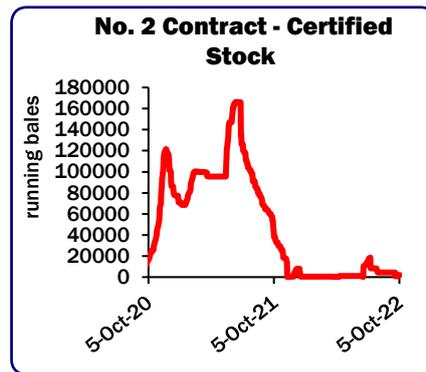
Over the course of September, December '22 futures traded in a



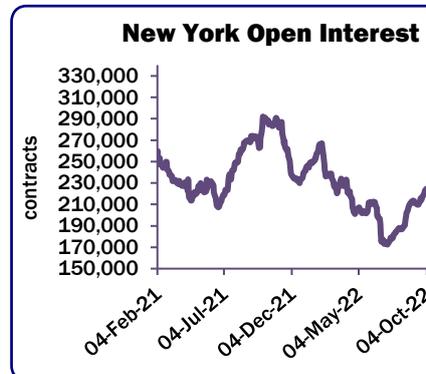
wide range between 83.60 and 113.20 cents/lb and ended the month at 85.34 cents/lb, marking an impressive loss of 2,787 points.



Certificated stocks increased during the week under review (+1,186) and were last reported at 2,109 bales on October 4, with 900 in Houston, TX, 615 in Dallas/Ft. Worth, TX, 500 in Galveston, TX and 94 in Memphis, TN.

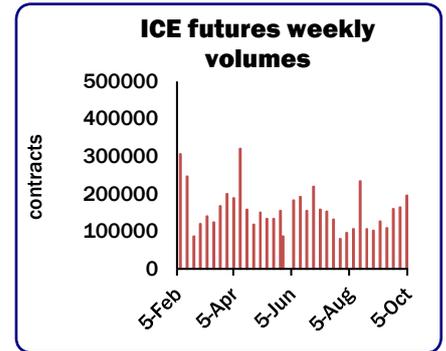


Total open interest moved to its highest level since April 7 and was last reported at 224,735 contracts on October 4, representing a gain of 5,441 contracts from the last reporting period and an increase of 15,119 contracts over the past three weeks.

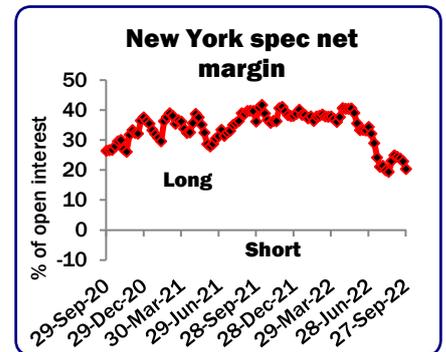


Volume remained strong with an estimated 195,614 contracts changing hands, which is the highest weekly volume since mid-August. The aver-

age daily turnover so far for the month of October is around 39,200 contracts.



According to the latest CFTC commitments of traders report, speculators reduced longs by 878 and raised shorts by 997 during the week ended September 27, for a resulting net long margin of 19.2 percent of the total open interest (219,294 contracts on the report date), down from 20.4 percent the previous week. Commercial traders increased longs by 7,353 and shorts by 1,646 for a resultant 20.1 percent net short margin, down from 30.0 percent the week before.

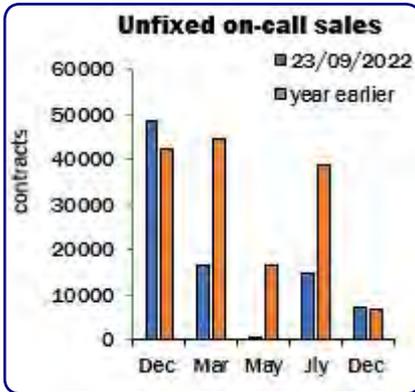


According to data from Commodity Credit Corporation, an additional 60,577 bales of 2022/23-crop upland were placed into the government loan program during the period ended October 3, and 14,197 bales were redeemed. Repayments from the 2021/22 crop amounted to 86,750 bales, and no bales were forfeited during the period, leaving total forfeitures at 23. An accounting adjustment cancelled the outstanding figure for 2018/19, so the unpaid balance for the 2021/22 and 2022/23 seasons declined to 181,803 bales, which included 180,742 bales held by cooperatives and loan servicing agents and 1,061 by independent farmers.

