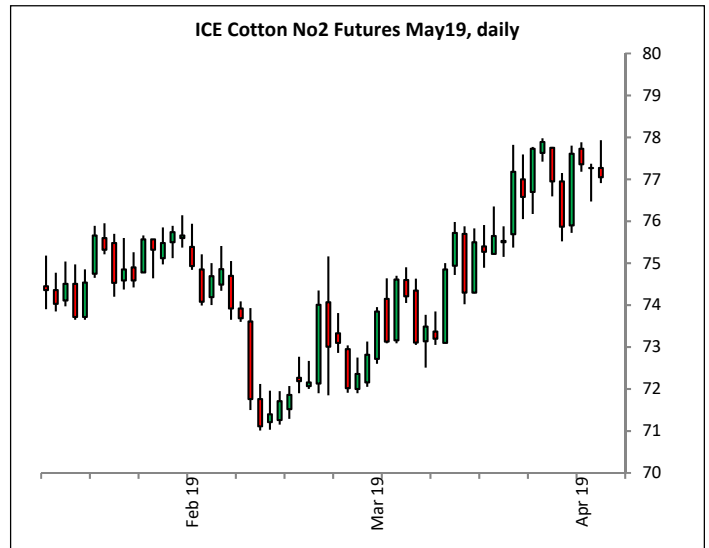


COTTON MARKET REPORT

	Apr 03	Mar27	change
ICE No2 May19	77.05	76.95	0.10
ICE No2 Jul19	77.77	77.92	-0.15
ICE No2 Dec19	76.25	75.50	0.75
ICE No2 May19-Jul19	-0.72	-0.97	0.25
ICE No2 futures o.i.	230'528	226'594	3'934
ICE No2 certified stocks	34'569	46'544	-11'975
A-Index 18/19	86.90	87.30	-0.40
ZCE May19	15'155	15'075	80
MCX Cotton Apr19	21'900	21'600	300
USD Index	97.091	96.774	0.317

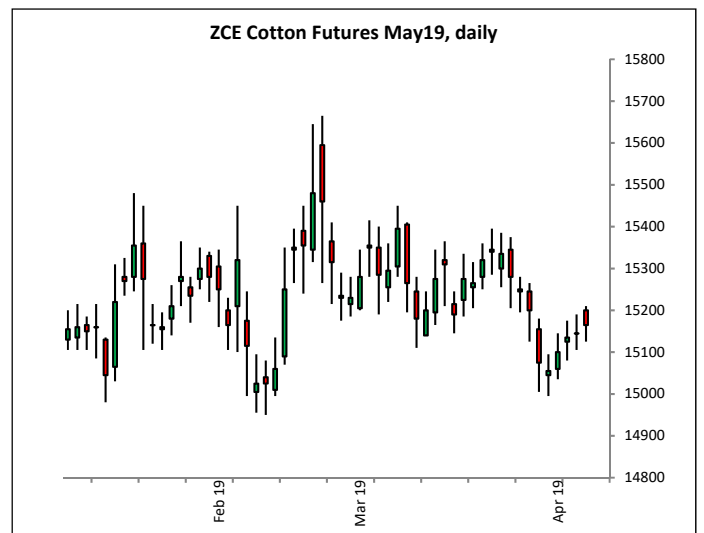
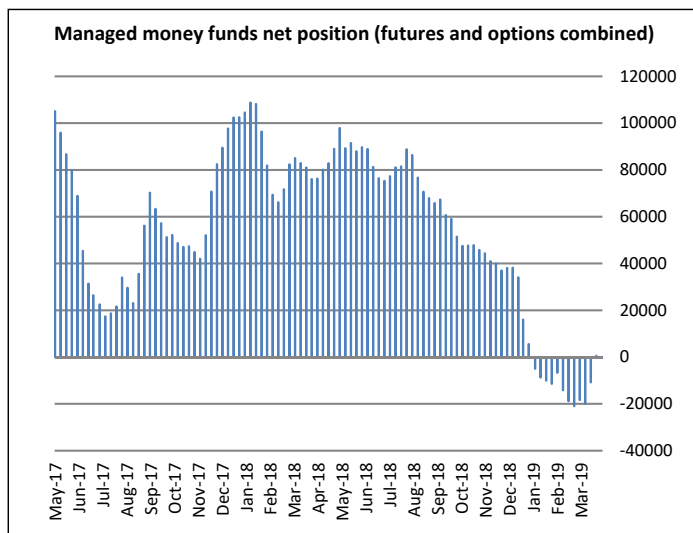


