

WEEK IN BRIEF

Upland **offering rates** have moved higher this week under the lead of New York futures. The ICE July and December contracts both moved in an unclear direction but ended firmer on balance. The spread between the two months has widened. Volume in the holiday-shortened week was almost on a par with the previous period. Certificated stocks reached their highest level since December 2018... Prices on China's Zhengzhou cotton futures platform have risen sharply across the board. Weekly volume was lighter... Local prices in India have continued to advance strongly.

In the United States, **fields** in West Texas have received scattered heavy rainfall, causing flash flooding in some areas and bringing planting activities to a halt. Additional timely moisture will be needed to ensure plant health throughout the growing period. Some farmers in the Delta have finished sowing. Weather conditions in the Southeast have facilitated planting activities... Planting is virtually complete in Egypt, on a greater area than last year... The Southwest Monsoon has made landfall over southern India. The Meteorological Department expects seasonal rainfall to be well distributed over the country... Sowing has accelerated in Pakistan and is approaching completion in some areas... A reduced planted area is in prospect in China's important Xinjiang region. Yields in some locales are also expected to be lower... Production forecasts in Brazil have been adjusted downward... Helpful weather has been received in Argentina. Nationwide picking is now past the halfway stage.

Mill purchasing has been slightly less active than of late owing to firmer prices. Demand has persisted in Pakistan and Bangladesh, mainly for West African cotton, nearby availability of which is increasingly tight. Australian and Brazilian lots have found buyers in Far Eastern countries. In China, the pace of sales from bonded areas at ports has picked up somewhat... West African lots have changed hands on the *Dragontree* trading platform... Turkish raw cotton imports in April registered the highest monthly total on record. Exports were also heavy... Indonesian imports in March represented the highest monthly total since April last year... Brazilian export shipments in May were the heaviest ever recorded for that month.

The cotton **yarn** market has been steady in Pakistan. Local offtake remains moderate but export demand has failed to pick up... Cotton yarn rates have softened modestly in Bangladesh... Activity in the European textiles sector remains quite encouraging... Spinners in Brazil have continued to complain of a rather weak downstream market.



Before cotton is
worn
it's
born

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COTTON
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INTERNATIONAL COTTON PRICES

Robust market

Upland offering rates have presented a firm appearance during the past week, assisted by gains in New York and increasing basis levels. Following a period of relatively tame day-to-day fluctuations, futures rose sharply after the long holiday weekend. That movement ignored the receipt of additional good rainfall in West Texas but was consistent with the current vigour of mill demand in the physical market. Futures relinquished some ground the following day but July has ended the reporting period with a net gain of 133 cent points, while December has increased by 143 points.

Mill demand

The improvement in mill demand that emerged as prices retreated during May has broadly been sustained. Spinners in a range of markets have continued to enquire actively to cover their requirements for summer shipment and into the third quarter. Buying has been supported by favourable margins on yarn sales and a continued recovery in downstream textile demand.

However, supplies in trade positions able to meet these nearby requirements are clearly becoming stretched. Although there is no global shortage of cotton, replenishing trade holdings is a challenge at most major export origins. West African sales tenders have been less frequent of late, and shipments from the region remain subject to substantial delay and disruption. However, some merchant-to-merchant transactions have this week come to light on the *Dragontree* platform.

Certain traders have already committed their August/September shipments from the Brazilian 2021 marketing year. That crop is already well sold and producers are reluctant to release additional volumes at prevailing prices, owing in part to doubts with regard to prospective output. Local prices are in any event currently well above export parities.

A substantial shift in the relationship between local prices in India and world values has also taken place. The change has manifested itself in a loss of export competitiveness and the emergence of import demand from mills in the south of the country, with a recent focus on West African and Australian.

The consequence of the foregoing is that traders' basis offers, which appeared vulnerable only a month ago, have strengthened notably, assisted of course by the disappearance of the July/December inversion in New York.

China

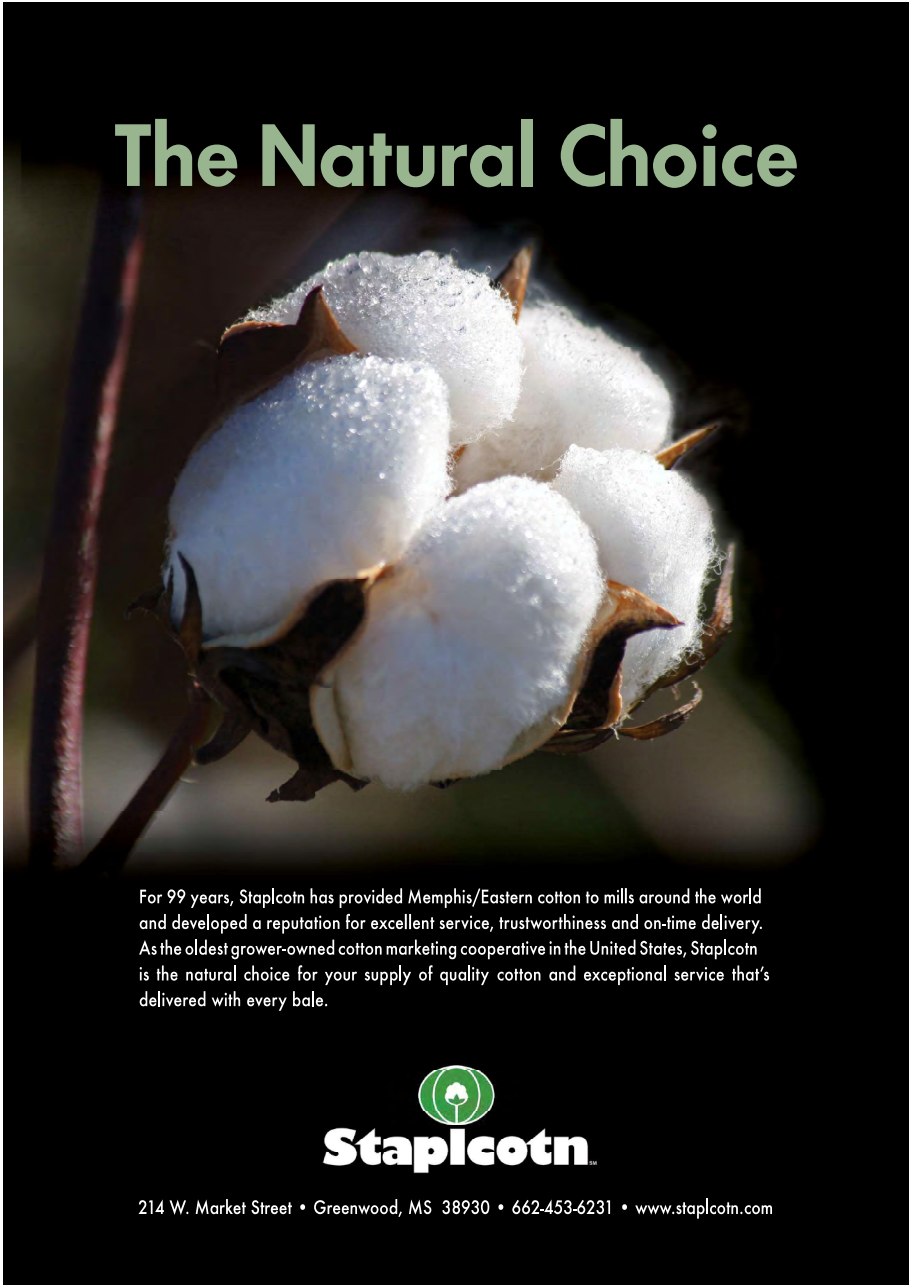
Contrary to expectations, China has not (or at least not yet) emerged as a major source of import demand. Allocations from the recent Sliding-Scale import quota have so far been slow to reach spinners, who have been enquiring intermittently for imported cotton but not with the appetite that the recent disparity between local and import prices might have justified. On the other hand, buyers have availed themselves of the consignment stocks held at various ports, which remain substantial despite recent purchases.

Intentions with regard to the State Reserve meanwhile remain uncertain, and the earlier confidence that 2021 would see a repetition of the substantial purchases of US cotton witnessed last year in compliance with the Phase One trade accord is now less widespread. The latest conjecture is that a rather truncated sales auction series might shortly take place, presumably featuring the ageing stocks of which perhaps a million tonnes remain in government warehouses. Thereafter, it is suggested, the Reserve could return to the international market to replenish the quantities sold.

US production outlook

The rains that visited West Texas over the extended Memorial Day weekend have consolidated the improvement in the region's production outlook observed over recent weeks. Lubbock received an impressive six inches of rain during May, and the latest downpours were actually excessive in some localities. Overall, however, the moisture should support planting by insurance deadlines in most areas, and thereafter assist germination. The region may of course still be subject to high rates of abandonment – the condition of the sub-soil remains a concern to many farmers. But for now, the worst fears for the US crop have been allayed.

The Natural Choice

A close-up photograph of several cotton bolls on a stem, with the white cotton fibers clearly visible against a dark background.

For 99 years, Staplcotn has provided Memphis/Eastern cotton to mills around the world and developed a reputation for excellent service, trustworthiness and on-time delivery. As the oldest grower-owned cotton marketing cooperative in the United States, Staplcotn is the natural choice for your supply of quality cotton and exceptional service that's delivered with every bale.



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CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at June 3, 2021

Description	Price	Change on week	Shipment	Forward		
				Price	Change on week	Shipment
American-Type cottons:						
Higher grades						
Australian SM 1-5/32"	97.00	3.50	6/7	NQ		
Benin Kaba/s 1-1/8"	93.00	2.00	6/7	94.25	1.50	1/2
Burkina Faso BOLA/s 1-1/8"	92.25	2.00	6/7	93.75	1.50	1/2
Cameroon IRMA/s 1-1/8"	93.00	2.00	6/7	94.25	1.50	1/2
Cameroon PLEBE 1-5/32"	94.50	2.00	6/7	96.25	1.50	1/2
Chad Kero A51 1-5/32"	94.50	2.00	6/7	96.25	1.50	1/2
Indian Shankar-6, 1-1/8"	90.00	5.00	6/7	NQ		
Ivory Coast MANBO/s 1-1/8"	92.00	2.00	6/7	93.75	1.50	1/2
Mali JULI/s 1-1/8"	93.25	2.00	6/7	94.75	1.50	1/2
Spanish SM 1-1/8"	NQ			97.25	1.75	10/11
Tanzanian RG1 1-1/8"	NQ			NQ		
Texas SM 1-1/8"	95.75	2.00	6/7	96.25	1.75	11/12
Togo Alto/s 1-1/8"	92.25	2.00	6/7	93.75	1.50	1/2
Uzbekistan SM 1-1/8"	NQ			NQ		
Zambian SM 1-1/8"	NQ			NQ		
Zimbabwe SM 1-1/8"	NQ			NQ		
Medium grades						
1-1/8" staple unless stated						
Australian Midd	NQ			NQ		
Benin BELA *	92.00	2.00	6/7	93.25	1.50	1/2
Brazilian Midd	93.00	2.00	6/7	95.50	1.75	10/11
Burkina Faso RUDY *	91.25	2.00	6/7	92.75	1.50	1/2
California/Arizona Midd	NQ			NQ		
Greek Midd	95.00	2.00	6/7	96.00	1.75	10/11
Indian medium grades **	89.00	5.00	6/7	NQ		
Iv. Coast BEMA *	91.00	2.00	6/7	92.75	1.50	1/2
Mali ROKY/KATI *	92.25	2.00	6/7	93.75	1.50	1/2
Memphis/Eastern Midd	94.75	2.00	6/7	95.75	1.75	11/12
Memphis/Orleans/Texas Midd	94.25	2.00	6/7	95.25	1.75	11/12
Mexican Midd	NQ			NQ		
Tanzanian Type 1SG 1-3/32"	NQ			NQ		
Uzbekistan Midd	NQ			NQ		
Lower grades						
Argentine SLM, 1-1/16"	NQ			NQ		
Brazilian SLM 1-3/32"	NQ			NQ		
Greek SLM 1-3/32"	92.75	2.00	6/7	NQ		
Indian J-34 SG **	NQ			NQ		
Memphis/Eastern SLM 1-3/32"	92.25	2.00	6/7	93.25	1.75	11/12
Memphis/Orleans/Texas SLM 1-3/32"	91.75	2.00	6/7	92.75	1.75	11/12
Memphis/Orleans/Texas LM 1-1/8"	NQ			NQ		
Pakistan AFZAL 1-1/16"	NQ			NQ		
Pakistan Type 1467 1-3/32"	NQ			NQ		
Long Staple cottons:						
US Pima Grade 2 1-7/16" #	195.00	Unch	6/7	NQ		
Egyptian Giza 86 Good+3/8	NQ			NQ		
Egyptian Giza 94 Good+3/8	190.00	N 1.00	6/7	NQ		
Israeli Pima H1, 1-7/16" #	195.00	Unch	6/7	NQ		
Israeli Acalpi	155.00	Unch	6/7	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 2019/20 Index expired on July 31, 2020. The 2020/21 Index will expire on July 31, 2021.

