

## WEEK IN BRIEF

Upland **offering rates** have advanced again this week, in reflection of gains in New York futures and strong basis levels. December has registered its highest close since late February. Turnover was the heaviest since early April, boosted by Index fund rolls. Certificated stocks increased to their highest level in four years... Prices on China's Zhengzhou cotton futures have also moved higher. Weekly volume was steady... India's Minimum Support Price for cotton has been raised for the 2021/22 crop. Local prices have registered a further historic high.

In the United States, dry weather has returned over fields in West Texas, enabling **planting** to resume ahead of insurance deadlines. More rain is still needed to improve sub-soil moisture. Seedlings in the Delta are struggling against very wet, overcast conditions. An extended dry period is urgently required. Growers in the Southeast rushed to plant ahead of precipitation which was received this week... Planting in Egypt has now surpassed the intended area for the season... The Southwest Monsoon is advancing ahead of schedule in India. Planted area is expected to increase... Sowing in Pakistan is approaching its final stages, but area may fall short of last year... Plants in China appear to be recovering somewhat after a difficult start to the season. BCO's production estimate is maintained... The official forecast of Brazilian production has been reduced sharply to reflect lower yield expectations in Mato Grosso... The Argentine harvest has made good progress. Overall, yields have more than matched expectations... South Africa has reported good quality results from fields harvested to date.

Mill **demand** has remained quite robust but a tight nearby supply has hindered business somewhat. US cotton has found buyers in Pakistan. African Franc Zone lots have continued to attract interest in Bangladesh, along with Brazilian cotton. Mills in Far Eastern countries have been more active than of late... During the week ended June 3, US upland export sales registrations for shipment in the remainder of the current season rose by a net 108,200 running bales. Upland shipments were 258,400 bales... The Cotton Corporation of India has disposed of additional stocks... West African cotton has attracted attention on the *Dragontree* trading platform... Raw cotton exports from Côte d'Ivoire in May were mainly to Pakistan... Vietnam's raw cotton imports during April were lower than the previous month but still heavy... Australian export shipments in April were almost double those of the corresponding month last year.

The cotton **yarn and textiles** market remains buoyant in Bangladesh. Earnings from ready-made garment exports in May were strong... Trading conditions for cotton yarn are generally described as satisfactory in Turkey... China's textile and clothing exports during May showed an increase on the previous month... The value of Vietnamese textile and garments exports in April was almost 2.5 billion US dollars... Shipments of cotton-type spindles in 2020 were the lowest in over 20 years.



Headed to cotton  
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## Cotlook Prices

CFR Far Eastern Quotations	4
Currency Trends	6
The Cotlook Indices	5
World Price Trends	6
Yarn Index	5

## Country Reports and Other Features

Argentina	22
Australia	22
Bangladesh	10
Brazil	22
China	8
Côte d'Ivoire	15
Cotlook Production Estimate	7
Dragontree Trading Platform	14
Egypt	14
Far Eastern Markets	17
India	11
ITMF Textile Machinery Shipment Data	23
Pakistan	13
South Africa	15
Turkey	14
US Export Sales	21
US Price Mechanism	21
Vietnam	16
World Stock	7

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## INTERNATIONAL COTTON PRICES

### Futures strengthen

Upland offering rates have this week presented a conspicuously firm appearance. December has gained 268 cent points on the week. Futures are once again trading at the upper end of the range observed since the turn of the year. The close on June 9 was just 32 cent points below the highest of the year (87.66 cents per lb on February 24).

The strength of the No. 2 contract is entirely in keeping with current trading conditions in the physical market. Mills are in need of cotton for shipment over the next few months and demand is therefore robust. Business in the downstream textile sectors is reported to be buoyant. Pent-up retail demand has been unlocked as public health measures have been relaxed in a number of important consuming markets. The underlying economic situation also seems to be improving: the World Bank has this week raised its forecast of global GDP in 2021 from 4.1 percent indicated in January to 5.6 percent. For the time being, governments continue to prioritise economic stimulus over fiscal discipline.

### Active nearby demand, limited supply

Earlier this year, the erratic behaviour of the market and uncertainty with regard to future yarn demand induced many spinners to defer purchasing decisions. The sourcing of cotton to meet their needs until the Northern Hemisphere crops become available now appears increasingly problematical.

Much of the recent turnover has involved African Franc Zone cottons. However, trade long positions have been steadily eroded over recent months, and the replenishment of those positions at origin is proving a challenge. Unsold supplies in Franc Zone ginner's hands are not huge (perhaps 50,000 to 100,000 tonnes according to various trade estimates). Cotton is being offered sparingly from origin and commanding very firm prices.

The other growth prominent in recent turnover has been Australian. Middling qualities have been offered for nearby shipment at attractive prices (though basis levels have this week shown an upward bias) and encountered a ready demand in various Far Eastern markets. Substantial freight premiums for markets on the sub-continent, however, have proved an obstacle to sales to that region.

Other potential sources of supply are limited. Brazil's 2020 crop is all but sold out. Early shipments from the 2021 crop are already for the most part committed by merchants. Producers have displayed little inclination to sell more, and in the short term the local market offers better returns. The official forecasting agency has this month reduced its forecast of the 2021 crop by almost 100,000 tonnes.

US cotton is also well sold. This week's export shipment figures were the weakest for some time, but still only slightly below the level required to meet USDA's May forecast for the season (the Department's June supply and demand estimates will be released shortly after publication of this issue).

Finally, the remarkable escalation of local prices in India has continued unabated during the past week and contributed

to the further shift of sentiment to the bull side. Despite a succession of strong upward adjustments to its selling rates, the Cotton Corporation of India has disposed of significant further quantities.

### **Chinese mills await quota**

China has of late been an intermittent buyer from the world market. It is therefore worthy of note that the present trading conditions have developed without a transformative surge of fresh import purchasing from that market (as was the case during the second quarter of last year).

More vigorous Chinese import demand may of course lie ahead. One can assume that spinners will before long be in possession of allocations from the Sliding-Scale import quota issued in the amount of 700,000 tonnes at the end of April, though some of that quota will no doubt be used to release cotton currently consigned at ports.

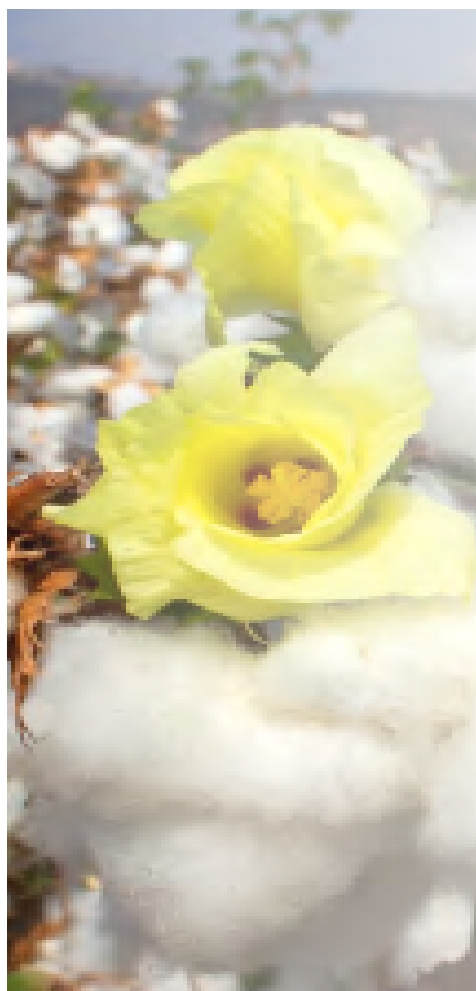
No fresh clue has meanwhile emerged with regard to the intentions of the State Reserve. Strong local rumours indicate that the start of an auction sales programme will not be long delayed. The same unofficial sources suggest that the Reserve could seek to offload some 600,000 tonnes during the process. The new supply is on the face of it potentially bearish for the local market. However, if – as is held in some quarters – the sales were to mark the prelude to a fresh round of import buying, the wider implications for the international market could be far-reaching, especially in the context of the current strained supply position.

### **US production outlook**

New York futures would seem already to have absorbed the recent shift in perceptions of the production outlook in the United States. The past week has seen the welcome return of fine conditions to West Texas, assisting emergence and early growth following the generally helpful (but occasionally excessive) rainfall received late last month. Although conditions in some parts of the belt (notably the Memphis Territory) are less than optimal, the range of forecasts of the US 2021/22 crop has clearly moved upwards. Our own estimate has this week been raised to just below 3.6 million tonnes (16.5 million bales of 480 lbs, still 500,000 short of last month's figure from USDA).