During the week ended September 23, aggregate unfixed on-call sales fell by 1,764 contracts to stand at 96,700,

US UPLAND AND PIMA STATISTICS

according to the CFTC, well below the 151,443 contracts recorded at the equivalent date a year earlier. During the week in view, the largest change was posted by the December 2022 contract (down 4,177 contracts). July 2023 also recorded a decline, of 588 contracts, while March and May increased, by 2,046 and 176, respectively.



Classings

The harvest season is under way in eight of the 15 main producing states, and area gins are commencing operations. According to the USDA, an additional 140,453 running bales of upland cotton were inspected during the week ended September 29, increasing the season-to-date total to 945,138 bales.

Cotton quality was predominantly Strict Low Middling White/leaf 4 and better across the belt. Average staple length ranged from 35.20 in Texas to 37.33 in Arkansas, and Micronaire readings were mainly in the premium range. The proportion of upland samples tenderable against ICE futures amounted to 69.1 percent for the week and 82.5 percent for the marketing year.

Slight downturn in US crop health noted as harvest expands

A marginal deterioration in plant health was witnessed across the belt during the week ended October 2, according to the National Agricultural Statistics Service. Thirty-one percent of stands were categorized 'good to excellent' (unchanged on the week), 23 percent were 'fair' (down four points), and 46 percent were 'poor to very poor' (up four points). Improvements were witnessed in 11 of the 15 main producing states, while declines were reported across the Southwest.

LOAN STATISTICS

CCC Data as of October 3, 2022 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
22/23	174,313	78,072	0	96,241
21/22	7,637,566	7,551,981	23	85,562
20/21	8,447,571	8,447,357	214	0
19/20	<u>11,786,598</u>	<u>11,784,517</u>	<u>2,081</u>	0
Totals	28,046,048	27,861,927	2,318	181,803
Last period's total (Sep. 26)				222,173

*Including 1,061 bales held by individuals and 180,742 by cooperatives

Details by state for 2021/22 crop and 2022/23 upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

- OUTSTANDING -

	2022/23	2021/22
N. Carolina	655	962
S. Carolina	-	1,313
Georgia	-	29,545
Alabama	99	4,204
Florida	-	1,710
Virginia	-	<u>1</u>
Southeast	754	37,735
Tennessee	-	6,163
Illinois	-	22
Missouri	-	7,898
Mississippi	20,285	3,346
Arkansas	1,678	4,073
Louisiana	<u>10,016</u>	-
Memphis Terr	31,979	21,502
Texas	61,162	26,138
Oklahoma	-	28
Kansas	-	<u>93</u>
South West	61,162	26,259
New Mexico	-	5
Arizona	2,346	61
California	-	-
Far West	2,346	66
Upland Total	96,241	85,562

Pima CCC Loan Activity

running bales to October 3, 2022

	Total Entries	Repayments	Forfeitures	Outstanding Stock
2021/22	206,767	202,700	-	4,067
2020/21	292,322	292,322	-	0
	499,089	495,022	0	4,067
Previous Total Outstanding (Sep. 26)				7,701
			2021/22	2020/21
			Arizona	1,455
			California	511
			New Mexico	64
			Texas	<u>2,037</u>
			Pima Total	4,067

Beltwide, boll openings were at 77 percent, which was eight percentage points more than the same time last year and four points better than the five-year average. Twenty-two percent of fields had been harvested as of October 2, compared with the 17-percent average. The greatest advance on the week was witnessed in the Memphis Territory, where picking increased in Louisiana by 22 points to 45 percent, followed by Arkansas (up 14 points to 19 percent), and Mississippi at 28 percent (a 12-point gain on the week).