Prices as at June 03, 2021

2020/2021 A Index			2021/2022 A Index		
Description	Price	Shpt	Description	Price	Shpt
Indian medium grade	91.70		Burkina Faso RUDY	92.75	1/2
Ivory Coast BEMA	91.00	6/7	Ivory Coast BEMA	92.75	1/2
Burkina Faso RUDY	91.25	6/7	Memphis/Orleans/Texas	95.25	11/12
Brazilian	93.00	6/7	Brazilian	95.50	10/11
Memphis/Orleans/Texas	94.25	6/7	Memphis/Eastern	95.75	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*	82.72

* To date

Monthly Averages

October 2020	74.82
November 2020	77.72
December 2020	81.02
January 2021	87.24
February 2021	92.76
March 2021	91.45
April 2021	90.73
May 2021	90.89
June 2021	91.27

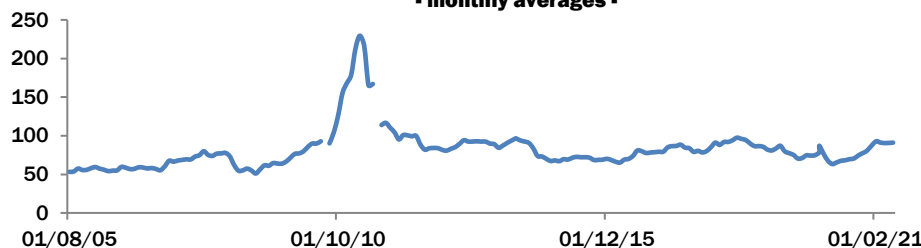
Daily Values

	2020/21	2021/22
May 28	89.70	93.00
May 31		
June 01	89.90	93.00
June 02	92.20	94.40
June 03	91.70	94.40

Average for week

to date	90.88	93.70
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The Cotlook A Index
- monthly averages -



YARN INDEX

2005 = 100

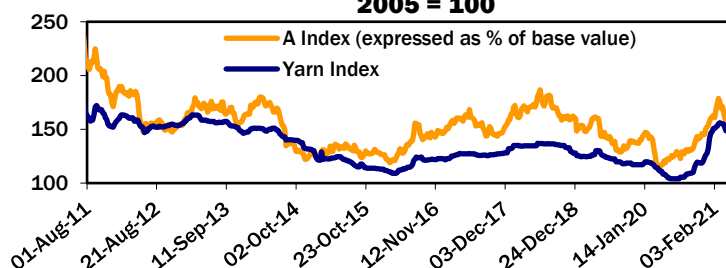
This week	146.40	Last month	146.49
Last week	146.16	Last year	104.16

Export prices (in US dollars per kilo FOB)

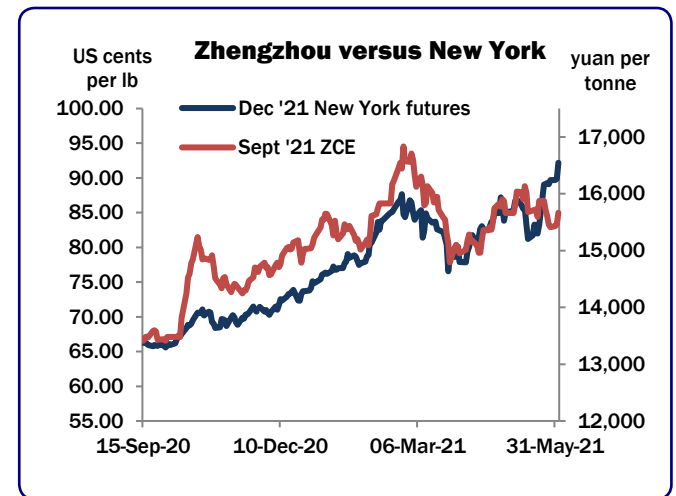
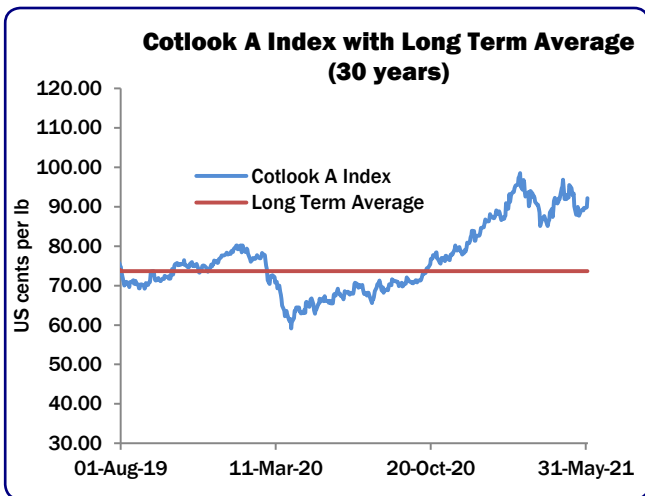
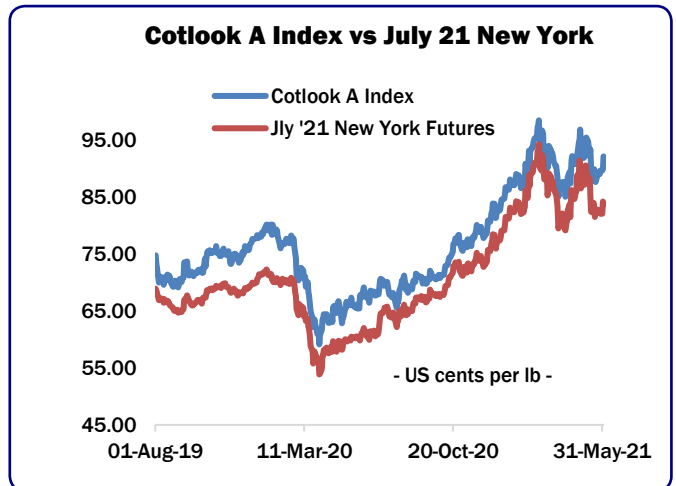
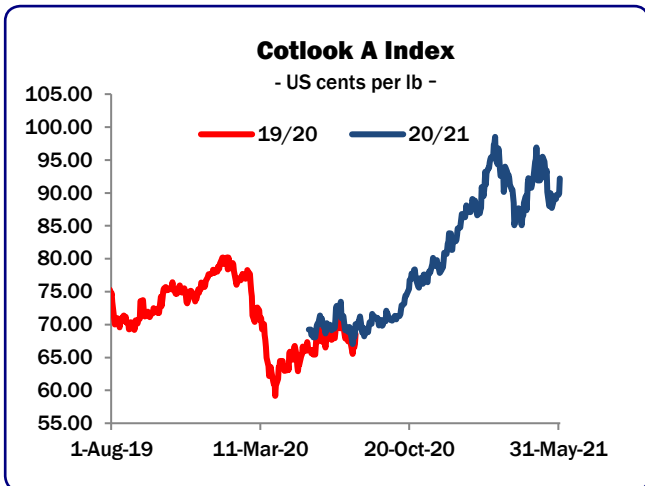
		This week	Change on week	Change on year
Pakistan	20s	2.78	Unch	0.88
India	20s	2.90	Unch	0.90
Turkey	20s	3.15	Unch	0.60
Indonesia	20s	3.10	Unch	0.54
China	21s	3.67	0.04	1.16
Pakistan	30s	3.17	Unch	0.83
India	30s	3.20	Unch	0.95
Turkey	30s	3.50	Unch	0.70
Indonesia	30s	3.40	Unch	0.55
China	32s	3.80	0.05	1.18

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

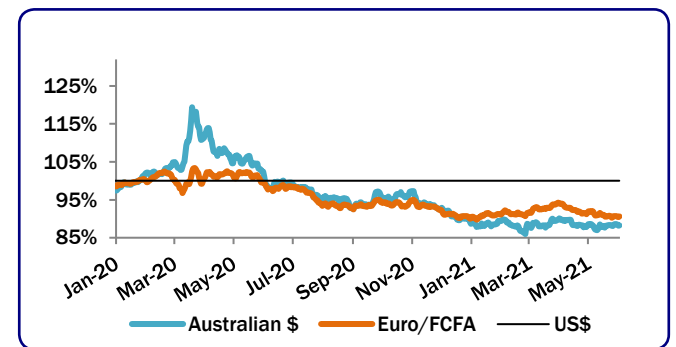
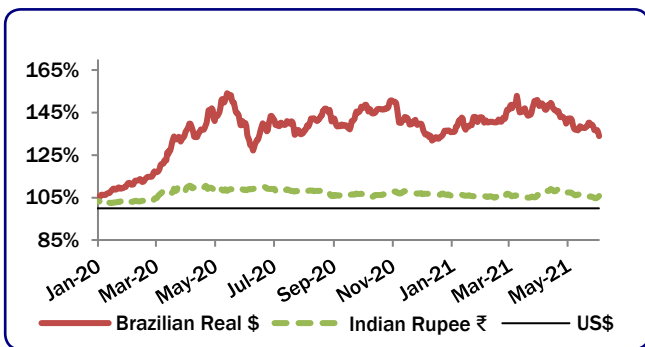