The prospects will move into sharper focus at the end of this month, with the release of the Department's Planted Acreage report. While the advent of moisture in West Texas has allayed the worst fears for the US crop, the entire growing period lies ahead, with all the customary weather-related threats. At this time last year, the US 2020/21 crop was still forecast at 19.5 million bales, versus a final figure barely above 14.6 million.

These uncertainties notwithstanding, for now the US crop is back on track, while China's State Reserve has yet to appear as a major buyer of US cotton. The two main factors advanced to support the bullish case earlier in the year have as yet failed to materialise. The market's impetus has instead come from a rather unexpected quarter: the resurgent strength of mill demand.



## **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.

We invite you now to book your company's advertisement in this year's publication, which will be distributed to our targeted and comprehensive long staple mailing list, as well as being available to a worldwide readership.

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## CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at June 10, 2021

Description	Price	Change	Shipment	Price	Forward	
					Change	Shipment
American-Type cottons:		on			on	
Higher grades		week			week	
Australian SM 1-5/32"	100.25	3.25	6/7	98.75	-	5/6
Benin Kaba/s 1-1/8"	96.25	3.25	6/7	97.00	2.75	1/2
Burkina Faso BOLA/s 1-1/8"	95.50	3.25	6/7	96.50	2.75	1/2
Cameroon IRMA/s 1-1/8"	96.25	3.25	6/7	97.00	2.75	1/2
Cameroon PLEBE 1-5/32"	97.75	3.25	6/7	99.00	2.75	1/2
Chad Kero A51 1-5/32"	97.75	3.25	6/7	99.00	2.75	1/2
Indian Shankar-6, 1-1/8"	94.50	4.50	6/7	NQ		
Ivory Coast MANBO/s 1-1/8"	95.25	3.25	6/7	96.50	2.75	1/2
Mali JULI/s 1-1/8"	96.50	3.25	6/7	97.50	2.75	1/2
Spanish SM 1-1/8"	NQ			99.75	2.50	10/11
Tanzanian RG1 1-1/8"	NQ			NQ		
Texas SM 1-1/8"	99.50	3.75	6/7	98.75	2.50	11/12
Togo Alto/s 1-1/8"	95.50	3.25	6/7	96.50	2.75	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 *	95.25	3.25	6/7	96.00	2.75	1/2
Brazilian Midd	97.50	4.50	6/7	98.25	2.75	10/11
Burkina Faso RUDY *	94.50	3.25	6/7	95.50	2.75	1/2
California/Arizona Midd	NQ			NQ		
Greek Midd	98.75	3.75	6/7	98.50	2.50	10/11
Indian medium grades **	93.50	4.50	6/7	NQ		
Iv. Coast BEMA *	94.25	3.25	6/7	95.50	2.75	1/2
Mali ROKY/KATI *	95.50	3.25	6/7	96.50	2.75	1/2
Memphis/Eastern Midd	98.50	3.75	6/7	98.25	2.50	11/12
Memphis/Orleans/Texas Midd	98.00	3.75	6/7	97.75	2.50	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"	96.50	3.75	6/7	NQ		
Indian J-34 SG **	NQ			NQ		
Memphis/Eastern SLM 1-3/32"	96.00	3.75	6/7	95.75	2.50	11/12
Memphis/Orleans/Texas SLM 1-3/32"	95.50	3.75	6/7	95.25	2.50	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" #	200.00	5.00	6/7	NQ		
Egyptian Giza 86 Good+3/8	NQ			NQ		
Egyptian Giza 94 Good+3/8	191.00	N	1.00	6/7	NQ	
Israeli Pima H1, 1-7/16" #	197.00		2.00	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 10, 2021

2020/2021 A Index			2021/2022 A Index		
Description	Price	Shpt	Description	Price	Shpt
Indian medium grade	93.50	6/7	Burkina Faso RUDY	95.50	1/2
Ivory Coast BEMA	94.25	6/7	Ivory Coast BEMA	95.50	1/2
Burkina Faso RUDY	94.50	6/7	Memphis/Orleans/Texas	97.75	11/12
Brazilian	97.50	6/7	Brazilian	98.25	10/11
Memphis/Orleans/Texas	98.00	6/7	Memphis/Eastern	98.25	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*	82.98

\* 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	92.79

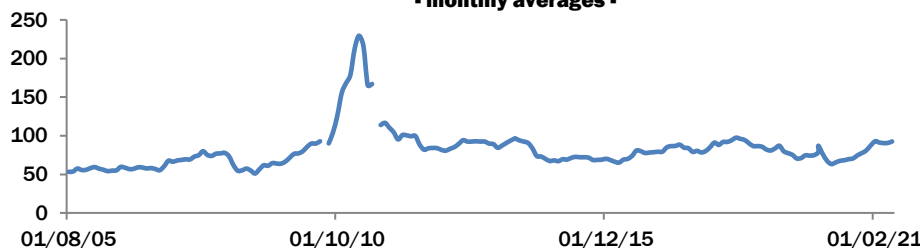
#### Daily Values

	2020/21	2021/22
June 04	92.20	94.90
June 07	93.50	95.70
June 08	93.20	95.05
June 09	94.05	95.80
June 10	95.55	97.05

#### Average for week

to date	93.70	95.70
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**The Cotlook A Index**  
- monthly averages -



## YARN INDEX

2005 = 100

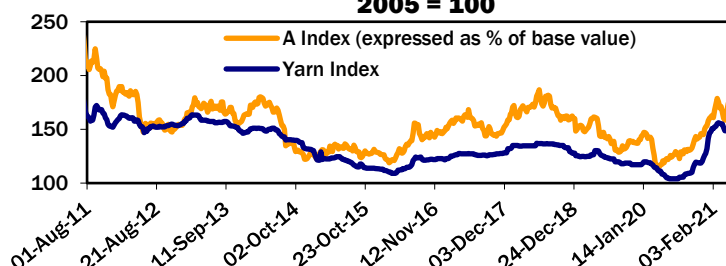
This week	148.81	Last month	146.31
Last week	146.40	Last year	104.16

### Export prices (in US dollars per kilo FOB)

		This week	Change on week	Change on year
Pakistan	20s	2.84	0.06	0.94
India	20s	2.95	0.05	0.95
Turkey	20s	3.15	Unch	0.60
Indonesia	20s	3.10	Unch	0.54
China	21s	3.67	0.01	1.16
Pakistan	30s	3.22	0.06	0.88
India	30s	3.30	0.10	1.05
Turkey	30s	3.50	Unch	0.70
Indonesia	30s	3.40	Unch	0.55
China	32s	3.81	0.01	1.19

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.

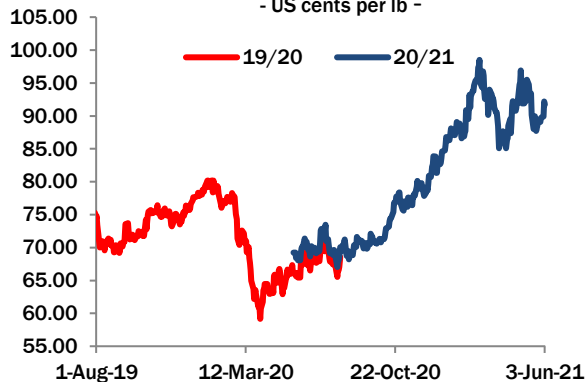
**Cotlook Yarn Index v A Index**  
2005 = 100