In Texas, the condition of the crop deteriorated on the week, with 10 percent rated 'good to excellent' (down two points), and 21 percent 'fair' (six points lower), while 69 percent was 'poor to very poor' (up eight points on the week). Boll openings continued ahead of schedule at 70

SPOT MARKETS

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

	Prices (cents per lb)		Turnover
	05-Oct	28-Sep	
Southeast	87.23	(92.49)	0
N. Delta	86.23	(91.49)	0
S. Delta	86.23	(91.49)	0
E. Tx/Okla	83.73	(88.24)	1,764
West Texas	82.23	(87.49)	0
Desert Southwest	81.23	(86.49)	0
San Joaquin Valley	81.73	(86.99)	0
7 MARKET AVERAGE	84.09	(89.24)	

Turnover for the period ending Oct. 5 1,764
Total turnover for season to Oct. 5 28,030

Selected markets to October 5 (Sep. 28 in parenthesis)

NORTH DELTA

	Middling (31)	SLM (41)
1-1/16" (34)	87.48 (92.74)	86.23 (91.49)
1-3/32" (35)	88.48 (93.74)	86.23 (91.49)

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

NY No.2 Dec '22 +300

SAN JOAQUIN VALLEY

1-3/32" (35)	90.63 (95.89)	83.73 (88.99)
1-1/8" (36)	94.13 (99.39)	84.53 (89.79)

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

NY No.2 Dec '22 +740

WEST TEXAS

15/16" (32)	78.48 (83.74)	77.23 (82.49)
1" (33)	80.48 (85.74)	77.98 (83.24)
1-1/32" (34)	82.73 (87.99)	82.23 (87.49)

W. Texas Micronaire (cent points per lb):

	05-Oct	28-Sep
24 & Below	-1800	-1800
25-26	-1800	-1800
27-29	-1250	-1250
30-32	-825	-825
33-34	-575	-575
35-36	0	0
37-42	0	0
43-49	0	0
50-52	-325	-325
53 & Above	-400	-400

Strength grams/tex (cent points per lb):

	Mfs Terr	W Texas	SJV
20.0-20.9	*	-400	*
21.0-21.9	-850	-375	*
22.0-22.9	-800	-375	*
23.0-23.9	-750	-350	*
24.0-24.9	-700	-350	-500
2.50-25.9	-650	-275	-400
26.0-26.9	-300	-250	-300
27.0-28.9	0	0	0
29.0-29.9	0	0	0
30.0-30.9	25	10	75
31.0-32.9	50	25	125
33.0 & Above	50	50	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 October 5, with Sep. 28 in parenthesis, were as follows:

AMERICAN PIMA

GRADE	1-3/8" (44)	1-7/16" (46)
2	294.25 (294.25)	300.00 (300.00)
3	281.50 (281.50)	289.25 (289.25)
4	261.00 (261.00)	268.75 (268.75)

MICRONAIRE DISCOUNTS (cent points per lb):

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

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

percent, compared with the 66-percent average, and 31 percent of the crop was harvested as of October 2, which was eight points better than the average.

Bolls Opening

10/2/2022

-percentages-

	Oct. 2	Previous Year	5-Year Average
Southeast			
North Carolina	89	80	81
South Carolina	75	65	75
Georgia	81	75	82
Alabama	86	62	77
Virginia	91	73	76
Memphis Territory			
Tennessee	69	53	78
Missouri	83	79	87
Mississippi	90	78	87
Arkansas	96	97	97
Louisiana	97	97	98
Southwest			
Texas	70	63	66
Oklahoma	85	80	67
Kansas	76	69	60
Far West			
Arizona	86	98	96
California	75	89	66
Summary	77	69	73

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

By contrast, an improvement in plant health was noted in most Southeastern states during the week, with the proportion of cotton categorized 'good to excellent' ranging from 58 percent in North Carolina to 79 percent in Alabama. Boll openings throughout the region were either near or ahead