WORLD PRICE TRENDS

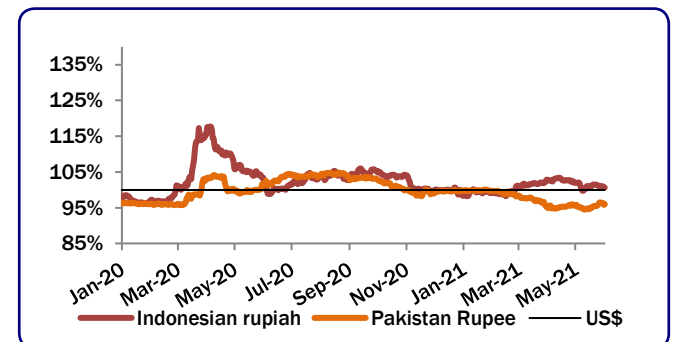
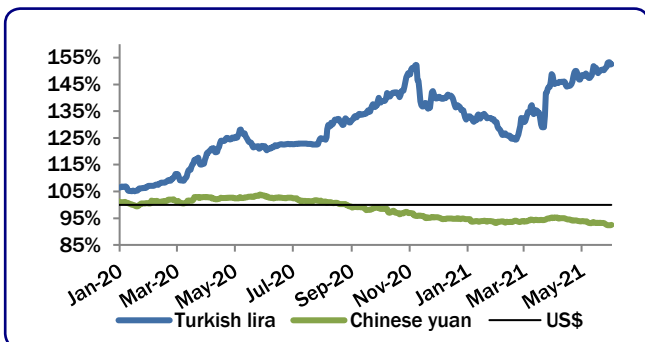


CURRENCY TRENDS

EXPORTERS' CURRENCIES VS. US\$ (AUG 1, 2019 = 100%)



IMPORTERS' CURRENCIES VS. US\$ (AUG 1, 2019 = 100%)



COTLOOK PRODUCTION ESTIMATE

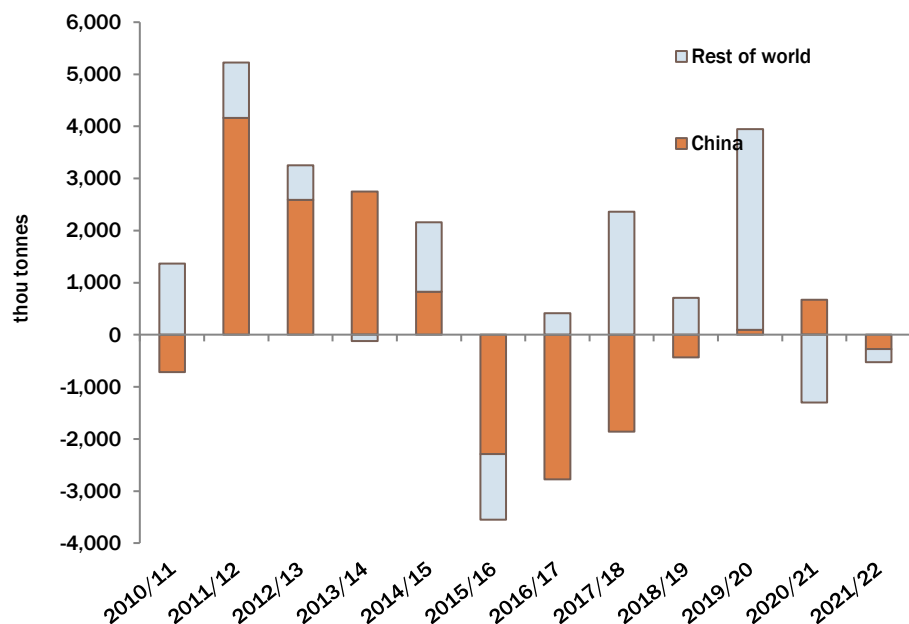
	(thousands of tonnes)	
	20/21	21/22
Argentina	280	290
Australia	560	850
Azerbaijan	100	100
Benin	285	300
Brazil	2,442	2,800
Burkina Faso	195	210
Cameroon	130	140
Chad	85	95
China	6,330	5,640
Colombia	10	10
Côte d'Ivoire	220	220
Egypt	57	65
Greece	300	275
India	6,120	6,290
Iran	60	60
Israel	8	8
Kazakhstan	58	60
Kyrgyzstan	20	20
Malawi	8	8
Mali	60	270
Mexico	225	230
Mozambique	25	25
Nigeria	50	50
Pakistan	950	1,200
Paraguay	9	10
Peru	20	20
Spain	55	65
Sudan	120	120
Syria	30	35
Tajikistan	110	110
Tanzania	40	60
Togo	35	50
Turkey	650	725
Turkmenistan	200	195
Uganda	35	35
USA	3,201	3,476
Uzbekistan	765	750
Zambia	20	20
Zimbabwe	40	40
World Total	24,167	25,191
World excl China	17,837	19,551
N Hemisphere	20,671	21,010
S Hemisphere	3,496	4,181
African Fr. Zne	1,018	1,293
Central Asia	1,153	1,135
EU	355	340

WORLD STOCK

The accompanying table shows our production and consumption estimates and the resultant adjustments in world stock levels during 2019/20 and 2020/21, together with our prediction for 2021/22. 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	World (excl. China)			China			World		
	19/20	20/21	21/22	19/20	20/21	21/22	19/20	20/21	21/22
Cotlook									
Production	20,109	17,837	19,551	5,727	6,330	5,640	25,836	24,167	25,191
China net trade	-1,519	-2,590	-2,485	+1,519	+2,590	+2,485			
New Supply	18,589	15,247	17,066	7,246	8,920	8,125	25,836	24,167	25,191
Consumption	14,738	16,549	17,318	7,150	8,250	8,400	21,888	24,799	25,718
Net change in stock	+3,851	-1,302	-252	+96	+670	-275	+3,948	-632	-527
USDA									
Opening stock	9,657	13,263	11,880	7,766	8,034	8,404	17,423	21,297	20,284
Production	20,503	18,203	20,018	5,933	6,423	5,987	26,436	24,626	26,005
China net trade	-1,520	-2,602	-2,275	+1,520	+2,602	+2,275			
New Supply	18,983	15,601	17,743	7,453	9,025	8,262	26,436	24,626	26,005
Consumption	15,229	16,908	17,740	7,185	8,655	8,709	22,414	25,563	26,449
Other adjustments	-148	-76		+0	+0		-148	-76	
Ending Stock	13,263	11,880	11,883	8,034	8,404	7,958	21,297	20,284	19,811
Net change in stock	+3,606	-1,383	+3	+268	+370	-446	+3,874	-1,013	-473
ICAC									
Opening stock	10,440	13,420	12,750	8,880	8,940	9,120	19,320	22,360	21,870
Production	20,340	18,410	19,750	5,800	5,910	5,730	26,140	24,320	25,480
China net trade	-1,520	-2,370	-2,420	+1,520	+2,370	+2,420			
New Supply	18,820	16,040	17,330	7,320	8,280	8,150	26,140	24,320	25,480
Consumption	+15,500	+16,710	+17,130	7,250	8,100	8,200	22,750	24,810	25,330
Other adjustments	-340	+0	+0	-10	+0	+0	-350	+0	+0
Ending Stock	13,420	12,750	12,950	8,940	9,120	9,070	22,360	21,870	22,020
Net change in stock	+2,980	-670	+200	+60	+180	-50	+3,040	-490	+150

Apparent Changes in World Stocks

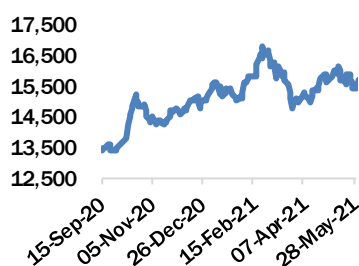


CHINA

Market news

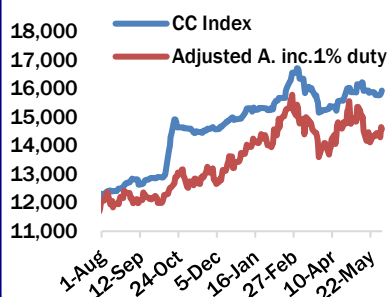
Cotton contracts on the **Zhengzhou** futures exchange have reversed direction to rise strongly across the board this week. A modest decline early in the period was more than offset by four subsequent sessions of gains. Turnover and open interest were lighter than last week.

ZCE September futures yuan per tonne



The **China Cotton Index** (which measures spot values on a delivered-mill basis) has increased by 158 yuan, to be placed on June 3 at 15,930 yuan per tonne. The differential between local and international prices has therefore narrowed slightly since offering rates for imported cottons (as measured by the Cotlook A Index, adjusted to local terms and including duty at one percent as per the Tariff-rated Quota) have risen by a greater margin, but remains substantial at around 1,350 yuan per tonne.

International vs. domestic prices



Prices quoted for Xinjiang Type 3128 cotton in the **physical market** have also increased modestly, to 15,550/16,200 yuan per tonne. Spinners have generally adhered to a hand-to-mouth buying style.

Zhengzhou Cotton Futures

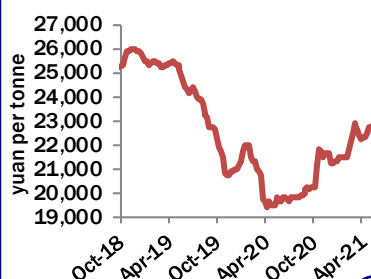
	Settlement			Volume	Open Interest
	yuan per tonne			number of contracts	
	27-May	03-Jun	Chng	Past week	03-Jun
Jul	15,285	15,600	+315	82,917	13,669
Sep	15,455	15,780	+325	1,509,125	467,885
Nov	15,675	15,955	+280	49,316	10,505
Jan	15,775	16,110	+335	230,519	115,112
Mar	15,840	16,065	+225	1,111	1,575
May	15,870	16,240	+370	1,215	1,555
				1,874,203	610,301

The movement of Xinjiang cotton eastwards has been sluggish owing to tight availability and firm freight costs. Sales of imported cotton from the bonded areas at ports have improved, mainly for Brazilian and Indian origins. Warehouse space remains scarce.

According to data released by the Zhangjiagang Cotton Chamber of Commerce, stocks held at the port are estimated at over 90,000 tonnes, modestly higher than a week ago.

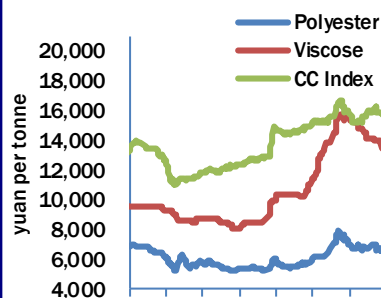
Xinjiang **long staple** cotton has increased by 100/200 yuan per tonne

Xinjiang Type 137



during the past two weeks: the benchmark value for Type 137 is quoted at 23,000 yuan per tonne, equivalent to 162.4 US cents per lb.

In the **man-made fibres** market, Viscose prices have declined quite sharply in the past week, to be placed on June 2 at 12,500 yuan per tonne, slightly below 79



percent of the CC Index, representing the lowest proportion since mid-January. Conversely, polyester prices have edged higher to 6,800 yuan per tonne (almost 43 percent).

The central parity rate of the **yuan** has strengthened further this week: on June 1, the currency was recorded at 6.3572 against the dollar, its strongest value since May 2018.

Yuan vs. US dollar (central parity rate)



Crop progress

High temperatures of up to 40 degrees Celsius will persist over most of Xinjiang in the short term. Helpful scattered drizzle is expected over the south of the region, but heavy rains are forecast in some northern areas, to the detriment of plant growth. In Hutubi County, Changji Prefecture, plants are around 13cm in height and are developing well.