## WORLD PRICE TRENDS

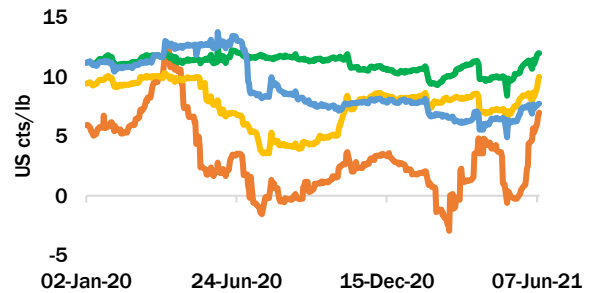
### Cotlook A Index

- US cents per lb -

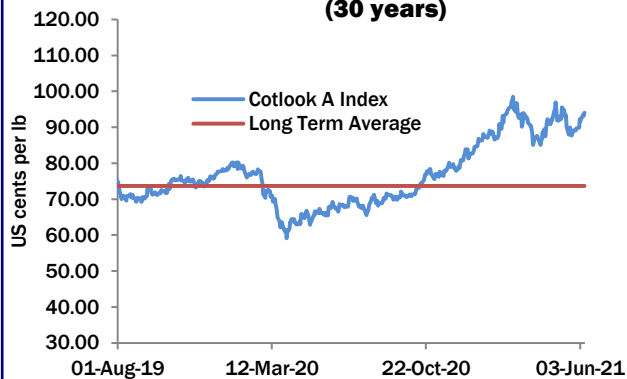


### Basis Comparison (CFR Far East)

Indian S6 basis Tex SM basis  
Brazil Midd. basis Ivory Coast Manbo/s



### Cotlook A Index with Long Term Average (30 years)

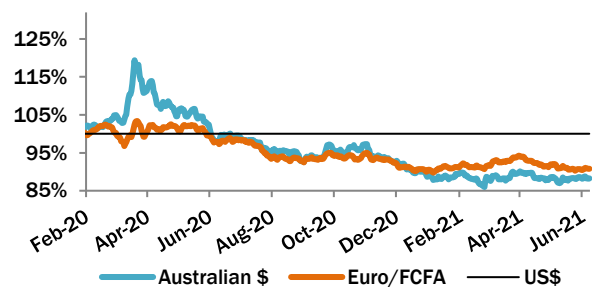
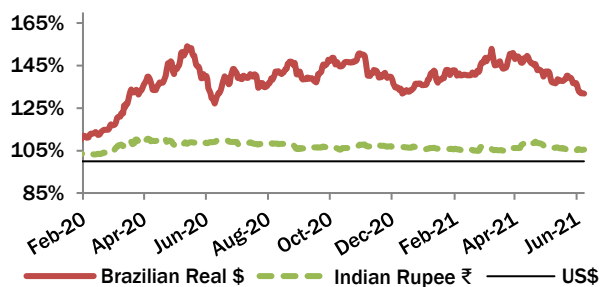


### Zhengzhou versus New York

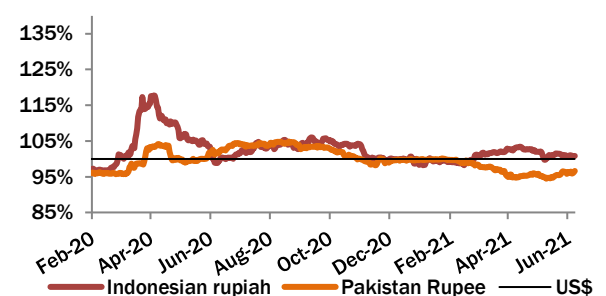
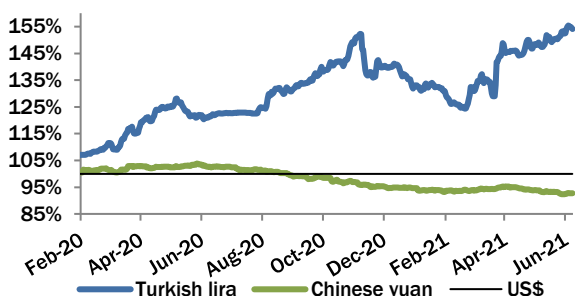


## CURRENCY TRENDS

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



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



## COTLOOK PRODUCTION ESTIMATE

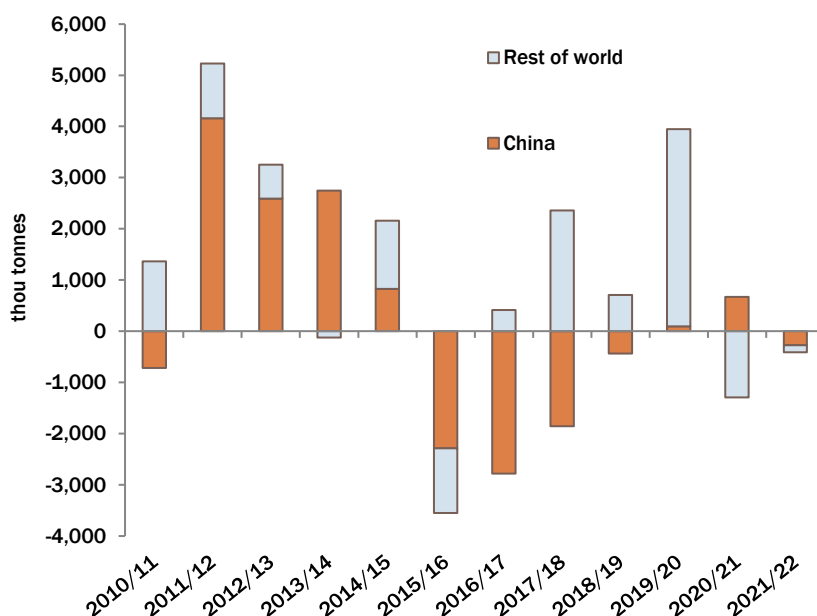
	(thousands of tonnes)	
	20/21	21/22
Argentina	290	290
Australia	560	850
Azerbaijan	100	100
Benin	285	300
Brazil	2,442	2,800
Burkina Faso	195	210
Cameroon	130	140
Chad	85	95
China	6,330	5,640
Colombia	10	10
Côte d'Ivoire	220	220
Egypt	57	65
Greece	300	275
India	6,120	6,290
Iran	60	60
Israel	8	8
Kazakhstan	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	3,592
Uzbekistan	765	750
Zambia	20	20
Zimbabwe	40	40
<b>World Total</b>	<b>24,177</b>	<b>25,307</b>
<b>World excl China</b>	<b>17,847</b>	<b>19,667</b>
<b>N Hemisphere</b>	<b>20,671</b>	<b>21,126</b>
<b>S Hemisphere</b>	<b>3,506</b>	<b>4,181</b>
<b>African Fr. Zne</b>	<b>1,018</b>	<b>1,293</b>
<b>Central Asia</b>	<b>1,153</b>	<b>1,135</b>
<b>EU</b>	<b>355</b>	<b>340</b>

## 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		
Cotlook	19/20	20/21	21/22	19/20	20/21	21/22	19/20	20/21	21/22	
Production	20,109	17,847	19,667	5,727	6,330	5,640	25,836	24,177	25,307	
China net trade	-1,519	-2,590	-2,485	+1,519	+2,590	+2,485				
New Supply	18,589	15,257	17,182	7,246	8,920	8,125	25,836	24,177	25,307	
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	-1,292	-135	+96	+670	-275	+3,948	-622	-410	
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

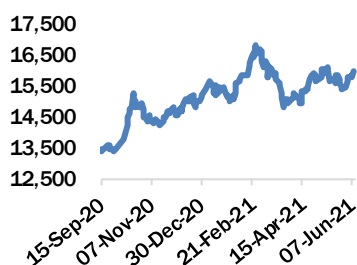


## CHINA

### Market news

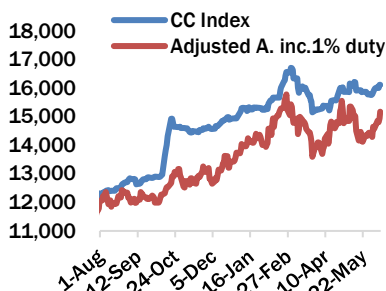
Cotton contracts on the Zhengzhou futures exchange have continued their upward trajectory, mainly owing to a strong rise on June 9 which was only partially offset by smaller reductions in other sessions. The September contract registered its highest level since mid-May during the period. Turnover was roughly on a par with last week.

#### ZCE September futures yuan per tonne



The China Cotton Index (which measures spot values on a delivered-mill basis) has also increased by a further 181 yuan, to be placed on June 10 at 16,111 yuan per tonne. The differential between local and international values has therefore narrowed modestly, 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.

#### International vs. domestic prices



Prices quoted for Xinjiang Type 3128 cotton in the physical market have increased further, to 15,900/16,550 yuan per tonne. Local mill buying has been described as

### Zhengzhou Cotton Futures

	Settlement			Volume	Open Interest
	yuan per tonne			number of contracts	
	03-Jun	10-Jun	Chng	Past week	10-Jun
Jul	15,600	15,780	+180	11,298	9,831
Sep	15,780	15,965	+185	1,488,747	454,314
Nov	15,955	16,150	+195	91,219	10,521
Jan	16,110	16,280	+170	254,953	125,985
Mar	16,065	16,305	+240	123	1,555
May	16,240	16,370	+130	1,404	1,668
				1,847,744	603,874

sporadic, with a focus on medium/lower grades. Business in bonded areas at ports has remained slow owing to sluggish downstream orders. Indian cotton is quoted at around 16,000 yuan per tonne, and Brazilian at 16,600 yuan.