Harvested

10/2/2022

-percentages-

	Oct. 2	Previous Year	5-Year Avg.
Southeast			
North Carolina	10	3	5
South Carolina	7	3	8
Georgia	9	4	11
Alabama	14	5	8
Virginia	10	4	5
Memphis Terr.			
Tennessee	6	1	10
Missouri	6	2	12
Mississippi	28	13	21
Arkansas	19	6	18
Louisiana	45	13	35
Southwest			
Texas	31	23	23
Oklahoma	0	0	1
Kansas	7	1	1
Far West			
Arizona	21	18	19
California	15	2	3
Summary	22	13	17

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

of the normal pace as of October 2, ranging from 75 percent in South Carolina to 91 percent in Virginia, and although producers rushed to get as much cotton off the stalk as possible before Hurricane Ian made landfall, the vast majority of stands were left to the mercy of gusting winds and rain.

Crop Condition

10/2/2022

-percentages-

	VP	P	F	G	EX
Southeast					
North Carolina	1	8	33	54	4
South Carolina	1	8	21	66	4
Georgia	1	7	28	52	12
Alabama	0	3	18	75	4
Virginia	0	1	21	76	2
Memphis Terr.					
Tennessee	2	10	32	50	6
Missouri	6	6	32	56	0
Mississippi	1	5	18	71	5
Arkansas	4	5	18	51	22
Louisiana	5	14	44	34	3
Southwest					
Texas	21	48	21	9	1
Oklahoma	43	11	39	7	0
Kansas	11	43	31	14	1
Far West					
Arizona	2	0	4	46	48
California	0	0	5	95	0
Summary	15	31	23	27	4

Hurricane Ian makes second landfall in Southeastern US

Hurricane Ian moved ashore along the South Carolina Coast of the Southeast on September 30 as a Category 1 storm with maximum sustained winds of 85 mph. Some areas along the Carolina Coast received as much as 12.00" of rain, and widespread flooding occurred in low-lying areas. After making landfall, Ian

tracked along a north/north-westerly path through North Carolina and Virginia. Rain accumulations of between 1.00" and 4.00" were recorded in inland fields, while some areas closer to the coast were inundated with tropical precipitation and winds. Reports have been forthcoming of bolls knocked off stalks and lint blown out of open bolls in fields that were hardest hit.

Damage assessments are under way in the Carolinas and Virginia, and reductions in quality and output are projected as only seven and 10 percent of the South and North Carolina crops, respectively, had been harvested by October 2. Meanwhile, more minor damage is expected in fields that had yet to be sprayed with harvest-aid chemicals. Floodwaters are receding, and no further significant precipitation is in the forecast for much of the region. Thus, sunny skies should help bleach discolored lint in open bolls, and harvest activities are expected to resume as soon as fields are able to support heavy machinery.

Elsewhere in the region, good weather prevailed for much of the reporting period, allowing picking to expand in Alabama, Georgia, and the Florida Panhandle. Scattered thunderstorms brought light to moderate rain to parts of Georgia, briefly hampering outside activities, but favourable conditions soon returned. No rain is in the seven-day forecast, which will allow picking to gain momentum. Ginning has commenced at a few processing plants that have accumulated seed cotton supplies on their yards, and many pressing plants plan to extend their hours of operation soon.



Harvest drawing near in West Tennessee dryland field



The harvest season is well under way in the **Memphis Territory** under pleasant conditions. The health of the crop improved across the region during the period ended October 2, with the proportion of stands rated ‘good to excellent’ ranging from 37 percent in Louisiana to 76 percent in Mississippi. Boll openings were near or ahead of schedule in Arkansas, Louisiana, and Mississippi, and picking has gained momentum. Seed cotton supplies are increasing, and the transportation of modules and round bales from fields to gins is progressing at a steady pace. Many processing plants have commenced ginning, and some plan to expand their hours of operation soon. In later maturing fields in the North Delta, defolianters are being sprayed, and bolls are popping open. Fair weather remains in the seven-day forecast for the region, and widespread harvesting

is expected to begin around the middle of the month. Producers are cutting and shredding stalks soon after pickers exit fields, with some turning soils under in preparation for winter.