International Prices

Data as at 3 June, 2021

	Approximate delivered mill value		
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	Including sliding scale duty + VAT
Cotlook A Index	13,255	14,572	15,326
Texas SM	13,832	15,207	15,772
Burkina Faso BOLA/s	13,333	14,658	15,389
India Shankar-6	13,013	14,306	15,158
Benin KABA/s	13,440	14,776	15,469
Cameroon IRMA/s	13,333	14,658	15,389
Cameroon	13,440	14,776	15,469
PLEBE 1-5/32"	13,298	14,619	15,362
Ivory Coast MANBO/s	13,476	14,815	15,495
Mali JULI/s			
US Pima Grade 2			
China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	15,930	158	112.45
ZCE July	15,600	315	110.12
Xinjiang Type 137	23,000	200	162.36
Xinjiang Type 237	22,300	100	157.42
	yuan/tonne		cents/kilo
polyester	6,800	170	105.83
viscose	12,500	-1,000	194.54
	Yuan/kilo		cents/lb
32s carded yarn	24,430	30	382.85
40s combed yarn	27,500	20	430.96
Monthly yuan/dollar customs exchange rate			6.4255
Actual Rate (Jun 3)			6.3811

In Aksu Prefecture, upland cotton plants are developing more slowly than at the same point last year, especially in terms of plant height and leaf numbers. Sporadic squaring is mentioned in Xinhe and Awati Counties. In Awati County, the area planted to long staple varieties is slightly over 400,000 mu and a reduction in output is predicted this year.

Squaring is in evidence in Alar City: overall, plants are developing at around the same pace as last year.

The results of a survey by Cncotton.com suggest a substantial decline in the area planted to cotton this year in most parts of southern Xinjiang: between five to ten percent depending on the locality. Fields in Shaya, Xinhe and Kuche Counties in Aksu Prefecture have suffered serious losses of around ten percent as a result of adverse weather earlier this month, and yield for the portion remaining is also expected to drop by over ten percent on average.

Temperatures have been conducive to plant growth of late in Korla City, Bayingol Prefecture, but local farmers have indicated that development remains around one week behind a year ago. Plants are now 14/20cm in height and growers are busy with field management.

Sporadic squaring has been noted in Urumqi, where plants have been developing well of late and are now 22cm high on average.

In Shache County, Kashgar, the area planted to cotton this year is estimated at around one million mu, down around ten percent from last year. Planted area in the neighbouring Bachu County is stable, at 970,000 mu, but production is expected to drop by ten percent due to adverse weather last month.

Outside Xinjiang, weather conditions have been quite conducive to crop growth in northern China, though excessive rains have been received in the south. *Beijing Cotton Outlook* reports that planted area in Zaoqiang County, Hebei is around 15 percent smaller than last year, due to rises in input costs; crop development is said to be satisfactory.

In Wuwei County, Anhui, area has also declined slightly this year but general weather conditions are considered helpful to crop growth.

Xinjiang sees foreign trade growth

Xinjiang registered year-on-year growth of 9.5 percent in foreign trade in the first four months of 2021, according to local customs. The total value of imports and exports for the

region was 39.01 billion yuan (about US \$6.06 billion). In April alone, foreign trade amounted to 10.96 billion yuan, up 30.6 percent from the same month last year and up six percent from March.

Video talks held by China and the US

Chinese Vice-Premier Liu He held a video conversation with US Treasury Secretary Janet Yellen on June 2. An extensive exchange was conducted on the macroeconomic situation and bilateral and multilateral cooperation, and both parties expressed a willingness to maintain communication.

Government to support SMEs

Wang Jiangping, Vice Minister of Industry and Information Technology, said at a press conference yesterday that the ministry will work with other government departments to mitigate the pressure on SMEs brought about by the recent sharp rise in raw material prices.

Wang also mentioned that from January to April this year, the incomes of small and micro enterprises grew by 32.3 percent on a yearly basis.



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INDIA

Southwest monsoon makes landfall over Kerala

The Southwest Monsoon has reached the coast of the southern state of Kerala today, June 3, two days later than its typical onset date of June 1.

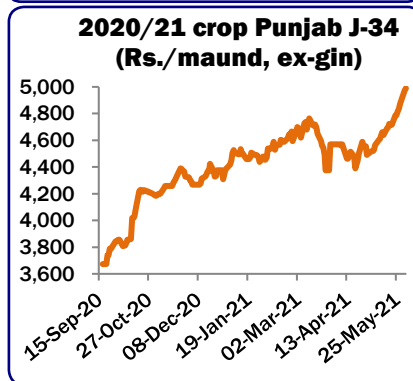
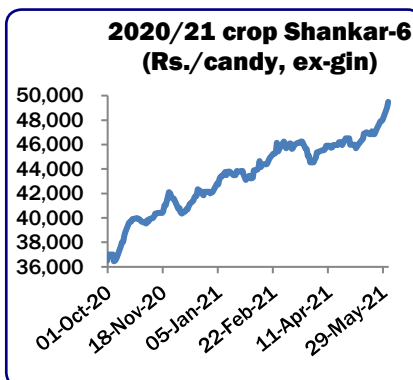
In the IMD's most recent long-range forecast, total seasonal rainfall between June and September was forecast at 101 percent of the Long Period Average, with a model margin error of four percent. Precipitation is expected to be well distributed over the country.

Local market news

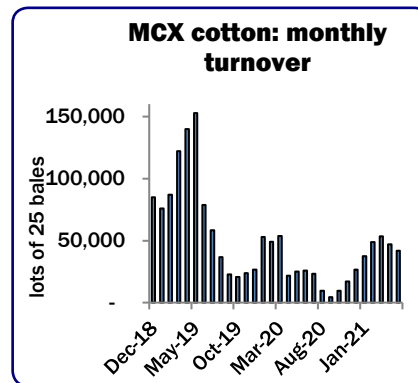
Prices in the local market have again risen sharply to register fresh seasonal highs this week. By June 2, the mid-point of offers for Shankar-6 had increased to ₹49,500 per candy, which equates to almost 87 US cents per lb. This the highest price point recorded in rupee terms since July 2016. On the same date, Punjab J-34 was quoted at around ₹4,990 per maund (83.45 cents per lb).

Floor prices for supplies on offer at the Cotton Corporation of India daily auctions have been raised by ₹1,500 per candy this week. High-grade S-6 from the current crop is listed for sale at a minimum of ₹48,100 per candy.

Prices for the active contracts on the



MCX cotton platform also registered fresh highs during the period. Weekly volume was significantly lower at 7,124 lots (178,100 bales), and open interest declined as the May delivery expired. Turnover for the month of May was slightly lower than in April, with a total of 41,833 lots (1,045,825 bales) changing hands altogether.



	Closing price May 26	Closing price June 2	Price changes on period	OI at close on June 2	OI changes on period	Volume May 27-June 2
	Rupees per bale			Lots of 25 bales		
31-May-21	22,520	-	-	-	-1,175	538
30-Jun-21	22,790	23,730	940	7,288	223	6,019
30-Jul-21	23,030	23,970	940	404	377	563
31-Aug-21	22,200	23,220	1,020	-	-	4
29-Oct-21	21,750	21,800	50	-	-	-
30-Nov-21	21,550	21,600	50	-	-	-
31-Dec-21	21,450	21,500	50	-	-	-
				7,692	-952	7,124

PAKISTAN

Pace of sowing increases

Sowing has continued at a good pace under generally favourable weather. Conditions have been hot and dry, with daytime temperatures rising into the low 40s Celsius. Planting operations are nearing completion in many core growing areas and are proceeding at a good pace in the late-sowing regions of upper Sindh and southern Punjab. The water management body has recently increased water supplies to both Sindh and Punjab growing areas, which will be helpful for the cotton crop. Field reports convey a generally favourable

impression of development thus far. No major pest infestations have been observed.

A further rise in new crop seed cotton prices has meanwhile encouraged growers not only to plant cotton but also to invest in inputs in order to maximise yields.

The strong market has also motivated them to bring seed cotton to market at the earliest opportunity. Although

Province	Target	Area Sown		%age against Target	%age change Last Year
		2021/22	2020/21		
Punjab as at 01/05/2021	1.610	0.239	0.267	14.80	-10.5
Sindh as at 17/05/2021	0.640	0.351	0.341	54.80	+2.9
Total	2.250	0.590	0.608	26.20	-3.0

Source: Provisional Agricultural Extension and Crop Reporting Service.

only a few truckloads are reaching cotton stations each day, one or two ginners are trying to operate on a partial basis.

Seed cotton prices have recently increased to between Rs. 5,800 and 6,200 per 40 kilos. The latest planting data from the provincial agriculture departments appear in the table on page 10.

Import demand persists

A moderately active import demand has been in evidence over the past week. However, turnover has slackened a little since buying interest was at its peak a fortnight or so ago. The slowdown is attributed to strengthening basis levels for most import origins.

Nonetheless, regular business has continued as mills (even those that are quite well covered) are increasingly aware of the difficulty in securing nearby shipments from most origins. Delayed shipments have also dissuaded some of the larger mills from re-selling their imported stocks, despite the current arbitrage opportunities in the local market. Finally, sharply rising prices for domestic new crop seed cotton and lint prices have also supported import demand.

West African cotton has continued to attract buying interest, with mixed grades moving off at prices between 450/650 'on' December futures. In addition, US current crop recaps have been booked at prices in the mid-80s to low 90s cents per lb, CFR. New crop 41-4-36 'green cards' have found buyers at around 950/975 points 'on' cover months. New crop Tanzanian and West African have

also lately been traded at 525/550 'on' December. Cameroon Type Plebe has also been sold around 825/850 'on' March. Further Sudan business has been arranged in the low 80s.

Fine count spinners have generally remained on the sidelines due to very high price levels, limited availability and the considerable inventories they are already carrying.

Firm local prices

Firm conditions have continued to prevail in the local cotton market. A few hundred bales of new crop cotton have been now delivered against an earlier forward trade. New crop business in lint from Sindh, offered for delivery in mid-June, has been reported at around Rs. 12,500 per maund, ex gin. However, it will take some time for arrivals to pick up sufficient pace for ginner to operate on a regular basis.

Smaller hand-to-mouth spinners have recently been the main buyers of old crop remnants at elevated prices. Larger mill groups have better coverage, which they have continued

to extend by buying foreign growths lately.

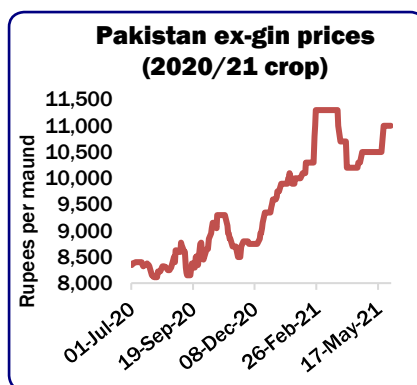
On June 2, lower grade cotton attracted around Rs. 10,500/11,500 per maund, unchanged compared with May 25, while Punjab styles commanded around Rs. 12,000/13,000 per maund, around Rs. 200 higher. On the same date, the KCA Official Spot Rate for 2020/21-crop Grade III (1-1/16", Micronaire 3.8/4.9 NCL) was quoted at Rs. 12,300 per maund, up Rs. 300 over the same period.

Yarn and textiles

Steady conditions have prevailed in the domestic yarn and textiles market. Spinners have reported moderate enquiry, and yarn offtake from local weavers and knitters has remained buoyant. Spinners have remained tight sellers and obtained prices close to their offering rates. Since imported yarn prices are also pitched on the high side, much of the current demand is being met from local supplies.