Since spinners have yet to receive allocations from this year's Sliding-Scale import quota and fresh shipments have arrived, port stocks have continued to increase. Data from the Zhangjiagang Cotton Chamber of Commerce show that by last week, stocks held at the port were estimated at 92,174 tonnes, up 2.2 percent from the previous week. Cncotton.com reports that stocks held at all ports are currently estimated at no less than 750,000 tonnes.

### International Prices

Data as at 10 June, 2021		Approximate delivered mill value	
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	Including sliding scale duty + VAT
Cotlook A Index	13,803	15,176	15,739
Texas SM	14,365	15,795	16,181
Burkina Faso BOLA/s	13,796	15,168	15,746
India Shankar-6	13,654	15,011	15,627
Benin KABA/s	13,903	15,285	15,823
Cameroon IRMA/s	13,796	15,168	15,746
Cameroon	13,903	15,285	15,823
PLEBE 1-5/32"	13,760	15,129	15,705
Ivory Coast MANBO/s	13,938	15,325	15,849
Mali JULI/s			
US Pima Grade 2			
China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	16,111	181	113.73
ZCE July	15,780	180	111.40
Xinjiang Type 137	23,000	Unch	162.36
Xinjiang Type 237	22,300	Unch	157.42
	yuan/tonne		cents/kilo
polyester	6,650	-150	103.49
viscose	12,500	Unch	194.54
	Yuan/kilo		cents/lb
32s carded yarn	24,485	55	382.75
40s combed yarn	27,560	60	430.81
Monthly yuan/dollar customs exchange rate			6.4255
Actual Rate (Jun 10)			6.3972

### BCO supply and demand

In its June forecast of domestic supply and demand, *Beijing Cotton Outlook* (BCO) has lowered beginning stocks in the 2021/22 season by 20,000, to 5,940,000 tonnes. National production and imports have been maintained at 5,640,000 and two million tonnes, respectively, so total supply is now placed at 13,580,000 tonnes (-20,000). Consumption and exports are also unchanged. Therefore, ending stocks have been decreased by 20,000, to 5,390,000 tonnes.

### BCO

June Balance Sheet		ten thousand tonnes		
Type	2019/20	2020/21	2021/22	
total supply	1278	1429(+6)	1358(-2)	
beginning	543	533	594(-2)	
production	575	633	564	
imports	160	263(+6)	200	
total demand	745	835(+8)	819	
textiles	696	785(+8)	767	
others	45	49	49	
exports	4	1	3	
ending stocks	533	594(-2)	539(-2)	

For the 2020/21 season, beginning stocks are unaltered at 5,330,000 and national production at 6,330,000 tonnes (consisting of 5.79 million tonnes in Xinjiang), but imports have been raised by a further 60,000, to 2.63 million tonnes, to reflect customs data to April and the expectation that more US and Brazilian cotton will be arriving. Hence, total supply has risen to 14,290,000 tonnes (+60,000). The downstream market has been stable with good yarn sales and new orders reported since last month, so consumption has been increased by 80,000, to 8.35 million tonnes, while exports remain at 10,000 tonnes. Thus, ending stocks by the end of the current season have been reduced by 20,000, to 5,940,000 tonnes.

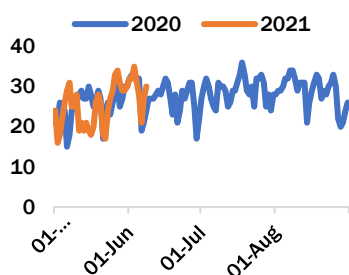
### Weather and crop news

Reports with regard to the development of the crop are mixed but overall plants appear to be recovering from a difficult start, characterised

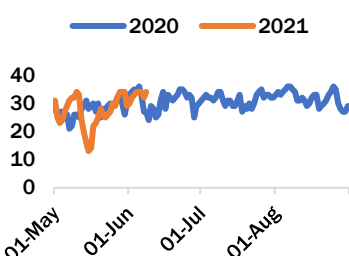


by persistent rainfall and a dip in temperatures in May (as illustrated in the charts below).

**Daily high temperatures in Urumqi (Celsius)**



**Daily high temperatures in Aksu (Celsius)**



More adverse weather has nonetheless been received in Yili and some other parts of northern Xinjiang this week, while open skies and high temperatures of up to 40 degrees Celsius have ruled across most other areas in the region.

Crop development has been impacted in Jinghe County, Bortala prefecture in northern Xinjiang, following the unhelpful weather earlier in the season. Plants are 30cm in height on average, with up to two bolls.

In Shawan County (located in northern Xinjiang's Tacheng prefecture), plant growth is around ten days behind the same point last year. Irrigation and field management are under way.

Data from the local crop monitoring centre of Aksu prefecture show that plants have been developing well recently under favourable weather, but are still around three days behind last year. Squaring was in evidence in the region by last week and all indicators are poorer than a year ago.

Growers in Awati County, Aksu report that long staple cotton plants are developing at the same pace as last year. Plants are now holding 5/6 branches and three bolls on average.

Crop development in Korla City is around two weeks behind the same point a year ago, owing to unhelpful weather earlier in the season. Plants are now 15/25cm in height with up to five branches and ten main leaves. Sporadic squaring has been witnessed and irrigation is under way.

In Yuli County, Bayingol prefecture (in the south east of the region), sporadic squaring has been evident recently. Plants are generally 20cm in height, having developed well under favourable weather.

Results from the latest survey conducted by China Grain Futures as regards planting this year in southern Xinjiang suggest that area is likely to drop by around five percent from last year. Some fields have been switched to grain in accordance with national policy, while unhelpful weather during the sowing period and a shortage of irrigation water have also impacted cultivated area. Yield reductions are placed at around 15 percent in the south of the region, following several rounds of replanting. As a result, production is expected to fall by slightly less than 20 percent this year.

In southern China's Dongzhi County, Anhui province, favourable weather has prevailed and plants are developing at a normal pace. Lint sales are sluggish and Type 3128 old crop cotton produced locally is commanding 15,250/15,650 yuan per tonne.

### Road transport decelerated in May

According to the China National Cotton Exchange, 411,000 tonnes of Xinjiang lint were transported eastwards during May, down 83,900 (16.9 percent) from April. The total consisted of 284,600 tonnes by road and 126,400 by rail, down 51,300 and 32,600 on the month, respectively.

The cumulative volume moved from September to May was over

3.5 million tonnes, compared with 3,437,400 during the same period a season earlier and just 2,459,200 in the corresponding months of 2018/19.

From May 31 through June 6, 73,000 tonnes of Xinjiang cotton were transported by road to 'mainland' warehouses, 2,000 less than in the previous week, but 19,000 more than during the same period last year. Of the total, 62 percent was destined for Shandong, Henan and Jiangsu. Freight costs to 'mainland' destinations were stable at around 550/600 yuan per tonne.

### Spinning sector survey

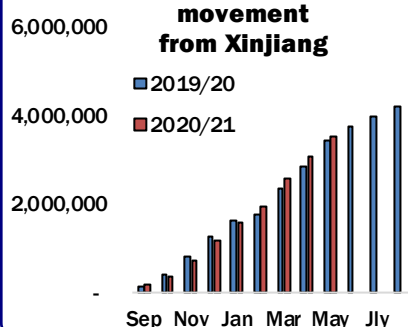
The results of a survey conducted by BCO show high operating rates were reported by spinning mills last month, and firm yarn prices with satisfactory profits were mentioned by most spinners.

For June, over half of the respondents (53 percent) were optimistic that their operating rates will be over 90 percent, and a large minority expected 61/90 percent. Spinners' new orders should also be maintained this month: around two thirds said that their profits are likely to be stable. The yarn inventories of most spinners are sufficient to meet production needs of around one week.

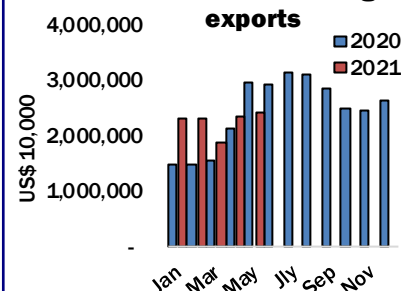
### Textile and clothing exports

The latest customs data show that textile and clothing exports during May were valued at US \$24.3 billion, down by 18 percent, year-on-year, but up 4.5 percent on a monthly basis. The total consisted of US \$12.1 billion in yarn and fabric (down by 41.3 percent, year-on-year), and US \$12.2 billion in clothing and accessories, up by 37 percent from the same month a year ago. The aggregate volume of textile and clothing exports during the first five months of 2021 was US \$112.7 billion.