ICE Cotton No.2 – Following last week’s quick run-up from nearest support (76.00-75.50) futures prices have been re-testing the lower end of the resistance area sitting between 77.50 and 78.50. Thus far the market has been acting a bit shy and has not made a serious effort to try to break swiftly above the mentioned resistance.

Traded volume has been good but mainly thanks to spreading activity which accounted for over 50% of the total volume.

As expected, last Friday’s CFTC Commitments of Traders Report (figures per Mar 26th, futures and options combined) showed that short covering by managed money funds continued quite strongly. They liquidated over 9’000 lots of shorts and added only about 2’000 lots to existing longs. Per report date they held 37’826 of longs and 37’289 lots of shorts, making them on a net basis essentially square. While specs were mostly short-covering, commercials took advantage of the higher values and increased shorts (mainly new hedges) by about 11’000 lots.

Technical picture: The short-term trend remains bullish, but momentum readings are falling. Should the market fail to convincingly break above 77.50-78.50 soon, it will likely be forced lower to test 76.00-75.50 support and potentially 74.50-74.00 key support zone.



COTTON MARKET REPORT

USA – The ICE cotton futures continue to trade at the upper end of the recent trading range influenced to some extent by the reaction to what turned out to be a surprisingly low USDA Prospective Plantings report showing 13.8 million acres of U.S. all cotton. This report was released last Friday. While it is still early in the 2019 season the key question now becomes the level of new crop production. On the surface, the combination of the reduced acreage and possible weather problems lowers the potential of a 24 million bale crop down to 22 million or even 21.0 million bales. Cotton prices remain relatively good compared to grains and oilseeds, however it appears that corn acres in some selected states may take away some cotton acres. The Planting Intentions Report, one that historically reflects a reasonably accurate summation of grower intentions, indicated that 2019 plantings would be down from 14.1 million acres in 2018 and well below the 14.3-14.5 million acres expected by the market. Thus, a more bullish response by traders. The principal surprise in the USDA March planting report comes from the big state, Texas. USDA's grower survey reported Texas plantings would total only 7.3 million acres, down 6% from the 7.8 million acres planted in 2018. Also, Oklahoma is forecasted with a 60'000 acres reduction. The decline in Texas plantings places more emphasis on the potential flooding/delayed planting facing the Mid-South, so we need to monitor progress in the Delta because USDA forecasts increases in all Delta states but one. Acreage in the Southeast is expected to decline slightly because of rotational needs, and the lingering effects of last season's devastating hurricane.

India – Cotton prices traded firm on slow selling from ginners and weak arrivals in the market yards. As per the Cotton Corporation of India (CCI), arrivals for 2018-19 season reached 25.03 million bales as of March 26th, down 4.6% on y-o-y. Active import demand is being noticed from Southern mills and import businesses were reported for West African origin for April/May shipments at 85.00-87.00 c/lbs, CFR Tuticorin. Weather forecasts predict that the southwest monsoon rains during the June-September period are expected to be below normal, mainly attributed to the El Nino phenomenon. An 80% chance of El Nino during March-May and a 60% chance during Jun-Aug is predicted.

China – The ZCE cotton futures market refused to follow ICE to the upside. To the opposite, The May19 contract slid down this week to test the nearby support at 15'000-14'950. A confirmed break below would likely lead to a test of the contract lows at 14'650. Support at 15'000, then at 14'650 and 14'300. Resistance is at 15'500, then 16'000, followed by 16'520.

Things remained quiet this week and the long-expected Sino-US trade talks may come to a deal over the upcoming long weekend.

By April 2nd, some 514'8000 tons Xinjiang cotton have been ginned. It is said that machine picking will be increased sharply in South Xinjiang while North Xinjiang will soon be 100% machine picked. Due to small field sizes in some part, machine picking is difficult to apply.