Winter field preparations have drawn to a close in **South Texas**, and soils have been turned under. Some processing plants have completed ginning activities, while others have reduced their hours of operation as they work through final seed cotton supplies on their yards. Groundwater table supplies are at or near normal across most of the region as shown in the latest US Drought Monitor map for the week ended September 27, but slow-soaking rains would be welcomed this winter to help improve groundwater table supplies and boost water levels in area ponds and lakes. However, according to the Seasonal Precipitation Outlook from the National Weather Service dated

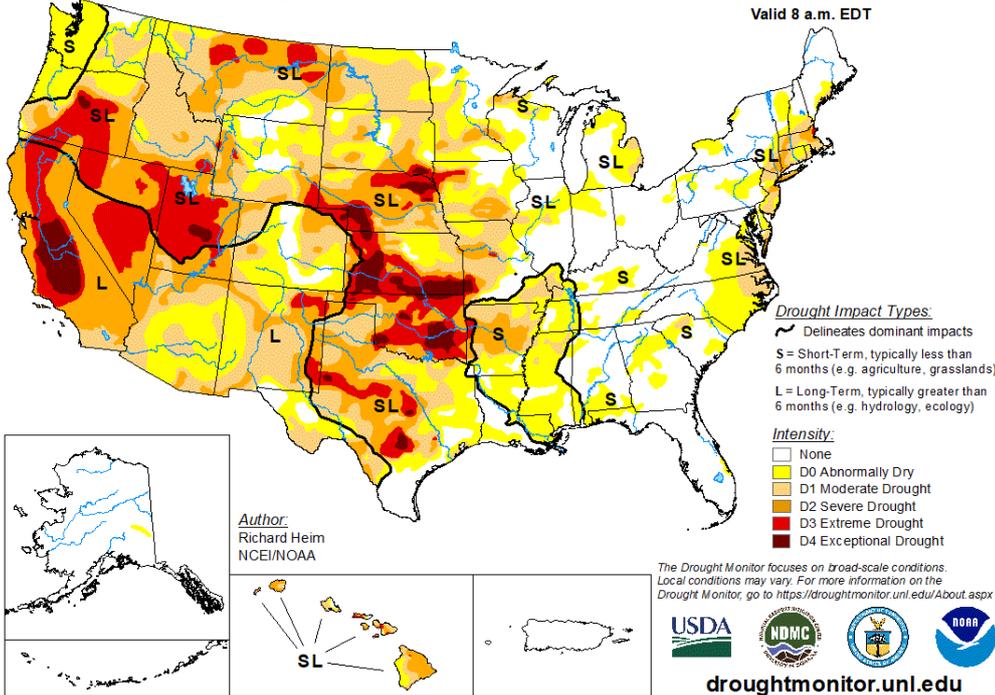
September 15, below-average precipitation is projected statewide for the October 1 through December 31 period, which would do little to alleviate droughty soils.

Gins in central and northern parts of the state continue to work through backlogs of seed cotton supplies on their yards.

Elsewhere, harvest-aid chemicals are being applied to more mature fields in **West Texas** under fair skies. Reports of below-average yields, though, have been forthcoming from some of the earlier sown fields. More acreage has been declared ‘failed’ by insurance adjusters, even some on irrigated fields, and given that the vast majority of dryland fields have already been abandoned, projected output is likely to be reduced even further. According to local analysts, some processing plants will not be working at full capacity this year, owing