**Cumulative cotton movement from Xinjiang**



**Textile and clothing exports**



## Foreign trade up

The total volume of foreign trade expanded by 28.2 percent year-on-year to reach 14.76 trillion yuan (about US\$2.31 trillion) in the first five months of 2021, according to the General Administration of Customs. In May alone, foreign trade rose by 26.9 percent to 3.14 trillion yuan.

The country's exports from January to May rose by 30.1 percent from the same period in 2020, when Covid-related disruptions were at their height, to 8.04 trillion yuan, while imports jumped 25.9 percent to 6.72 trillion yuan. The trade surplus increased by 56.2 percent to 1.32 billion yuan.

Trade with the Association of Southeast Asian Nations reached 2.19 trillion yuan in the first five months of this year, an increase of 29.2 percent, while trade with the European Union rose by 28.7 percent to 2.06 trillion yuan. The value of goods traded between China and the United States grew by 41.3 percent year-on-year to 1.82 trillion yuan.

Business leaders have expressed their expectation that activity will continue to increase, adding that it nevertheless remains vital for the pressure brought by high commodity prices and shipping container costs to be controlled. Growth is increasingly driven by domestic demand as well as booming overseas orders.

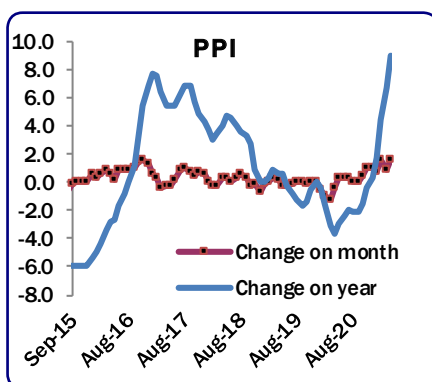
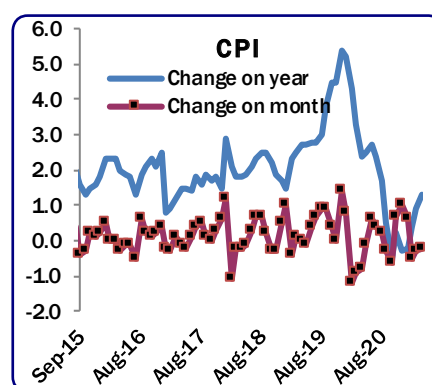
## MOC: communication resumes between China and the US

China and the US have started normal communications in the economic and trade fields, the Ministry of Commerce said last week. The

two countries will work together in a practical manner to solve 'specific problems' for the benefit of producers and consumers. Tariff rollbacks are essential, according to a ministry spokesperson.

## CPI and PPI

The consumer price index (CPI), a main gauge of inflation, rose by 1.3 percent year-on-year in May, according to data from the National Bureau of Statistics, faster than the 0.9 percent in the month before. On a monthly basis, the CPI declined slightly, but by a smaller margin than the 0.7-percentage point fall registered in April.

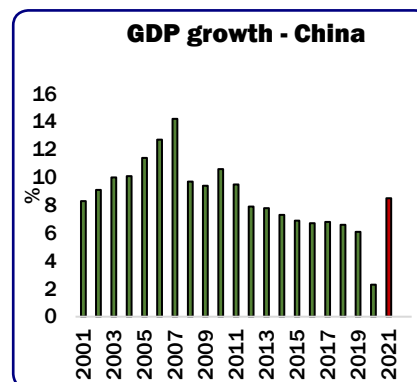


Meanwhile, the producer price index (PPI), which gauges prices at the factory gate, rose by nine percent year-on-year last month, marking the highest level in nearly 13 years.

The National Development and Reform Commission this week asked all its interior departments to pay close attention to commodity price trends, to further strengthen regulation in the spot market and stabilise prices.

## World Bank: GDP to grow in 2021

In its latest Global Economic Prospects report, the World Bank forecasts that China's GDP will grow by 8.5 percent in 2021. The World Bank attributes the growth to an increase in consumer demand. The global economy is expected to expand by 5.6 percent this year (versus 4.1 percent projected in January), with some emerging markets and developing economies growing by 6.0 percent.



## BANGLADESH

During the past week, higher offering prices have not deterred spinners from seeking to secure cotton to meet their nearby requirements. Enquiry for African Franc Zone cottons has remained active, though in some cases the quality specifications of the available cotton have not matched mills' needs. Due to the strengthening

basis, some mill buyers have shown a preference for buying on fixed-price terms rather than 'on-call'.

Recent confirmed upland business has included Cameroon type Plebe 1-5/32" Micronaire 3.8/4.9 NCL 29gpt bought at 98.00 cents per lb, for shipment July/August. Parcels comprising the popular 's' grades from other Franc Zone origins earlier found buyers for June/July shipment

at around 93.00 cents per lb, CFR. Despite the surge in local prices in India, some lots have changed hands to meet spinners' urgent needs.

While spinners' principal preoccupation has been to cover nearby, there has also been some enquiry for August/December. However, buyers' price ideas are generally below those of shippers. Also, interest is circulating to book

forward from next year's Brazilian crop.

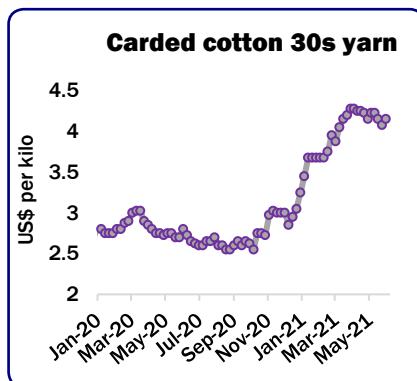
In the local market, asking prices for Indian MCU-5 30/31 mm have risen by around three cents to between 97.00/98.00 cents per lb, ex-warehouse. Shankar-6 1-1/8" has been quoted around two cents less. However, offers of African Franc Zone 's' grades, staple 1-1/8", have been held more or less unchanged at around 101.00/103.00 cents.

### Yarn and textiles

Asking prices for the standard carded 30s yarn counts have been strong at US\$4.20/4.30 per kilo, compared with US\$4.05/4.10 per kilo last week.

The build-up to the summer season in European fashion/apparel markets has coincided with a good flow of orders. It is thought that garment manufacturers' order books are well filled up to August. Furthermore, due to India's serious Covid situation, the political situation in Myanmar and a diversion of orders from China, the sector overall is enjoying buoyant

demand, which should sustain yarn offtake.



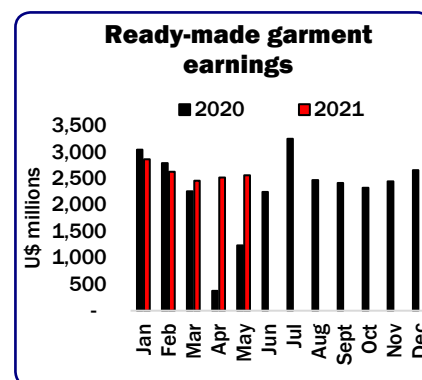
### May ready-made garments export revenue

May earnings from ready-made garment exports were better than those for the month before, and more than double the total for May 2020, when export revenue continued to suffer under the weight of Covid restrictions and cancelled orders.

According to a provisional report from the Export Promotion Bureau (EPB), revenue during May 2021 (the penultimate month of the fiscal year) amounted to around US\$2.6 billion,

compared with US\$1.2 billion a year earlier and US\$2.5 billion in April. The combined July/May total was around US\$2.9 billion (over 11 percent) higher on an annual basis: US\$28.6 billion versus US\$25.7 billion in 2019/20.

Over the eleven months, the value of woven garment exports increased by 1.8 percent year-on-year to over US\$13.0 billion. The knitwear sector continues to show a much more impressive performance: earnings during July/May grew by over 20 percent to exceed US\$15.0 billion.



