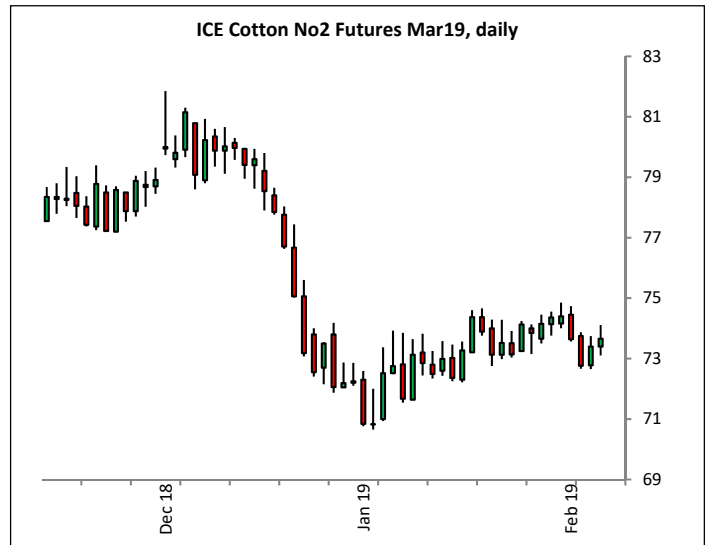


## COTTON MARKET REPORT

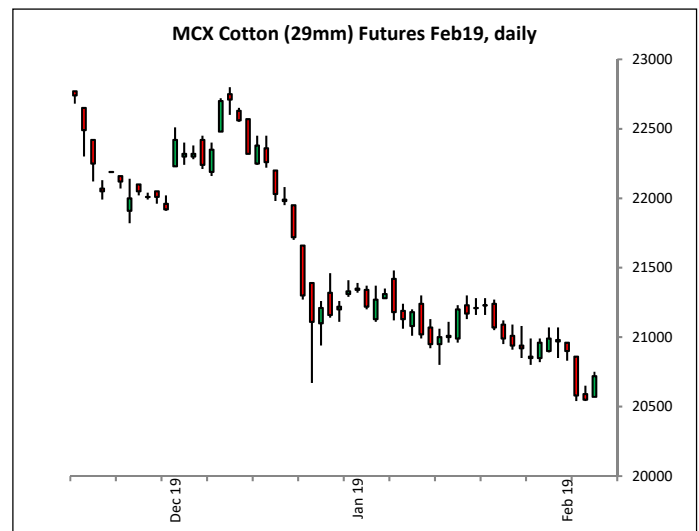
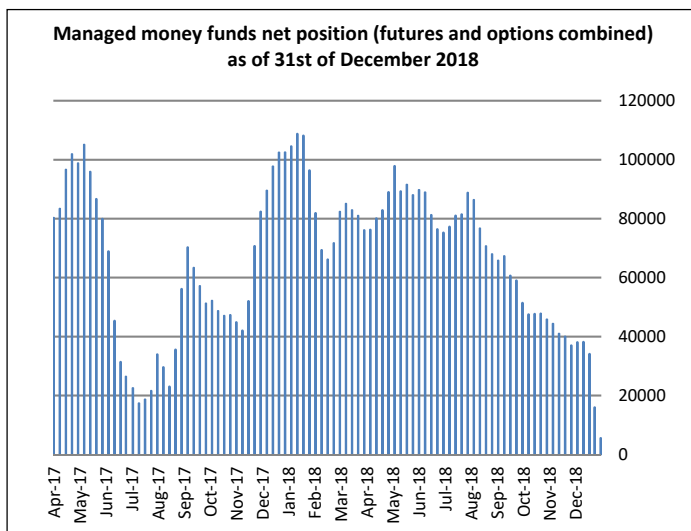
	Feb 06	Jan 30	change
ICE No2 Mar19	73.66	74.36	-0.70
ICE No2 May19	74.86	75.74	-0.88
ICE No2 Jul19	76.22	77.02	-0.80
ICE No2 Mar19-May19	-1.20	-1.38	0.18
ICE No2 futures o.i.	245'717	231'628	14'089
ICE No2 certified stocks	127'546	120'309	7'237
A-Index 18/19	82.65	83.55	-0.90
ZCE May19	15'250	15'280	-30
MCX Cotton Feb19	20'720	20'990	-270
USD Index	96.390	95.340	1.050



**ICE Cotton No.2** - The market managed to recover a good part of the losses produced in Friday's and Monday's session and remains within a (about) 200 points range which is in force since Jan 17<sup>th</sup>. Futures volume was good but, typically for this period close to option expiration and first notice day, spreads trading accounted for much of the turnover.

The last two Commitments of Traders Reports (futures and options combined, per Dec24 resp. Dec31) showed that the managed money funds' net long position experienced a reduction of over 30'000 lots (on a combination of long liquidation and new shorts) during the second half of December. At that time the market dropped quite impulsively from about 78.00 to 72.00. The next report (due out tomorrow) may show another reduction as the market traded to new lows during the reporting period.

Technical picture: Resistance is at 74.50-75.00. If convincingly broken, 76.25-77.50 becomes up-side target. Support is between 72.50 and 71.50. Building value below sets 69.50-68.00 as down-side objective. The primary trend remains bearish with key/critical resistance at 78.50-79.00.



## COTTON MARKET REPORT

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**USA** – We are getting now the reports from CFTC on call and traders' position. Also, the export sales and shipments from end December are coming in. Finally, this Friday we will also receive the USDA WASDE for January and February 2019. We are still lacking the full table and up to date reports, so it makes trading not easier. The classing report is up to date and it shows the classing slowly winding down. Up to January 31<sup>st</sup>, 2019 - 16'412'910 running bales were classed. It is possible that the US production must be adjusted down.

**India** – Cotton prices traded lower across major trading centres on higher supplies, slow buying from domestic mills and the export market. Lint prices for Gujarat 29mm are quoted around INR 42'300 per candy, equivalent to US Cents 77.25 per lb FOB Mundra, based on the prevailing exchange rate. The total India cotton arrivals reached 18.00 mio bales for the 2018/19 crop year (October-September period) till 31<sup>st</sup> January 2019.

The Reserve Bank of India (RBI) cut the key interest rate by 0.25% to 6.25%.

The MCX cotton 29 mm February contract broke the important support level of 20'800. The contract registered a new low at 20'540 during the week. Strong resistance is now seen at 20'800-20'850 and support at 20'450-20'500.

**China** – China is closed due to the celebration of Chinese New Year.