Conversely, export demand for yarn has remained slow. Buying interest from the key Chinese market has been maintained, but at prices below spinners' objectives. Offers of 20/21s carded yarn have been unchanged at around US\$490/520 per bale of 400 lbs, FOB, while those for 30/32s carded yarn are also maintained at around US\$560/590.

Polyester staple prices have been unaltered at around Rs. 200/202 per kilo.



BANGLADESH

During the past week, the cotton market has been active for both 'on-call' and fixed-price business. However, some mills may have left their buying decisions too late as there is now a distinct shortage of nearby cotton on offer. Shippers' quotes for summer shipment have been well supported. West African origins have attracted most interest on the grounds of availability and price, and several purchases have been confirmed. Fixed-price business has included Burkina Faso (BCI) 1-1/8"

and 1-5/32", Micronaire 3.8/4.9 NCL, 28/29 gpt, at 94.00/94.50 cents per lb, for July shipment. Additionally, some 'on-call' Mali SM 1-1/8" has changed hands at around 1,000 cent points 'on' the July ICE contract, for dispatch in July/August.

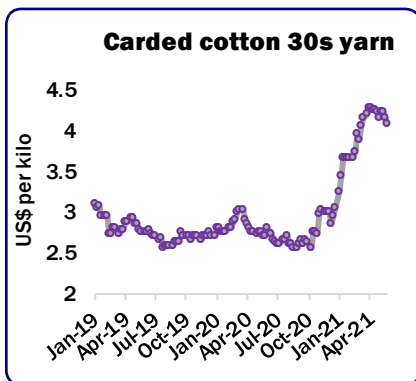
As we have previously reported, consignments are being delayed both at origin and transshipment ports due to limited vessel availability. This, combined with freight rate rises, has led to increases in the basis of prices agreed. Many mill buyers have been frustrated with shipments from Brazil, which in some cases have taken up

to four months to arrive at port. Indian organic prices at origin are very firm. However, spinners are reducing their orders of organic cotton, because of delays in certification.

In the local market, asking prices are more or less unchanged: ex-warehouse offering rates for Indian MCU-5 30/31 mm have been maintained at between 94 and 95 cents per lb, while Shankar-6 1-1/8" is quoted at around two cents less. However, offers of African Franc Zone 's' grades, staple 1-1/8", have been significantly increased to around 102/103 cents.

Yarn and textiles

Asking prices for the standard carded 30s yarn counts are slightly weaker at US\$4.05/4.10 per kg, compared with US\$4.10/4.20 per kg last week. Yarn prices still offer an incentive to spinners to buy raw cotton, even at comparatively high replacement costs. Yarn and garments orders are also reassuring.

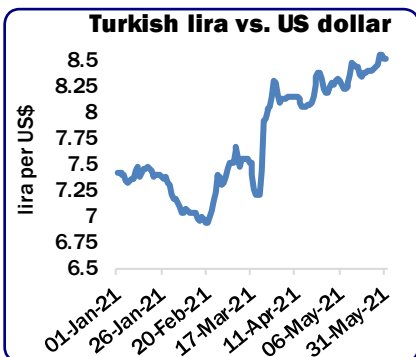


TURKEY

Subdued import demand

Most mills are quite well covered until the next Turkish crop becomes available. Those that still have outstanding needs for July/August shipments may return to the market before long, but overall mill buying has been relatively subdued during the past week.

The firmer basis rates now quoted by shippers have tended to dampen import demand, which has also been undermined by exchange rate considerations. The lira lost close



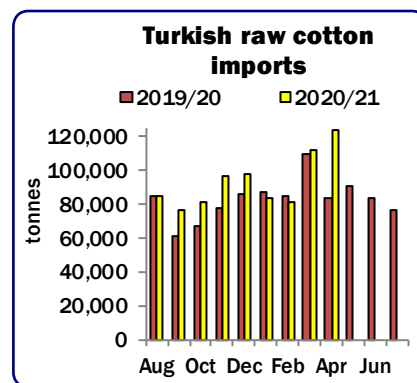
to three percent of its value during May and the depreciation since the beginning of the year is around 15 percent. Yarn values have also continued to weaken.

The volume of Turkish 2020/21 crop still unsold is placed at around 40,000 tonnes, suggesting that the season's ending stocks will be lower than is typical. However, the arrival of Brazilian already purchased for August/October shipments should ease the supply position.

Record imports

Raw cotton imports in April amounted to 123,287 tonnes, the highest monthly total on record. The total for the first nine months of the international season has thus risen to 838,046 tonnes (versus 744,476 during the corresponding period a year earlier). The season's total is thus set to exceed one million tonnes for the first time.

The principal import origins last month were Brazil (33,070 tonnes),



the United States (30,316), Central Asia (28,531) and Greece (17,876). Smaller quantities were supplied from India (3,716 tonnes), Australia (2,597), West Africa (2,666) and Mexico (1,883).

Exports during April totalled 11,624 tonnes, the largest monthly volume recorded since November 2018. The total for August/July is already over 64,000 tonnes, ensuring that this season will see the largest export total for several years.

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EGYPT

Planting almost complete

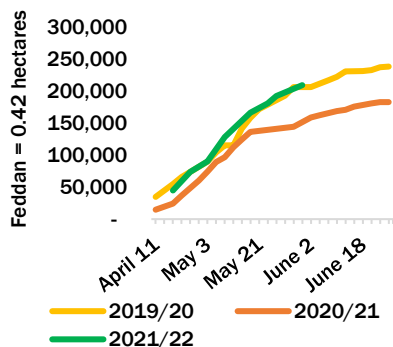
Cotton sowing has all but come to a close. According to *Catgo*, the area planted to the 2021/22 crop increased by a further 17,164 feddan (7,200 hectares) in the week to June 1, to measure 209,875 feddan (88,148 ha), which is 99.7 percent of the intended total and 15 percent more than last year's final tally. In 2018/19, the final area was recorded as 239,000 feddan (100,380 ha).

Commercial varieties account for just over three quarters of planting so far, with the remainder dedicated to fundamental seed production. ELS strains have been planted on 3,690 feddan (1,550 ha), slightly more than the intended area of 2,895 feddan.

Export registrations

During the week ended May 29 (week 35 of the marketing year), a further 675 tonnes were registered for export, according to *A/cotexa*. That volume comprised 493 tonnes of Giza 94, 57 of Giza 86 and 25 of Giza 95, in addition to 100 tonnes of the ELS Giza 92 variety.

Egyptian planting progress



2020/21 season export data

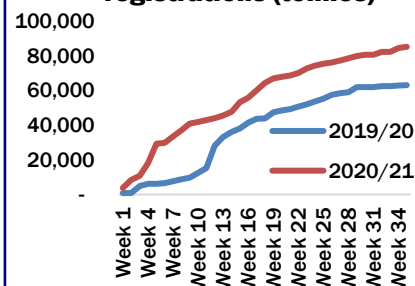
(as at May 29 2021)

	New registrations	Total registered	Shipped	% shipped
India	184	55,192	48,396	88%
Pakistan	61	14,674	13,128	89%
Bangladesh	265	5,701	4,672	82%
Egyptian Free Zone	57	2,960	2,904	98%
Turkey	-	1,190	1,177	99%
China	-	1,025	938	92%
Italy	-	637	594	93%
Slovenia	-	450	450	100%
Portugal	-	351	328	93%
Brazil	43	243	206	85%
USA	-	260		0%
Others	65	2,580	592	23%
Total	675	85,261	73,384	86%

The cumulative total for the season is now 85,261 tonnes, of which 73,384 (86 percent) have been shipped.

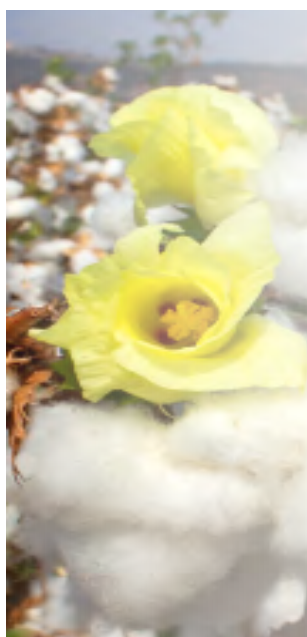


Egyptian export registrations (tonnes)



DRAGONTREE TRADING PLATFORM

This week the West African bale has continued to represent a popular trade on the Dragontree platform. A pick-up in the rate of cash business at destination has created a need for merchants to re-adjust their positions. Top-grade Benin cotton from the 20/21 crop has traded at or around 450 'on' December, FOB, with shipment in the next few months. There has also been some renewed interest in Australian 2021-crop supplies, but since the offers from growers were not renewed this week, business has been hard to finalise. In Brazil, there are willing buyers of 2021 crop, but very few sellers. Reports from Mato Grosso indicate that yield prospects have improved after the recent rainfall, so offers from origin are expected to pick up soon.



Cotton Outlook Special Feature Annual World Long Staple Review 2021

Cotlook's 2021 World Long Staple Review, scheduled for publication in July, will assess the production and consumption outlook for this specialised market as stakeholders strive to recover from the shock of 2020.

Long staple production and consumption are increasingly focused in just a few select territories, but the high value and distinct characteristics of long staple cotton mean that the sector commands special attention from dedicated participants. This season's significant shifts in the market – tightening supply, refreshed demand, firm prices – mean that the Review will be scrutinised more closely than ever by readers.

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FAR EASTERN MARKETS

Since the strong rally in New York futures on June 1, purchasing by spinners has slowed somewhat. Nevertheless, enquiry remains in evidence for cotton available to fill the next two to three months' shipment requirements. However, on the supply side, cotton available within this time frame is increasingly difficult to secure. A tranche of business was concluded last month and, having covered their immediate needs, some mills may be content to await a fresh downturn in futures.

There has been more mention of forward buying interest, notably from South Korea.

Recently, the raw cotton market in **Indonesia** has been quieter than of late. Turnover has not increased significantly during the second half of May. However, West African and Australian have changed hands. Included in turnover of the latter growth were 750 tonnes of Middling 1-5/32" 29 gpt at 1,050/1,100 cent points 'on' December, for shipment August and September/December, CFR Jakarta.

A couple of mills in **South Korea** purchased around 10,000 tonnes of Brazilian and US styles, for shipment in the fourth quarter of this year and first quarter of 2022.

In **Thailand**, there have been spot purchases by those mills that need to buy on a hand-to-mouth basis. Australian has been favoured as the most competitively priced origin available for fourth-quarter shipment from a machine picked origin. Some spot US 'recaps', for nearby and for shipment fourth quarter have been purchased 'on-call'.

During the past week in **Taiwan**, CFR business has been quite light. However, Taiwanese-owned

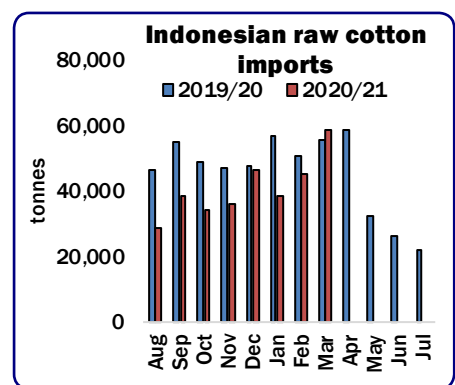
operations in Mexico acquired three parcels of US 'recaps', of various qualities and staple, for shipment June/July: 200 tonnes of West Texas 2019/20 crop, at 84.90 cents per lb, 100 tonnes of Eastern/M/O/T 2019/20 crop at 84.35 cents and 180 tonnes of 2019 crop, at 84.35, CIP Mexico.