## INDIA

### Cotton MSP raised by over three percent

A government press release confirmed on June 9 that the Cabinet Committee on Economic Affairs had approved the Minimum Support Prices for *kharif* crops (including seed cotton) for the 2021/22 marketing season (commencing October 1). Medium staple cotton is to rise from ₹5,515 to ₹5,726 per 100 kgs (an increase of 3.8 percent). The support

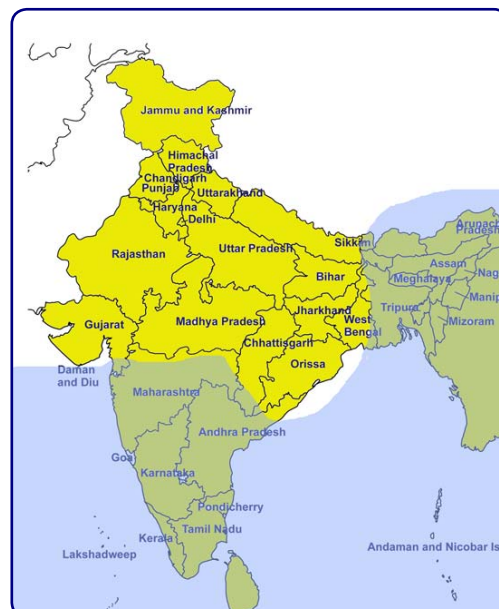
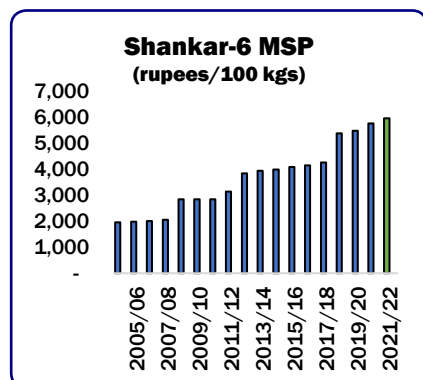
price payable for longer staples will rise by the slightly smaller margin of 3.4 percent from ₹5,825 to ₹6,025 per quintal. A full breakdown of prices for individual varieties is not yet available, but in recent years the MSP for Shankar-6 has typically been ₹50 lower than the headline long staple price, which would suggest ₹5,975 per quintal.

### Monsoon progresses ahead of schedule

The Southwest Monsoon has continued to move rapidly across the country and now covers most of Maharashtra, Telangana and Andhra Pradesh, as well as the whole of the southern peninsula. In the west, the upper limit of the weather system is about six days ahead of the typical schedule, while on the east coast progress is one day ahead. All major cotton-producing states have received more than the average amount of rainfall so far

this month, with the exception Gujarat, which has recorded a 32-percent deficit.

Planting in the Northern Zone is almost complete, apart from in Lower Rajasthan where cotton cultivation is





dependent on Monsoon rainfall (rather than irrigation) and thus runs to a later schedule. Sowing has also begun in Gujarat, Telangana, Andhra Pradesh, Karnataka and Maharashtra.

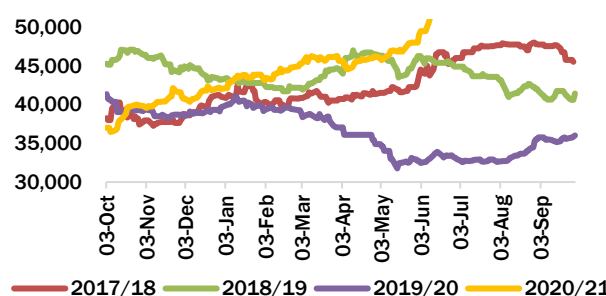
Local press reports indicate that the state agricultural department in Telangana is planning to increase the area dedicated to cotton by a third this season, which would bring the total to around 3.2 million hectares, compared with 2.4 million last year. This would be in addition to a 30-percent rise in area between 2019/20 and 2020/21. In Gujarat, where cotton planting was 15 percent lower last year, area is expected to recover by 10-12 percent. Moreover, central government has dedicated ₹4.4 billion (around US\$60 million) to a Cotton Quality Improvement Mission aimed at raising quality and yields, especially in Maharashtra, the state with the largest cotton area in the country but comparatively low output per hectare.

### Local prices reach historic highs

Prices for domestic cotton have made a further strong advance this week to reach their highest point for many years. On June 9, the range of offers for Shankar-6 was ₹50,900 to ₹51,000 per candy (average 89.30 cents per lb), ex gin. Punjab J-34 was quoted at around ₹5,095 per maund (85.05 cents per lb).

Floor prices for supplies on offer at the daily auctions held by the Cotton Corporation of India have also been raised on successive days this week and have ended the period up

**Domestic S-6 offering rates in ₹ per candy, ex gin, by season**



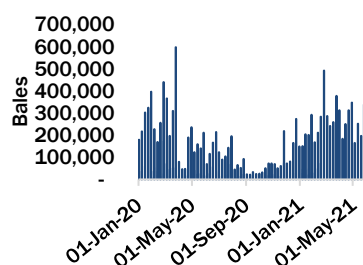
₹1,300 per candy overall. High-grade Shankar-6 from the current crop is now listed for sale at a minimum of ₹49,400 per candy.

Offtake from the Corporation's stocks has been active recently, in reflection of the quality and prices

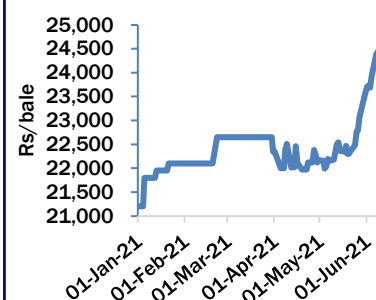
available. Over the past three weeks, more than 1.5 million bales have been discharged, and by June 7 approximately 2.3 million bales of cotton from the 2020/21 crop and 250,000 from 2019/20 remained in CCI's hands out of a total procurement of nearly 19.9 million over the two seasons.

Prices on the MCX cotton platform have again risen substantially as well. Weekly volume recovered to 10,861 lots (271,525 bales), and open interest increased marginally.

**Weekly volume traded on MCX platform**



**MCX June 2021 contract**



**MCX June 8 2021**

	Previous close	Open	High	Low	Close	Change	Volume	Open Interest
	rupees per 170 kilo bale						(lots of 25 bales)	
30-Jun-21	24,380	24,400	24,490	24,220	24,440	60	1,203	5,391
30-Jul-21	24,610	24,570	24,730	24,480	24,690	80	477	2,509
31-Aug-21	24,000	-	-	-	24,000	-	-	-
29-Oct-21	22,200	-	-	-	22,200	-	-	-
30-Nov-21	22,100	-	-	-	22,100	-	-	-
31-Dec-21	22,000	-	-	-	22,000	-	-	-

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## PAKISTAN

### Planting and early seed cotton arrivals

Planting has continued at a reasonable pace over the past few days under generally favourable weather conditions. However, growers would welcome a slight drop in temperature to seasonal average levels. Sowing has been completed in most of the core growing areas and is continuing in the late-planting regions of upper Sindh and southern Punjab. Nevertheless, the latest figures from provincial agriculture departments suggest that progress remains well behind last season, and that final area may fall short of the intended total.

Field reports indicate that cotton plants are progressing well and that there have been no major pest outbreaks so far, although these normally intensify after the advent of Monsoon rains, from July onwards. Despite record seed cotton prices, some growers who have made losses from cotton production over the past few years have opted to grow competing crops this year, particularly sugar and corn.

The latest planting data are shown in the table below.

Seed cotton arrivals have so far been almost negligible in volume. Around a dozen factories have opened their gates to start purchasing seed cotton. However, even these gins must accumulate supplies over a few days in order to produce even a modest 200-bale lot. A couple of thousand bales of new crop have been produced and a similar volume sold for forward delivery. Ginning factories have continued to compete to procure the very limited arrivals, which has resulted in a further increase in prices. New crop seed cotton has found buyers between Rs. 5,800/6,300 per

40 kilos, depending on quality. This continuous rise has driven growers to bring supplies to buying stations at the earliest opportunity.

### Domestic cotton asking rates exceptionally high

During the week under review, prices for domestic 2020/21 crop remnants and the very limited supply of new crop lint are well above international price levels. However, only a few hundred bales have been traded each day.

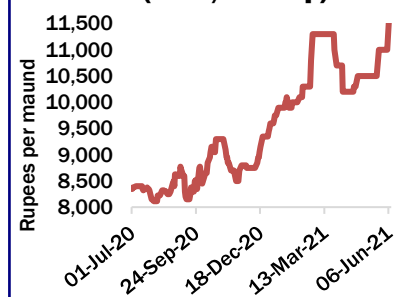
Mills with prompt requirements have been obliged to meet ginner's asking prices to secure supplies. Modest new crop business (a few truckloads) in lint from Sindh, offered for delivery in mid-June, has been reported at between Rs. 13,300/14,000 per maund, ex gin (equivalent to no less than 104.00/110.00 US cents per lb). The rise in prices has resulted in a firm sentiment, though market participants understand that volatility may persist until arrivals improve, and daily trading reaches at least a few thousand bales.