U.S. Drought Monitor

September 27, 2022
(Released Thursday, Sep. 29, 2022)
Valid 8 a.m. EDT



The U.S. Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC

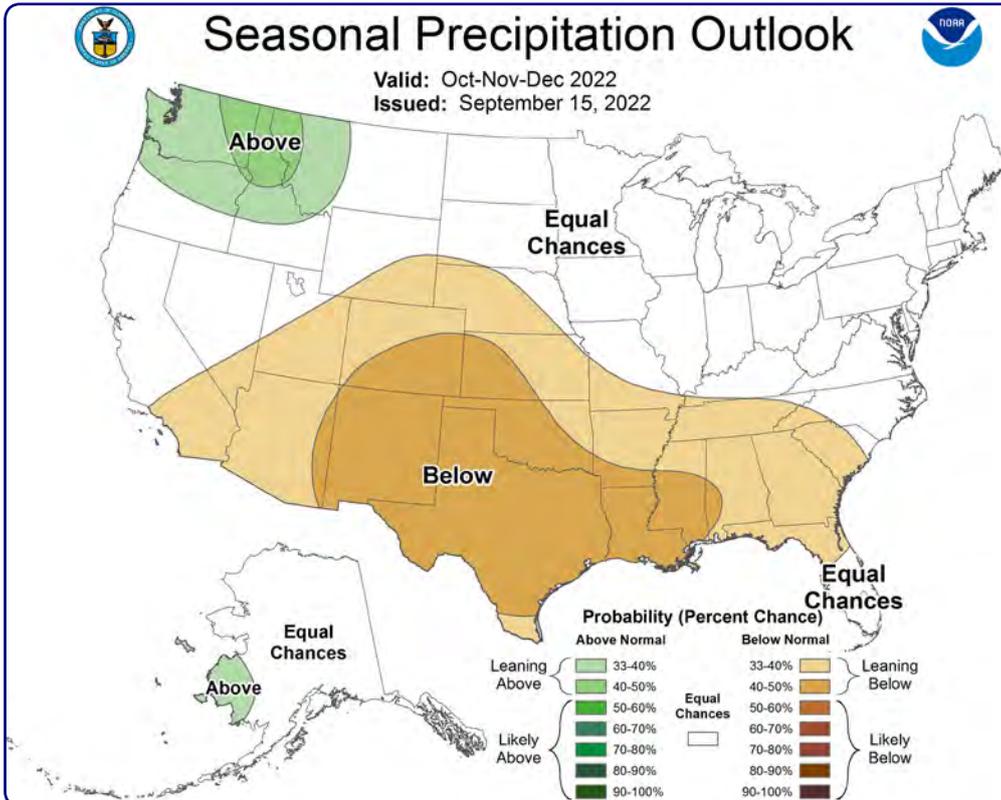
and recharge water levels in area ponds and lakes.

The growing season has drawn to a close in the **Far West**, and many fields in California have been defoliated. Three quarters of bolls were opening as of October 2, which was nine percentage points ahead of the average, and 15 percent of the crop was off the stalk, 12 points ahead of the normal pace. Picking is expanding, and clear, warm conditions are in the seven-day forecast, which will allow work to gain momentum. Pressing activities will probably commence in a couple of weeks' time as most gins are awaiting a backlog of seed cotton supplies before operating.

Similar conditions are being reported in Arizona, where boll openings were at 86 percent as of October 2. Twenty-one percent of the crop was off the stalk, an increase of 14 percentage points on the week and one point better than the average. Defoliants are being sprayed on more mature fields in central parts of the state, and harvesting has begun on a small scale. If good weather holds, widespread work is expected around the middle of the month.

Seasonal Precipitation Outlook

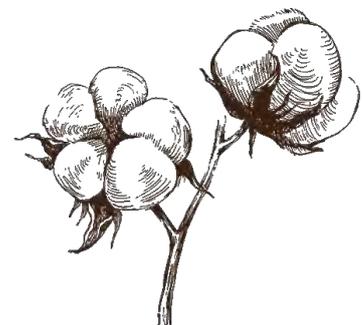
Valid: Oct-Nov-Dec 2022
Issued: September 15, 2022



to the lack of seed cotton supplies, while others will remain closed for the season.

A mix of sun and clouds was reported throughout the region late in the period ahead of a cool front, and although scattered showers are in the near-term forecast, precipitation amounts are projected to be 0.25" or less, doing little to ease dry soils.