During the week ended May 28, the raw cotton market in **Japan** was relatively active. One of the large mills entered the market to cover June/July shipments.

Several Japanese mills located overseas also made purchases both nearby and forward, encouraged by the relative stability of New York futures during the earlier part of the week. Total estimated volume was 3,000/4,000 bales.

Raw cotton imports

Indonesia imported 58,715 tonnes of raw cotton in March, well above the 45,094 imported in the previous month and the figure of 55,490 tonnes recorded in March 2020. The main import origins were Brazil (22,659 tonnes), India (13,020), the United States (11,532), Australia (3,617) and Greece (2,410). Much smaller quantities were shipped from a variety of other countries.



At 325,835 tonnes, cumulative arrivals for the first eight months of the 2020/21 season were around twenty percent below the corresponding figure a year earlier (407,594).

Taiwan's raw cotton imports in March amounted to 7,425 tonnes, compared with 3,605 in February and 10,601 in March 2020. Of the total 6,230 tonnes were shipped from the United States and 726 from Brazil. The balance was shipped from four origins: Côte d'Ivoire (197), Turkey (151), South Africa (102) and Mexico (18).

The total for the first eight months of the international cotton season, at 32,918 tonnes, is around 55 percent of the corresponding figure a year earlier (59,591).

Indonesia: raw cotton imports

	August/March - in tonnes		
	2018/19	2019/20	2020/21
World	447,081	407,594	325,835
Brazil	125,153	138,164	143,547
United States	155,976	138,989	77,547
India	20,058	32,413	36,532
Australia	37,548	25,833	14,916
Greece	16,346	18,421	14,494
Cote d Ivoire	9,268	8,486	9,572
Argentina	24,672	13,253	8,055
Chad	595	0	3,100
Mexico	2,619	1,888	2,614
Spain	604	1,867	1,792
Cameroon	1,689	3,650	1,736
Others	52,555	24,627	11,930
Totals may not add due to rounding			
Source: Statistics Indonesia			

Taiwan raw cotton imports

	In tonnes		
	2018/19	2019/20	2020/21
	Aug/Mar	Aug/Mar	Aug/Mar
United States	55,951	43,919	17,214
Brazil	9,479	4,300	2,339
Mexico	1,790	4,352	2,189
Argentina	3,113	423	1,163
Cote d Ivoire	0	198	918
India	3,330	1,397	849
Cameroon	0	0	250
Mali	100	397	49
Australia	1,945	497	0
Pakistan	97	0	0
Others	4,490	4,109	7,946
Total	80,295	59,591	32,918
Totals may not add due to rounding			
Source: Taiwan Directorate General of Customs			



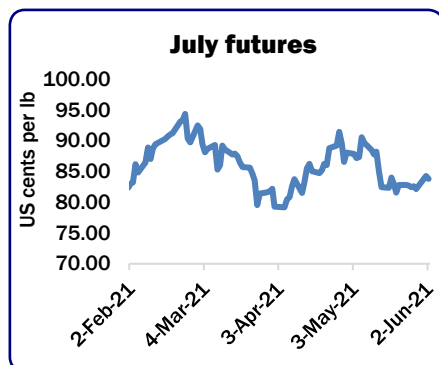
UNITED STATES

Overall, optimism remains in evidence regarding the outlook for this year's crop. The rise of December futures into the mid-80s cents has been considered supportive of farmers' intentions to plant cotton, and there is an expectation of slightly higher yields in West Texas after recent rainfall increased soil moisture levels across the largest growing region in the US. However, widespread drought conditions still persist and additional rain will be needed this season.

A better analysis of cotton acreage in West Texas, the Delta and the Southeast will be possible over the next few weeks. USDA releases its June supply and demand estimates on June 10, and state-by-state area figures will be published in the June 30 acreage report.

ICE futures

July cotton futures were mixed during the four-day trading week, but worked mostly to the upside, moving back to two-week highs and trading between 81.65 and 84.85 cents. Modest changes were reported for the first two sessions, with the spot month gaining 17 points and then losing 49 points. Speculative buying was active after the holiday as July '21 futures settled sharply higher, gaining 213 points on June 1. Selling returned on June 2 and the nearby month traded mostly lower, settling at 83.77 cents/lb (-48) on that day. July's net increase for the four-day reporting period (ended June 2) was 133 points, while for the month of May it recorded a loss of 596 points.



A notable feature over the next week will be the start of index fund rolls out of July and into December, with the largest long-only spec fund starting five days of position rolls on June 7. The December contract has moved to

ICE No. 2 Cotton Futures

(in cents per lb) No. 2	2-Jun	26-May	Change
Jly-21	83.77	82.44	1.33
Oct-21	84.84	83.66	1.18
Dec-21	84.66	83.23	1.43
Mar-22	84.61	83.16	1.45
May-22	84.50	83.06	1.44
Jly-22	84.02	82.78	1.24
Oct-22	80.32	79.27	1.05
Dec-22	77.37	76.41	0.96
Mar-23	77.47	76.60	0.87
May-23	77.52	76.40	1.12

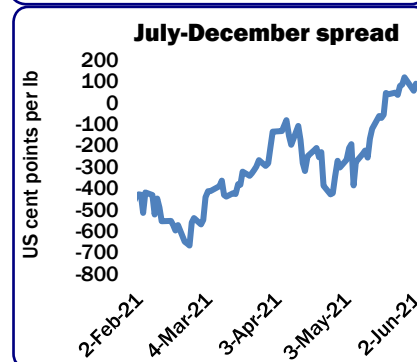
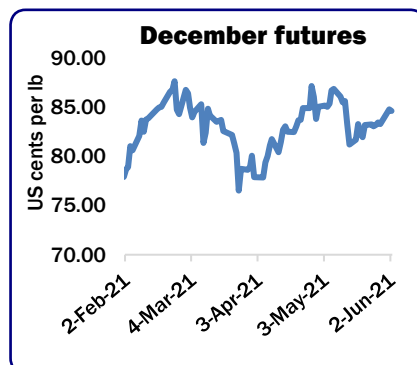
Certificated stock as of June 1 totaled 146,886 bales.

Chicago Futures

(in cents per bushel)	2-Jun	26-May	Change
Soybeans			
July-21	1562.50	1503.50	59.00
Sep-21	1447.25	1380.00	67.25
Nov-21	1413.75	1347.00	66.75
Wheat			
July-21	687.50	648.50	39.00
Sep-21	692.50	652.50	40.00
Dec-21	700.00	659.75	40.25
Corn			
July-21	675.00	624.50	50.50
Sep-21	593.25	547.25	46.00
Dec-21	572.75	520.75	52.00

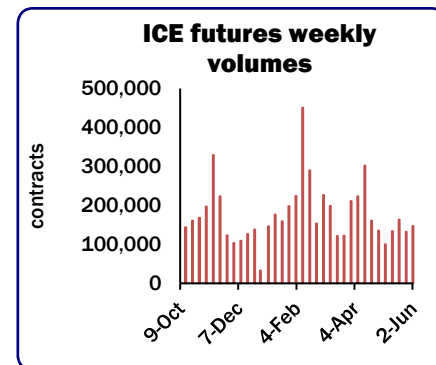
lead position on the board: open interest has risen, and speculators have traded on the strength of recent rain events in Texas.

December trading followed the pattern set by July, gaining 23 points before losing ground on May 28 to settle down 14 points. The new crop contract also moved to steep gains on June 1, settling up 149 points. On the last day of the holiday-shortened week, it moved lower again to settle at 84.66 cents/lb (-15). For the week, the lead month traded between 82.30 and 85.44 cents/lb and rose by a net 143 points. The loss for May was 174 points.

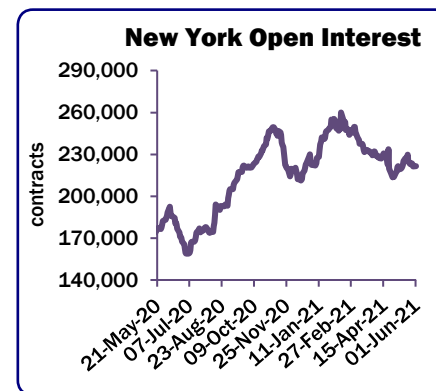


The closely watched July/December spread had widened to a 89-point December premium by the close on June 2, compared with 79 points on May 26.

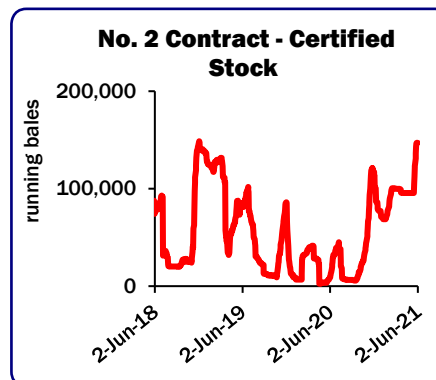
Trading volume was relatively stable this week with total turnover recorded at 129,866 contracts.



July open interest decreased to a last reported 73,857 contracts, compared with 78,330 the previous week; its first notice day is nearing on June 24. December open interest increased to 114,650 contracts versus 106,481 the previous week. Total open interest increased on the week and was last reported at 230,311 contracts as of June 1. July options will have their last trading day and expire on June 14.



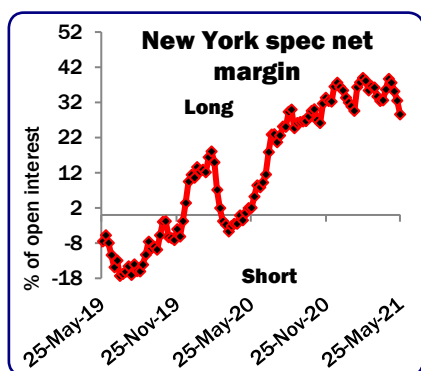
Certificated stocks increased by 3,635 bales to 146,886 bales (as of June 2), their highest level since



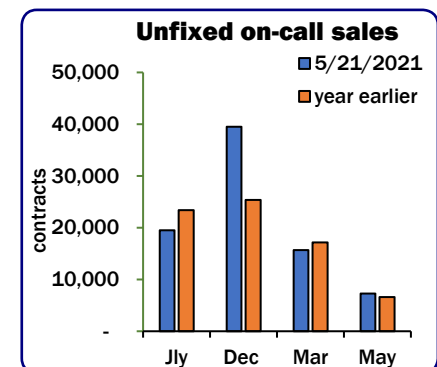
US UPLAND AND PIMA STATISTICS

December 4, 2018 (147,199). There were 61,196 bales reported in both the CCC loan and cert stocks, and no bales were awaiting review.

The latest CFTC spec/hedge report showed speculators decreased long holdings by 8,320 and increased shorts by 710 during the week ended May 25 for a net long margin of 28.6 percent of the total open interest (222,666 on the report date), down from 32.5 percent a week earlier. Commercial traders increased longs by 5,571 and reduced shorts by 5,017 for a net short margin of 31.2 percent, down from 35.8 percent.



The CFTC On-Call Cotton report for the week ended May 21 showed a modest increase of 352 on-call sales for a total of 108,559 contracts. July '21 unfixed on-call sales decreased to 19,504 while December '21, March '22, May '22 and July '22 unfixed on-call sales all rose, to 39,496, 15,675, 7,275 and 18,206 respectively.