On June 9, lower grade cotton attracted around Rs. 11,500/12,000 per maund, up between Rs. 500/1,000, compared with those on June 2, while Punjab styles commanded around Rs. 12,300/13,500 per maund, around Rs. 200/500 up. 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, unchanged over the same period.

### Import demand

A fairly active import demand has persisted during the past week or so. Since the nominal available quantities from the domestic crops (both old and new) have been offered at prohibitively high prices, mills have turned to imports in order to extend

**Pakistan ex-gin prices  
(2020/21 crop)**



their coverage. However, prompt and nearby shipment cotton has been increasingly difficult to secure, thus mills have also stopped re-selling imported growths in the local market, further tightening the supply position.

US cotton has attracted good buying interest. Current crop recaps have been sold at prices from the high 80s to high 90s, depending on quality. New crop 41-4-36 'green cards' have commanded around 1,025/1,050 'on' cover months, CFR Karachi. West African origin 's' types 1-3/32" staple have been booked at around 550/650 points 'on' December futures. New crop Tanzanian and Mozambique have moved off at similar basis levels. Some additional Argentine business has come to light at prices in the mid to high 80s cents per lb.

Fine count spinners have remained on the sidelines due to very high price levels.

### Yarn and textiles

Steady to firm conditions have persisted in the local yarn and textiles market. Once again, spinners have expressed satisfaction at the level of enquiry and offtake from downstream customers for yarn. The latter have been obliged to meet spinners' higher asking prices, which reflect rising raw cotton replacement costs. It is observed that the prices obtainable on the domestic market are typically higher than those that export customers will pay.

Export demand for yarn has failed to improve. Buyers in China continue to display some buying interest but at relatively low prices. The disparity has widened as export offers have been adjusted higher this week. Carded 20/21s are quoted at around US\$500/530 per bale of 400 lbs, and 30/32s at around US\$570/600.

Polyester staple prices have been increased to Rs. 202/203 per kilo.

**Sowing position of cotton crop  
(2021/22)**

(million hectares)

Province	Target	Area Sown		%age against Target	%age change Last Year
		2021/22	2020/21		
Punjab as at 31/05/2021	1.610	1.261	1.467	78.30	-14.0
Sindh as at 28/05/2021	0.640	0.460	0.615	72.00	-25.2
Total	2.250	1.721	2.082	76.48	-17.3

Source: Provisional Agricultural Extension and Crop Reporting Service.

## DRAGONTREE TRADING PLATFORM

### Firm basis, difficult logistics

On *Dragontree*, more interest in West African has emerged over the past week, as basis levels have remained firm and difficult logistics at origin have produced a real bottleneck. In fact, there is currently as much discussion around logistics as there is around basis, as the port of Abidjan seems to be subject to exceptional delays. Furthermore, there are shipping lines that now ask for a premium, or will not accept bookings, to Chattogram. Since West African is a favoured origin in Bangladesh, both ends of an important cotton trade route are frayed. Prompt basis is probably the only beneficiary.

Meanwhile in Australia, where the crop is late but ginning is underway, logistics are being challenged by freight premiums to ports on the sub-continent. It will now cost a premium of at least 400 cent points to ship to a part of the globe that has really healthy demand. This of course directly impacts the price that Australian growers can achieve.

Overall, basis seems to be well supported by yarn margins, a relative lack of replacement from most origins and post-pandemic spending. As recaps start to appear from Australia, followed by Brazil, growers should benefit from any lots that are available for prompt shipment.

## TURKEY

### Subdued demand

Most mill buyers have reacted with caution to the latest rise in raw cotton replacement costs. A majority of spinners have already covered their main requirements through to the point at which cotton from the domestic 2021/22 crop will become available. As already reported, arrivals of imported cotton were heavy during the early months of the year. USDA data show that by late May

about 100,000 tonnes of US cotton were registered for shipment during the next two months.

Some fixations of on-call purchase contracts still outstanding on July have been noted during the past week, but fresh import demand has been slow to emerge. Those mills enquiring for better grade cotton available nearby have frequently struggled to obtain offers that meet their quality needs or have been deterred by the firmness of shippers' offers. Some further import purchasing will be

required to fill outstanding gaps for the third quarter but for now demand is subdued.

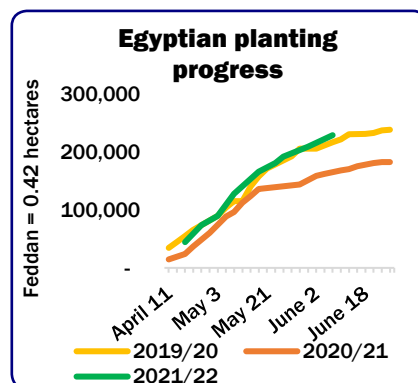
Mills generally remain very satisfied with the current state of the yarn market, despite a recent erosion of margins. It is reported that ring spinners are faring better than open-end mills.



## EGYPT

### Planting surpasses intended area

Last week, it was understood that as cotton planting had reached more than 99 percent of the intended area, operations would slow to a halt. However, activity has continued over the past seven days, with a further 20,005 feddan (8,402 hectares) sown to cotton. By June 8, the total area measured 229,880 feddan or 96,550 ha, which is 26 percent more than last year's final tally and six percent higher than the total by the same date in 2019. Sowing to the 2019/20 crop continued until mid-July and eventually amounted to 239,000 feddan (100,380 ha).



Commercial varieties account for 78 percent of planting so far, with the remainder dedicated to fundamental seed production.

### Export sales and shipments

Additional export sales recorded by *Alcotexa* in the past week for

the accounts of various countries amounted to 307 tonnes, once reductions for Pakistan and other destinations were netted off. The total committed has risen to 85,568 tonnes: 65 percent for India, 16 for Pakistan and seven for Bangladesh. Shipments during the period comprised 3,854 tonnes, leaving just less than ten percent of sales unshipped. By the equivalent point in the 2019/20 season, registrations amounted to 63,351 tonnes and shipments to 36,369 tonnes.

The sales reported this week are understood to have been contracted some time ago, hence the lower declared prices of 154 cents per lb for Giza 94 and 153 cents for Giza

## 2020/21 season export data

(as at June 5 2021)

	New registrations	Total registered	Shipped	% shipped
India	336	55,527	51,260	92%
Pakistan	-565	14,109	13,278	94%
Bangladesh	485	6,186	5,039	81%
Egyptian Free Zone	320	3,280	2,961	90%
Turkey	-	1,190	1,177	99%
China	-	1,025	1,043	102%
Italy	111	748	640	86%
Slovenia	-	450	450	100%
Portugal	-	351	351	100%
Brazil	-	243	206	85%
USA	-	260	201	77%
Others	-380	2,200	633	29%
<b>Total</b>	<b>307</b>	<b>85,568</b>	<b>77,238</b>	<b>90%</b>

86.

## Egyptian registrations

(week ended June 5, 2021)

	tonnes	Average price US cents/lb FOB
Giza 94	240	154
Giza 86	67	153
<b>Grand total</b>	<b>307</b>	

Shippers are concerned that the high prices prevailing at the end of this season will create upward pressure

on prices for the next marketing year, when it comes to buying from growers. They note that most transactions in the current season have been arranged at prices below 120 cents per lb, with no more than ten percent of exports concluded at the much higher levels seen recently.

## Imported cotton

Greek cotton has been changing hands in a range between 95 and 98 cents per lb, CIF, compared with less than 90 cents last month.

## Economic and business conditions

The contraction of activity in the non-oil private sector continued during May for a sixth consecutive month, although at a slower pace on account of the improvement of conditions in some major areas of the economy, as well as increasing optimism among companies regarding future output.

Last month, the IHS Markit Purchasing Managers' Index (PMI) rose slightly to 48.6 points, compared to 47.7 in April, but remained below the 50-percent level that separates growth from contraction. Non-oil private sector activity in Egypt has been in the contraction zone since December 2020.

In the first and second phases of immediate cash payments of overdue support for exporters, the government has so far defrayed E£14.5 billion to 1,618 companies. The eventual total is expected to top E£25 billion. Under the terms of the scheme announced last October, the government has agreed to make immediate payments of delayed reimbursements in return for a 15-percent reduction in the total owed.