Many growers whose cotton crop failed this year are already trying to decide what to plant next season. The availability of deep soil moisture, as well as lending policies and competing commodity prices, will greatly influence what they choose. An extended period of rainy weather will be required this winter to help boost groundwater table supplies



US EXPORT SALES

During the week ended September 29, net sales increases for shipment in 2022/23 amounted to 121,200 running bales. Additions for the major destinations including Pakistan (69,400), Turkey (14,000), Bangladesh (12,100), Taiwan (10,900) and South Korea (7,000) were partially offset by reductions for El Salvador (4,500), Indonesia (3,500) and Vietnam (3,200).

Sales of 48,500 bales for 2023/24 reported for Pakistan (22,900), Guatemala (10,100), Honduras (10,000) and Bangladesh (6,600) were partially offset by a reduction for Thailand (4,600).

Upland export shipments during the period amounted to 209,600 running bales. The major destinations were

China (78,400), Turkey (25,400), Pakistan (21,200), Bangladesh (19,200) and Mexico (17,700).

For Pima, net sales for 2022/23 amounted to 1,600 bales. Shipments were 3,300 bales.

US export sales					
in thousand running bales					
Week ended September 29	2022/23			2023/24	
	Upland	Pima	All cotton	Upland	Pima
Previous unshipped commitments	6,193.5	89.7	5,147.1	995.2	0.3
New sales	144.6	1.6	146.2	54.0	0.6
Cancellations	23.4	0.0	23.4	5.5	0.0
Net sales	121.2	1.6	122.8	48.5	0.6
New commitments total	6,314.7	91.3	6,406.0	1,043.7	0.9
Week's shipments	209.7	3.3	213.0	0.0	0.0
Cumulative shipments	2,035.5	17.4	2,052.9	0.0	0.0
Unshipped commitments	6,105.1	88.0	6,193.1	1,043.7	0.9

US PRICE MECHANISM

The Adjusted World Price is calculated from CFR Far East quotations, adjusted to reflect quality differentials and an 'average cost to market'. The quality adjustment is derived from the loan difference between Middling 1-3/32" and SLM 1-1/16". The 'average cost to market' is determined by using values provided to USDA by cotton shippers. USDA has amended the cost at 22.72 cents until further notice. Further adjustments to the AWP are applied by reference to differences between World Quality and Loan Quality values in the form of a Fine Count and a Coarse Count Adjustment.

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

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

US Price Mechanism

- 2022/2023 season -

- value if applied today, October 6, 2022 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	102.11
B) Three Far Eastern 'fine count' CFRs	104.30
C) Three Far Eastern 'coarse count' CFRs	102.27
D) Cheapest US Midd. 1-3/32" CFR	101.95

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 22.72

Loan Quality Differential

(at average location) between:

Middling 1-3/32"	54.20	
SLM 1-1/16"	52.00	2.20

E) Total Adjustment Factor	24.92
F) Adjusted World Price (A - E)	77.19
G) Fine Count' Adjustment Factor	must be above zero
2022 Crop (current values 2.20-(B-A))	0.01
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.40)	-5.56
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-25.19

American Pima Competitiveness Payment

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	325.00
P2) P1 adjusted for quality and transportation	301.77
P3) Basic ELS Loan Rate (95.00) adjusted for quality 2-2-46	95.00
P4) Basic Loan Trigger = 113% of P3. P2 must be lower than P4 for four weeks for payments to be triggered	107.35

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	325.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality)	325.00
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 October 6	N/A

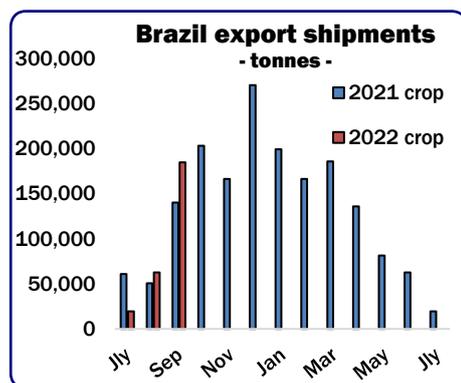
BRAZIL

2022 crop

At a recent meeting of the *Câmara Setorial do Algodão* (the pan-industry body), the producers' association ABRAPA reduced its estimate of lint output from the 2022 crop from 2.6 to 2.5 million tonnes. The harvest is effectively complete, and ginning is also well advanced. The latest data reported indicated that, nationally, 73 percent of the crop had been processed (Mato Grosso 71 percent, Bahia 83 percent). Aginning outturn of 40 to 41 percent has been recorded on average.