During the week ended May 24, redemptions of 2020/21-crop upland from the Commodity Credit Corporation's government loan program amounted to 129,592 bales, raising the season's total to 8,447,571, while just 17 bales were placed into the program. There was no activity reported for other marketing

LOAN STATISTICS

CCC Data as of May 24, 2021 (running bales):

Crop	Total Entries	Repossessions	Forfeitures	Outstanding Stock
20/21	8,447,571	6,683,135	0	1,764,436
19/20	11,786,598	11,784,024	1,949	625
18/19	8,250,161	8,177,517	72,639	5
17/18	9,799,746	9,799,683	59	4
Totals	38,284,076	36,444,359	74,647	1,765,070
Last period's total (May 17)				1,894,645

*Including 83,131 bales held by individuals and 1,681,939 by cooperatives
 Details by state for 2017/18 crop, 2018/19 crop, 2019/20 crop, and 2020/21 upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	- OUTSTANDING -			
	2020/21	2019/20	2018/19	2017/18
N. Carolina	89,334	-	-	-
S. Carolina	67,391	-	-	-
Georgia	249,462	7	-	-
Alabama	73,670	-	-	-
Florida	13,602	16	-	-
Virginia	5,651	-	-	-
Southeast	499,110	23	0	0
Tennessee	80,008	-	-	-
Illinois	486	-	-	-
Indiana	-	-	-	-
Missouri	148,630	-	-	4
Mississippi	353,783	1	-	-
Arkansas	284,826	-	-	-
Louisiana	38,125	-	-	-
Memphis Ter	905,858	1	0	4
Texas	111,693	601	5	-
Oklahoma	100,371	-	-	-
Kansas	33,908	-	-	-
South West	245,972	601	5	0
New Mexico	6,846	-	-	-
Arizona	63,317	-	-	-
California	43,333	-	-	-
Far West	113,496	0	0	0
Upland Total	1,764,436	625	5	4

Pima CCC Loan Activity

running bales to May 24, 2021

	Total Entries	Repayments	Forfeitures	Outstanding Stock
	2020/21	292,322	180,917	-
2019/20	428,756	426,196	369	2,191
	721,078	607,113	369	113,596
Previous Total Outstanding (May 17)				119,954

	2020/21	2019/20
	Arizona	2,147
California	87,178	2,191
Kansas	82	-
New Mexico	7,575	-
Texas	14,423	-
Pima Total	111,405	2,191

years during the period. The unpaid loan balance for all four seasons therefore amounted to 1,765,070 bales, of which independent farmers controlled 83,131 and cooperatives and loan servicing agents held 1,681,939 bales.

Spot market sales totaled 465 bales in the week ended June 2, raising the season total to 1,362,460.

Grower To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southeast	68.00	0	21	21
Southwest	63.73	299	2	301
Total	64.01	299	23	322
Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	61.94	64	79	143
Total	61.94	64	79	143

SPOT MARKETS

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

	Prices (cents per lb)		Turnover
	2-Jun	26-May	
Southeast	82.52	(81.19)	21
N. Delta	81.52	(80.19)	0
S. Delta	81.52	(80.19)	0
E. Tx/Okla	78.77	(77.44)	389
West Texas	78.77	(77.44)	55
Desert Southwest	76.77	(75.44)	0
San Joaquin Valley	77.27	(75.94)	0
7 MARKET AVERAGE	79.59	(78.26)	
Turnover for the period ending June 2			465
Total turnover for season to June 2			1,362,460
Selected markets to June 2 (May 26 in parenthesis)			

NORTH DELTA

	Middling (31)	SLM (41)	
1-1/16" (34)	82.77 (81.44)	81.52	(80.19)
1-3/32" (35)	83.77 (82.44)	81.52	(80.19)
Basis for SLM 1-1/16" (41/34):			
NY No.2 July '21 -225			

SAN JOAQUIN VALLEY

1-3/32" (35)	86.17 (84.84)	79.27	(77.94)
1-1/8" (36)	89.67 (88.34)	80.07	(78.74)
Basis for Midd.1-3/32" (31/35):			
NY No.2 July '21 +240			

WEST TEXAS

	2-Jun	26-May	
15/16" (32)	75.12 (73.79)	73.77	(72.44)
1" (33)	77.12 (75.79)	74.52	(73.19)
1-1/32" (34)	79.87 (78.54)	78.77	(77.44)
W. Texas Micronaire (cent points per lb):			
24 & Below	-1850	-1850	
25-26	-1850	-1850	
27-29	-1300	-1300	
30-32	-700	-700	
33-34	-450	-450	
35-36	0	0	
37-42	0	0	
43-49	0	0	
50-52	-225	-225	
53 & Above	-400	-400	

Strength grams/tex (cent points per lb):

Mfs Terr	Mfs Terr	W Texas	SJV
19.0-19.9	*	-400	*
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
25.0-25.9	-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	0	75
31.0-32.9	50	0	125
33.0 & Above	50	25	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 June 2 with May 26 in parenthesis, were as follows:

AMERICAN PIMA

GRADE	1-3/8" (44)	1-7/16" (46)
2	137.25 (137.25)	143.00 (143.00)
3	122.50 (122.50)	130.25 (130.25)
4	102.00 (102.00)	109.75 (109.75)

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.

Basis levels were unchanged for the week.

The Seam's grower sales totaled 322 bales, with an average price of 64.01 cents per pound while business sales increased by 143 bales at an average of 61.94 cents.

The National Agricultural Statistics Service reported US plantings at 64 percent as of May 30, which marked an increase of 15 percentage points

Basis Levels		
2020/21		
cents per lb		
Southeast	SLM 1-3/32"	100 to 225 "off"
Memphis Territory	SLM 1-3/32"	125 to 250 "off"
Texas/Oklahoma	SLM 1-3/32"	450 to 600 "off"
Far West - SJV	Midd 1-3/32"	150 to 250 "on"
DSW - Arizona	Midd 1-3/32"	300 to 450 "off"
July '21 New York Futures FOB railcar/truck - Southeast and Memphis Territory. FOB whse - Arizona uncompressed, California compressed.		
** Premium required by growers to enter commitment to sell cotton held in the CCC Loan		

on the week but is one point lower than the five-year average. Work was at or ahead of schedule in 11 of the 15 main producing states, with the greatest advance witnessed in Kansas.

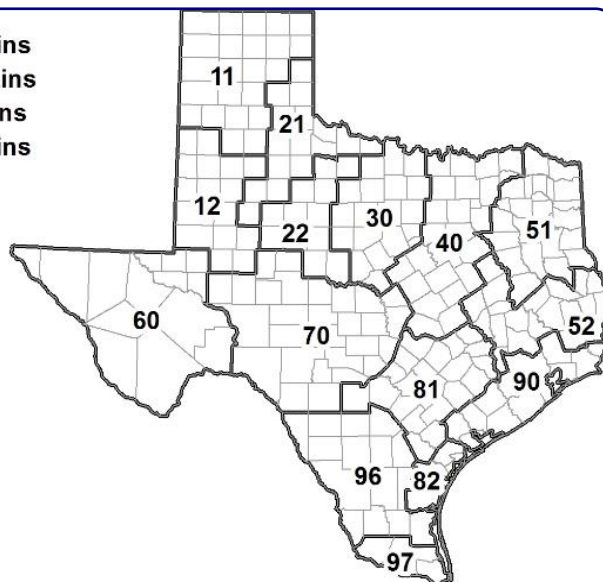
Beltwide, six percent of stands were at the squaring stage, compared with the eight percent that were fruiting this time a year ago and the five-year average of seven percent. Squaring was at or better than average in Arizona, Tennessee and Texas.

The initial assessment of the health of the crop showed the vast majority of stands were considered 'fair' to 'excellent' as of May 30. The proportion of plants categorized as 'good to excellent' amounted to 43 percent, while 38 percent were 'fair' and 19 percent were 'poor to very poor'.

In Texas, 54 percent of the state's intended acreage was sown by May 30, which was five percentage points behind the same time last year and two points less than the five-year average. Squaring was on par for this time of year at ten percent. The health of the crop was rated as 20 percent 'good to excellent', 50 percent 'fair', and 30 percent 'poor to very poor'.

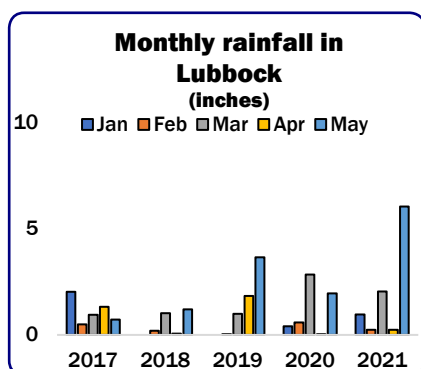
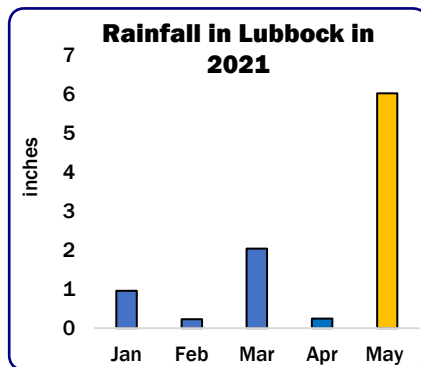
Round after round of thunderstorms have rumbled across **West Texas** during the period under review, bringing gusting winds, hail, and brief, heavy downpours. Fairly widespread rains ranging from 1.00" to 2.00" fell, with some locales receiving between 3.00" and nearly 5.00", which caused flash flooding. Soils in many fields are still too soft to support heavy machinery, and outside activities are at a standstill in those areas. Although the moisture will help enhance germination in fields where seeds were dusted in the ground, some growers are concerned that seeds may have been washed away. According to the West Texas Mesonet, a total of 6.03" of rain fell in Lubbock during the month of May, raising the

- 11 Northern High Plains
- 12 Southern High Plains
- 21 Northern Low Plains
- 22 Southern Low Plains
- 30 Cross Timbers
- 40 Blacklands
- 51 North East
- 52 South East
- 60 Trans-Pecos
- 70 Edwards Plateau
- 81 South Central
- 82 Coastal Bend
- 90 Upper Coast
- 96 South
- 97 Lower Valley



The Texas district map is reproduced with the kind permission of the USDA National Agricultural Statistics Service and the Texas Field Office.

cumulative total to 9.50" for the period from January 1 to May 31. As can be seen in the accompanying charts,



this year's rainfall has surpassed the total for the same period in the four previous years. The unsettled weather during the latter half of May has helped ease dry soils in many locales, but deep soil moisture remains short in some areas. Additional timely rains will still be required during the growing season to sustain the crop. Most fields on the Northern High Plains have already been sown, but work has been

sporadic elsewhere, firstly due to the drought conditions and now owing to soft soils. Growers have been working long hours trying to get as much cotton planted as possible ahead of looming insurance deadlines. An extended period of open, warmer weather is urgently needed to allow sowing to be completed and to push early crop development.

Federal crop insurance deadlines are based upon the length of the growing season and vary from county to county. On the Northern High Plains (NW Texas and locales around Amarillo), the seed must be in the ground by May 31 in order for producers to receive the full insurance guarantee, while growers around the Central High Plains (Lubbock area) have until June 5. Farmers on the Southern High Plains (Lamesa area) can plant cotton up to June 10, and growers on the Southern Low Plains have until June 20 to get the seed in the ground. All counties have a seven-day late planting period that begins the day after the final planting date and typically ends 25 days later. Insurance coverage for any cotton sown during the late planting period is reduced by one percent for each day that passes before seeding occurs.

