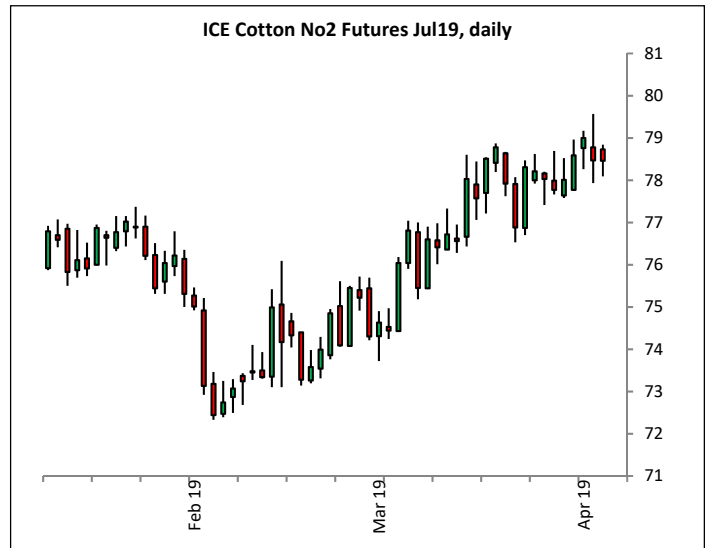


COTTON MARKET REPORT

	Apr 10	Apr 03	change
ICE No2 May19	77.62	77.05	0.57
ICE No2 Jul19	78.46	77.77	0.69
ICE No2 Dec19	77.02	76.25	0.77
ICE No2 May19-Jul19	-0.84	-0.72	-0.12
ICE No2 futures o.i.	221'538	230'528	-8'990
ICE No2 certified stocks	48'280	34'569	13'711
A-Index 18/19	87.70	86.90	0.80
ZCE Sep19	15'900	15'635	265
MCX Cotton Apr19	21'950	21'900	50
USD Index	96.946	97.091	-0.145

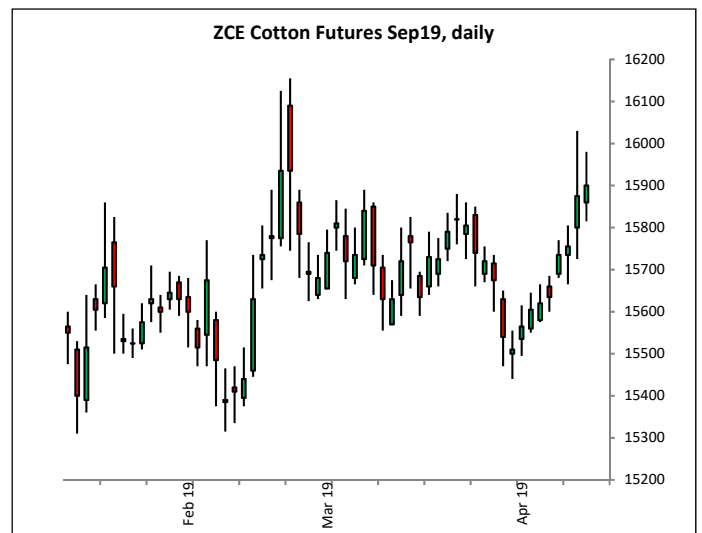
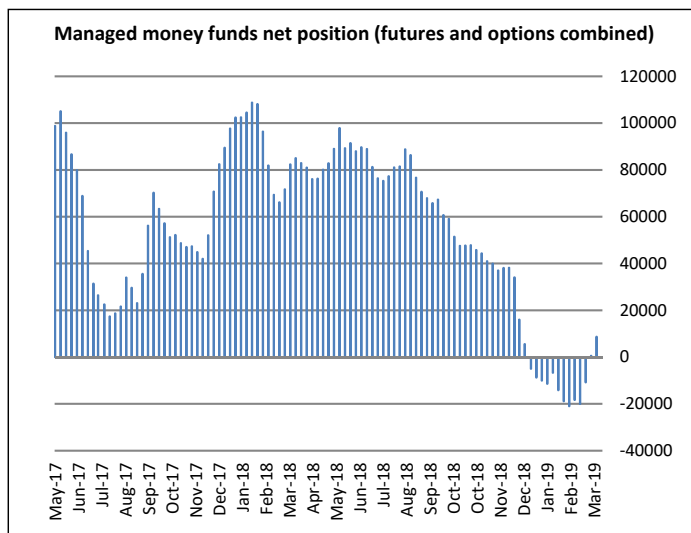


ICE Cotton No.2 – This week’s activity has been dominated by spreading business. The market did manage to push to new marginal new highs, but otherwise lacked any real outstanding features. The short-term picture remains unchanged with prices still trading within a bullish pattern despite near-term momentum having lost some strength.

The most recent CFTC Commitments of Traders Report (figures per Apr 2nd, futures and options combined) showed that managed money (spec) funds continued to reduce short positions. Between the end of February and early April, their short position saw a reduction of about 25'000 lots. Despite the (short-term) bullish trending market they increased longs by only about 7'000 lots during the same time.

Technical picture: support is at (based on Jul19) 78.00-77.60, key at 77.10-76.90 and critical to keep the current short-term bullish pattern intact is at (around) 76.00. Resistance is between 79.50 and 80.00. Settling above sets 81.50-82.50 as next up-side target.

Analysis based on weekly charts still suggests that the move from the February lows is of corrective nature. Resistance is at 79.50, 82.20 and key/critical at 84.50-85.00.



COTTON MARKET REPORT

India – The Cotton Association of India (CAI) has released its latest S&D figures for the 2018/19 (October-September period) season whereby the cotton crop estimate was reduced to 32.1 million bales, down 800'000 bales from the last estimates. The declines are mainly attributed to key growing states Telangana, Karnataka, Gujarat and Maharashtra. The balance sheet projects total cotton supply of 37.60 million bales, a domestic consumption of 31.60 million bales, exports of 4.70 million bales and a carry-over stock of 1.3 million bales. New crop planting started in some areas of North India. Good availability of canal water and better prices of seed cotton in the current season against competing crops will likely favor cotton sowing in North India.

China – The ZCE futures showed some strength this week and tested the resistance level of 15'500 basis spot May19 contract. As there is still a large volume of unsold and unhedged 18/19 XJ crop in traders' and ginner's hands, with a total production cost reflecting about the equivalent of 15'500 RMB/ton to deliver in ZCE, that level of 15'500 is also fundamentally very strong resistance.

The physical markets remained rather listless, despite the reduced VAT rate which in theory should help consumption of both domestic and imported cotton. Domestic prices were supported by rumors that the Reserve auctions could be delayed further; until recently it was assumed they would start in May this year. There are also some doubts regarding the actual quality of remaining quantities in the Reserve. Import demand is still hampered by limited quota availability; there has been talk about additional quota distribution, but no confirmation yet. In the "grey" market, quota is valued around 8-9 c/lb.