September exports

Raw cotton exports in September rose to around 185,000 tonnes as the movement of the 2022 crop into export channels gathered pace. Last month's shipments compared to less



than 63,000 tonnes in August and around 140,000 in September 2021.

The cumulative total for the July/September period is over 267,000 tonnes, about six percent ahead of the corresponding total for last year.

Outlook for 2023 crop

At the meeting referred to above, ABRAPA advanced an initial forecast of 2023 crop production of 3.17 million tonnes (which would represent a new record), based on an area of 1.78 million hectares. It was noted that data from certain producing states was collected prior to the latest downturn in world prices, hence some observers favour a figure closer to 2.8/2.9 million tonnes.

This week, the *Companhia Nacional de Abastecimento* (CONAB, the official forecasting agency) released its own first estimate, which placed lint output from the next crop at more than 2.92 million tonnes, from a planted area of 1.63 million hectares. That would indicate an increase of production of almost 15 percent from the 2022 crop.

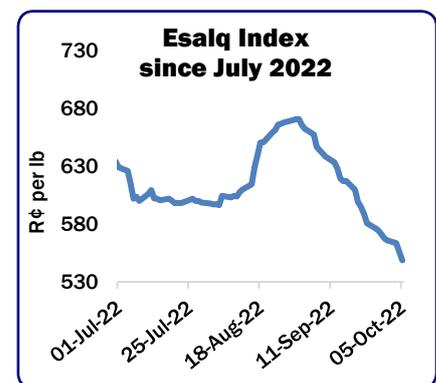
Good rains have been received in Mato Grosso, and in northern parts of the state an estimated 60 percent of the intended 2023 soybean crop has been planted successfully. This bodes well for timely sowing of the cotton *safrinha* (second crop, planted after

the soybean harvest) which accounts for the bulk (over 80 percent) of cotton plantings in the major producing state.

Weak local market

Local prices have remained weak in sympathy with the recent downturn on the international market and in the face of disappointing data reported from the retail sector. The outlook for domestic raw cotton consumption is not optimistic (as also advised by ABIT, the textile association to the *Câmara*).

The *Esalq* Index of spot values recorded a loss of almost 16 percent in September. The value on October 5 stood at R\$548.75, equivalent to around 106 US cents per lb at the prevailing exchange rate.



ARGENTINA

Clear weather has prevailed over cotton-growing regions in the past week but scattered precipitation is forecast during the next few days, to the benefit of soil moisture. Enthusiasm for cotton remains high; local estimates place planting intentions at up to 20 percent more

than last year. A good wet spell would facilitate the start of sowing in around two weeks' time, though the bulk of planting operations are likely to take place somewhat later.

Export business, meanwhile, has been at a virtual standstill. In the week ended October 4, just 195 tonnes were registered for shipment, bringing the total for the calendar year to 57,286 tonnes.

EUROPEAN MARKETS

Last week's Bremen Cotton Conference was well attended by members from all sectors of the European cotton industry, with delegates remarking that presentations were useful and engaging, particularly those concerning sustainability and traceability in the value chain. However, in terms of business activity, the mood was subdued.

Routine demand has been evident for small quantities

of new crop CIS cotton and Spanish better grades in the past week. Some interest has also been noted for organic (GOTS) cotton, enquiries for which have been scarce in recent months.

The principal concern among textile industry participants continues to be rising energy costs, though. Some form of intervention by the European Commission would be welcomed.