A mix of sun and clouds ruled across **South Texas** during the period, and daytime highs ranged from the 80's to the 90's. Humidity levels increased and heat index readings climbed into the low 100's in parts of the Rio Grande Valley.

Mainly scattered, light precipitation fell, with locally heavier amounts recorded in parts of the RGV late in the period. Blooms are increasing on older stands, and fruit set appears fairly uniform. Bolls have begun to develop on some of the more mature plants, and although the precipitation has helped reduce water demands, sunny skies would be welcomed soon to reduce fruit shed and to allow the application of herbicides and pesticides. Meanwhile, the Upper Coastal Bend continued to be inundated with storms, and since soils were already soft from moderate to heavy rains during the previous week, flash flooding occurred. Fruiting is increasing in the Coastal and Upper Coastal Bend districts, and water is still standing in a few low-lying fields. Hence, some plants have begun to exhibit signs of stress. An extended period of warm, dry weather is needed to improve growing conditions. However, another round of thunderstorms is in the near-term forecast, and rains of between 3.00" and 5.00" are projected in the upcoming days, which will exacerbate

already saturated soils.

Elsewhere in the cotton belt, **Memphis Territory** producers worked long hours putting the seed in the ground, and some have finished sowing activities. Work was a tor ahead of the normal pace in Mississippi, Missouri and Tennessee as of May 30, while plantings in Louisiana remained well behind schedule at 63 percent. Torrential rains in the latter state during May have delayed seeding, and since the insurance deadline of May 25 has passed, some if not most of the remaining acreage is likely to be switched to an alternative crop. A cool front entered the region early in the period and scattered thunderstorms developed. Light to moderate rain fell, briefly hampering outside activities. Seeds are sprouting, and young stands are developing satisfactorily under pleasant conditions. However, there are reports of some older plants being adversely affected by unseasonably cool, wet weather in early May, and warm, dry conditions are now needed to ensure healthy stands. Partly cloudy to overcast skies returned of

late, and humidity levels are rising. Daytime highs in the 80's (F) are in the near-term forecast, which will help spur seed germination and push plant development. Producers are carefully monitoring insect counts and preparing to apply herbicides and pesticides, as needed.

In the **Southeast**, favourable conditions have prevailed, allowing planting activities to advance at a steady pace. Seeding, therefore, was ahead of schedule throughout the region as of May 30, with sowings reported from 78 percent in Georgia to 89 percent in Alabama. Emergence has been good, and seedlings are developing normally. The proportion of plants rated 'good to excellent' ranged from 53 percent in North Carolina to 85 percent in Virginia. Farmers have been monitoring insect counts and applying herbicides and fertilizers where needed. Soil moisture levels are short in the Carolinas and Virginia, and a slow-soaking rain would be welcomed in the next couple of weeks to enhance crop development.

Meanwhile, unseasonably hot, dry

US PRICE MECHANISM

US PRICE MECHANISM

- 2020/2021 season -

- value if applied today, June 3, 2021 -

Take 5-day average of:-

A) Five Far Eastern Midd. 1-3/32" CFRs	89.03
B) Three Far Eastern 'fine count' CFRs	90.54
C) Three Far Eastern 'coarse count' CFRs	91.50
D) Cheapest US Midd. 1-3/32" CFR	92.00

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 16.95

Loan Quality Differential

(at average location) between:

Middling 1-3/32"	54.30	
SLM 1-1/16"	52.00	2.30

E) Total Adjustment Factor	19.25
F) Adjusted World Price (A - E)	69.78
G) Fine Count' Adjustment Factor	must be above zero
2020 crop (current values 2.00-(B-A))	0.49
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.35)	-7.82
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-17.78

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	190.00
P2) P1 adjusted for quality and transportation ((P1+10)-17.67)	182.33
P3) Basic ELS Loan Rate (95.00) adjusted for quality 2-2-46	95.35
P4) Basic Loan Trigger = 113% of P3. P2 must be lower than P4 for four weeks for payments to be triggered	107.75

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	195.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+10)	195.00
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 June 3	N/A

weather has prevailed across the **Far West**. Daytime highs have ranged from the 90°s to the low 100°s (F) in California's San Joaquin Valley, and record-setting minimum temperatures were reported in numerous locales late in the period as readings dropped into the mid 70°s (F) only, giving

	Plantings		
	5/30/2021		
	-percentages-		
	May	Previous	5-Year
	30	Year	Average
Southeast			
North Carolina	80	62	75
South Carolina	85	71	78
Georgia	78	72	75
Alabama	89	90	85
Virginia	80	71	78
Memphis Territory			
Tennessee	92	62	84
Missouri	98	43	78
Mississippi	83	81	83
Arkansas	92	88	94
Louisiana	63	92	94
Southwest			
Texas	54	61	56
Oklahoma	39	14	37
Kansas	66	70	46
Far West			
Arizona	95	99	98
California	95	94	93
Summary	64	64	65

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

stands little relief from the triple-digit highs. The heat has begun to take a toll on the young crop, and a slow-soaking rain would be welcomed to help ease stressful growing conditions. Planting has virtually drawn to a close in the state, and seeds are sprouting rapidly. By May 30, plant health was categorized as 85 percent 'good' and 15 percent 'fair'. Irrigation water has been applied to some of the older stands, and producers are preparing later-planted fields for their first round of irrigation water. Water levels in area lakes and reservoirs are steadily dropping, and the availability of irrigation water to farms will remain limited.

Similar conditions have been reported in Arizona. Planting is nearing an end, and the high heat is pushing germination. Soils across the state continue to be affected by drought, and soil moisture evaporation rates are increasing as temperatures climb into the upper 90°s and low 100°s (F). Nighttime readings, though, have fallen into the 60°s, which has given plants a brief respite from the high heat. Squaring is increasing in Yuma

County (in the southwest of the state), and irrigation water is being applied, where possible.

	Crop Condition				
	5/30/2021				
	-percentages-				
	VP	P	F	G	EX
Southeast					
North Caroli	0	5	42	48	5
South Carol	3	23	19	51	4
Georgia	0	3	23	69	5
Alabama	0	1	22	68	9
Virginia	0	3	12	84	1
Memphis Terr.					
Tennessee	4	8	17	57	14
Missouri	0	7	25	68	0
Mississippi	0	3	16	69	12
Arkansas	0	0	10	58	32
Louisiana	1	2	14	82	1
Southwest					
Texas	2	28	50	17	3
Oklahoma	0	0	5	95	0
Kansas	2	5	48	41	4
Far West					
Arizona	0	0	29	53	18
California	0	0	15	85	0
Summary	1	18	38	38	5

BRAZIL

Mato Grosso production estimates

The *Instituto Mato-grossense de Economia Agropecuária* (IMEA) has reduced its projection of yields for the state of Mato Grosso. In its latest bulletin, IMEA attributes the decrease to deficient rainfall during May and the resultant lack of soil moisture. The situation in those areas where *safrinha* cotton was planted latest is of particular concern. Average yields in Mato Grosso are placed at 1,719 kilos per hectare, versus the earlier estimate of 1,743 kgs/ha. The result is a reduction of 32,199 tonnes in output for the state, which is now forecast at 1,620,121 tonnes.

Most areas did receive some rains during the last week in May, ranging from 4/5 to 60 millimetres. These were very welcome but one can infer from IMEA's data that some damage to

yield prospects had already become inevitable, especially in central and southern parts of the state.

In its May estimate, CONAB (the government forecasting agency), also adjusted its forecast downwards, but on the basis of a reduced estimate of cotton area. CONAB's production figure for the state is 1,710,600 tonnes, over 90,000 tonnes above IMEA's reduced estimate. The two forecasts are compared in the accompanying table.

	CONAB	IMEA
Area (has)	967,800	942,370
Yield (kgs/ha)	1,768	1,719
Lint output (tonnes)	1,710,600	1,620,121

CONAB's forecast of the national crop is 2,441,900 tonnes of lint.

ANEA estimates

The *Associação Nacional dos Exportadores de Algodão* (ANEA, the exporters' association) has released

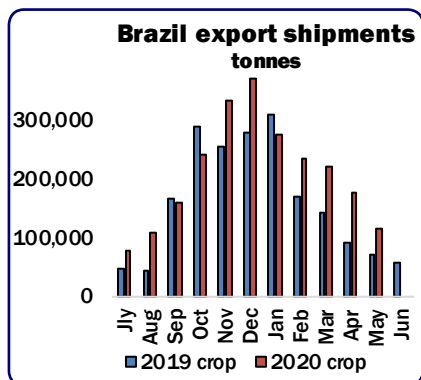
ANEA estimates

(Jan/Dec, 1000 tonnes)	2021	2022
Beginning stock	1,884	1,458
Production	2,450	2,800
Consumption	715	750
Exports Jan/June	1,095	840
Exports Jul/Dec	1,070	1,170
Imports	4	5
Ending stock	1,458	1,503

a fresh set of supply and demand estimates for this year and next. The most significant adjustment from the last figures (advanced in April) is a reduction in the forecast of the 2021 crop from 2,495,000 tonnes to 2,450,000.

Export shipments

Last month's export shipments amounted to some 115,000 tonnes, a new record for the month of May. The total for the July/May period (roughly corresponding to the movement of the 2020 crop) is over 2.3 million tonnes, from a crop of just over three million.



Local market

Spinning mills continue to feel the effects of a weak retail textiles and clothing market, still affected by Covid-related issues. As already indicated, farmers are virtually sold out of 2020 crop. Most recent sales to the local market have thus been made by merchants, but the volumes have in any event been small.

The *Esalq* Index of spot values (41-4-35, delivered mill South Brazil) stood on June 2 at R\$500.40 per lb. That value is equal to around 97.70

US cents per lb. Local prices thus remain well above export parities.

The crop concerns alluded to above have limited trading in the 2021 crop, which is already well sold, to the tune of around 65/70 percent. Trading activity has instead focused on the 2022 crop: contracts amounting to some 24,000 tonnes of next year's crop were registered by the *Bolsa Brasileira de Mercadorias* during the past week, including 22,500 for export.

ARGENTINA

Helpful weather has prevailed in the last week, facilitating harvest activities. Operations in Chaco Province are perhaps 60 percent complete, while picking is past the halfway stage nationwide. Scattered precipitation is forecast in Chaco

and northern parts of Santa Fe and Santiago del Estero over the weekend. Generally, plant growth is progressing well and yields are good.

Between May 29 and June 2, the volume declared for export was 2,268 tonnes, bringing the cumulative total so far this year to almost 49,000 tonnes.



EUROPEAN MARKETS

The rate of activity in the textile manufacturing sector remains satisfactory, although mill demand is still rather selective and focused on nearby shipments.

Some business has been reported in various origins and qualities at prices ranging between 90 and 95 cents/

lb as mill buyers took advantage of a price opportunity to extend their coverage. However, new crop purchases will also be needed to meet all outstanding requirements. Some remnants of CIS and higher grade Spanish stocks have been contracted for prompt delivery. New crop Spanish cotton is also attracting the attention of buyers. Some GOTS-certificated stocks were under consideration, but no agreement could be reached on price.