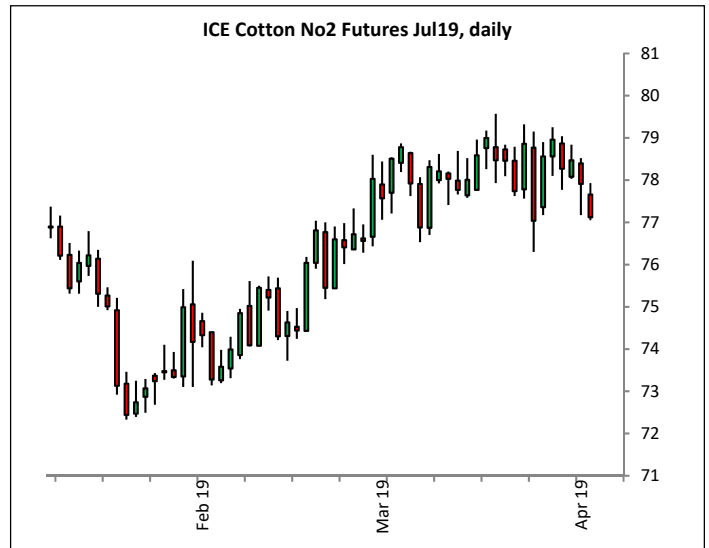


## COTTON MARKET REPORT

	Apr 24	Apr 17	change
ICE No2 Jul19	77.12	78.96	-1.84
ICE No2 Dec19	76.06	77.41	-1.35
ICE No2 Mar20	76.48	77.36	-0.88
ICE No2 Jul19-Dec19	1.06	1.55	-0.49
ICE No2 futures o.i.	213'717	212'509	1'208
ICE No2 certified stocks	61'300	55'517	5'783
A-Index 18/19	87.20	87.75	-0.55
ZCE Sep19	15'700	15'890	-190
MCX Cotton Apr19	22'020	22'300	-280
USD Index	98.173	97.009	1.164

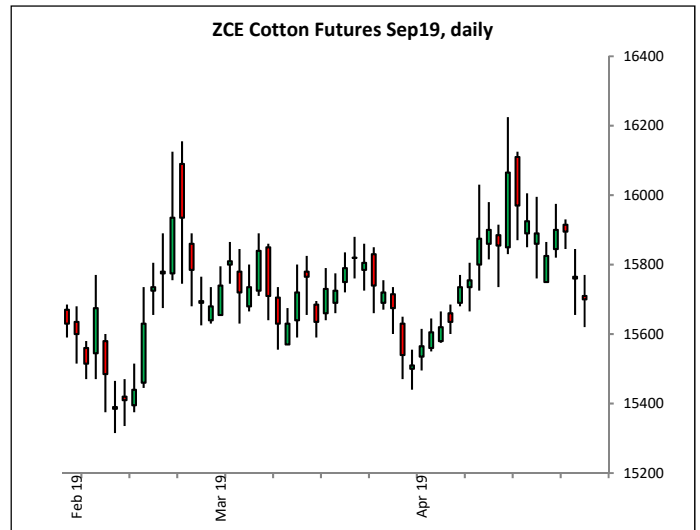
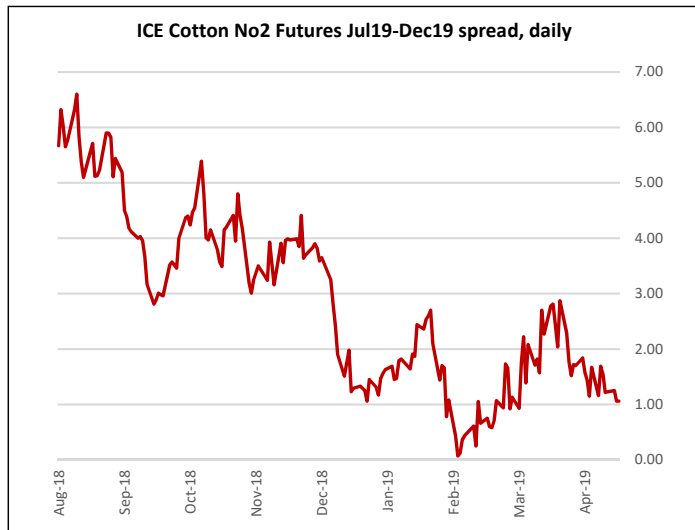


**ICE Cotton No.2** – Futures prices continued to consolidate mid April’s high; purely technically, a rather event-less week with no meaningful change of any technical parameter (basis NYF Jul19). Physical sales seem to support the market from breaking below trend-line support. On the other hand, to the upside, lacking bullish managed money participation prevents the market from seriously challenge the next resistance levels around 80.00. Non-surprisingly, option implied volatility remains hovering around 17.5%.

CFTC Commitment of Traders report as per April 16<sup>th</sup>: Managed Money reduced their positions by net 3186 lots (+18 long, -3'204 shorts).

Physical business remains relatively active, with mainly Brasil, West African and (to a much lesser extent) Australian cotton at centre stage.

Technical picture unchanged from last week: short-and mid-term trends remain divergent; short-term trend up, mid-term trend down. Support at 76.50-76.00, followed by 75.00-74.50. Resistance at 79.50-80.00, then 81.50-82.50.



COTTON MARKET REPORT

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**USA** - Potential supply influences dominate discussions with the U.S. soon entering full scale into the 2019 crop year planting season. The key question as usual centers on what the level of new crop production will be. USDA's March 29 Prospective Plantings came in on the low side of expectations at 13.8 million acres of U.S. cotton, but well within the historical range of adjustment. For argument's sake, assuming 7% abandonment and 850 pound average U.S. yield, planting about 14.0 million acres could produce a 23.0 million bale crop, which implies a very healthy supply of 27.0 million bales. Even with a strong assumption of 17.0 million bales of U.S. exports, the ending stocks outcome is about 7.0 million bales. Historically, ending stocks of that magnitude would send millions of bales to the protection of the U.S. marketing loan program.

For the near future, all eyes will be on the weather. NOAA is forecasting El Niño conditions through the summer and fall which is consistent with the wetter winter weather that cotton growing regions have already observed. This raises the possibilities of improved soil moisture accumulations, lower abandonment, and higher yields, especially on dryland crops. Planting progress is also a consideration, and as of the April 22 report, very little cotton had been planted in the key producing states.

**India** – Physical prices traded steady last week on slow selling from ginners and slow demand from domestic mills. As per the latest CCI report, India's current cotton crop arrivals reached 27.88 million bales until 16<sup>th</sup> April 2019. The Indian rupee depreciated against the US dollar and is now around 70.10 (spot), mainly due to surging crude oil prices.

The Cotton 29 mm MCX (May contract) chart shows that prices are consolidating in a range of 22'200-22'700 for the past three weeks. A breakout to either side will give fresh directional indications to the market. Immediate support is seen at 22'100-22'000 and resistance at 22'700-22'800.

**China** – After a failed attempt to break to the upside last week, the ZCE cotton futures market pulled back in to the middle of the 5-month old trading range (15'100-16'100, basis Sep19 contract). The short-and mid-term technical picture remains neutral.

The start of Reserve sales was announced this week – as expected, it will start early May and last until end of September, with daily volumes of 10'000 tons. The total volume during the tender period is expected to reach about 1 million tons. This plus the additional import quota of 800'000 tons should allow to meet the demand of textile mills in China. This news immediately resulted in a slowdown of demand for Xinjiang cotton. Inquiries for imported cotton especially for consignments at ports improved this week and sales of Brazilian, Australian and West African cotton were concluded.