## CÔTE D'IVOIRE

### May exports

Raw cotton exports in May amounted to 23,267 tonnes, compared to 18,230 the previous month and just 5,707 in May 2020, when Covid-related disruption to supply chains was acute. The

### Export shipments from

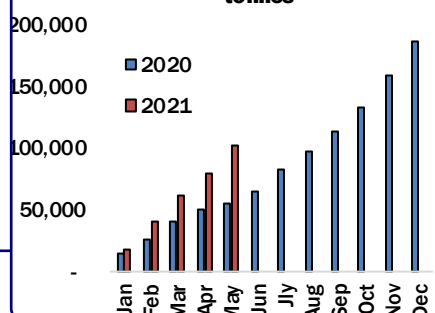
#### Côte d'Ivoire

January/May

	2019	2020	2021
Pakistan	9,183	9,021	31,892
Bangladesh	32,231	20,589	30,311
Vietnam	11,627	7,044	14,906
China	11,140	1,977	8,170
Malaysia	4,001	4,611	6,945
Turkey	926	901	3,700
Bahrain		1,188	2,297
India	18,706	2,883	1,049
Portugal			990
Indonesia	3,257	1,420	925
Morocco	45	124	398
Italy	836	232	276
Thailand	700	999	226
Others	2,625	4,445	578
<b>World</b>	<b>95,276</b>	<b>55,435</b>	<b>102,661</b>

### Monthly export shipments

-tonnes-



total for the first five months of the year is 102,661 tonnes, well above the corresponding period of last year.

Last month's shipments were mainly destined for Pakistan (12,249 tonnes), followed by Vietnam (3,675), Malaysia (1,975), Bangladesh (1,954), China (1,500) and Turkey (1,150).



## SOUTH AFRICA

### Production estimate slightly lower

CottonSA's fifth estimate for the 2020/21 production year indicates a cotton crop of 79,442 lint bales (each of 200 kilos) marginally down from the last figure. The latest forecast represents a decrease of 54,788 bales or just over 40 percent in respect of the final estimate for 2019/20 (134,230 bales).

The area is slightly reduced from the previous month's report at 16,772 hectares, comprising 11,009 ha of dryland (unchanged) and 5,763 ha (reduced) under irrigation, compared with 16,132 ha and 11,543 ha in 2019/20.

Harvesting is progressing at full pace and early assessments are that quality specifications of the cotton fibre show an improvement over last season. These early results show promise for the quality composition of the balance of the crop still in the field and should assure good seed cotton prices for growers.

## VIETNAM

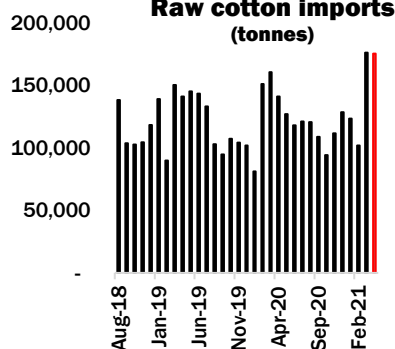
### Raw cotton imports

According to provisional data from Vietnam customs, raw cotton imports during April amounted to 175,325 tonnes, only slightly lower than the previous month's historically high volume. Foreign Direct Investment mills accounted for 71 percent of imports in the month, the largest proportion since July.

#### Raw cotton imports

	2019/20	2020/21
	August/April	
	(tonnes)	
USA	591,806	481,967
Brazil	258,750	339,958
India	45,344	146,831
Australia	23,284	26,979
Cote d'Ivoire	15,961	22,905
Argentina	15,819	20,273
Indonesia	6,533	9,151
Korea	2,434	1,518
Pakistan	6,932	1,341
China	967	936
Taiwan	174	82
Others	76,364	88,937
<b>Total</b>	<b>1,044,368</b>	<b>1,140,878</b>

#### Raw cotton imports



The United States was again the major supplier in April, with over 78,000 tonnes (accounting for 45 percent of the total). Brazil was in second place, with 45,147 tonnes (26 percent) and India in third place (29,775 tonnes, or 17 percent).

The cumulative total for the international statistical season so far stands at over 1,140,878 tonnes, up from 1,044,368 in 2019/20.

### Yarn and textiles exports

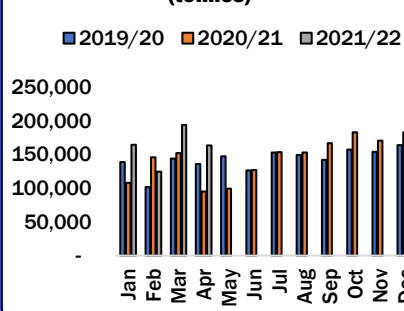
Exports of yarns and fibres (all kinds) during April were reported at 163,747 tonnes, down from 194,211 in March but up considerably from 95,036 exported in the same month

a year ago. Foreign Direct Investment mills accounted for 71 percent of exports in April, the highest monthly proportion for several years.

#### Textile fibre and yarn exports

	Aug/Apr	
	19/20	20/21
China	695,492	819,421
S Korea	115,899	128,424
USA	37,255	61,922
Brazil	18,805	42,762
Pakistan	42,033	41,149
Taiwan	33,973	38,987
Thailand	12,339	27,702
Japan	21,348	23,960
Turkey	18,331	22,869
Indonesia	23,335	21,424
Others	250,527	275,804
<b>Total</b>	<b>1,269,337</b>	<b>1,504,424</b>

#### Vietnam yarn exports



The main destination was as usual China, which accounted for 56 percent of the monthly total. The next largest destinations were considerably less significant, with South Korea taking roughly 9.4 percent, and the US just 4.8 percent.

The provisional total exported in the season to April stands at over 1.5 million tonnes.

The value of textile and garments exports in April was almost 2.5 billion US dollars, down from the 2.7 billion recorded in March but considerably above the 1.6 billion in the same month last year. The value in the first nine months of the 2020/21 season was over US\$23.1 billion, compared with over US\$23.0 billion in 2019/20.

The United States accounted for some 49 percent of the monthly figure, and 48 percent of the season's total. Japan was in

#### Vietnam: textile exports

thousand US dollars

	2019/20	2020/21
	Aug/Apr	
World	23,078,521	23,144,986
USA	10,325,271	11,056,043
Japan	3,012,847	2,628,299
S Korea	2,523,915	2,294,045
China	1,069,941	1,039,375
Canada	454,456	619,261
Germany	572,876	541,342
Cambodia	546,192	540,872
France	214,267	483,183
Netherlands	465,080	480,562
UK	383,708	402,411
Belgium	261,048	280,695
Australia	151,555	227,668
Others	3,097,366	2,551,231

Data source: Vietnam customs

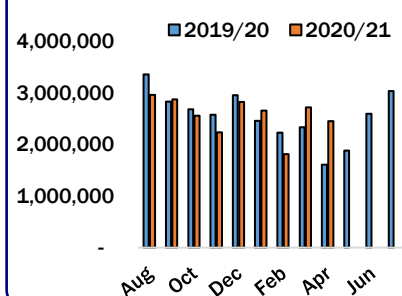
Totals may not add due to rounding

second place with just 11 percent (also 11 percent for the season), followed by South Korea with nine percent (10 percent).

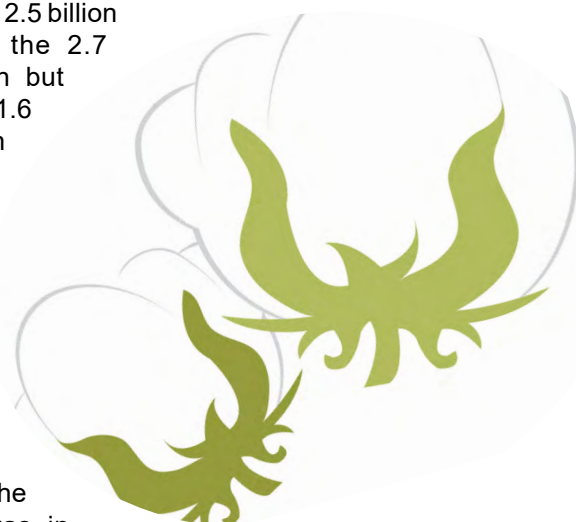
The value of textile and garment

#### Vietnam textile exports

(thousand US dollars)



exports in the first four months of the calendar year was approaching US\$10.0 billion.





## FAR EASTERN MARKETS

Despite the upward trend of cotton futures and the firmness of shippers' basis levels, mill demand for raw cotton available for shipment over the next few months has this week been quite active across the region. Many spinners had deferred purchasing decisions earlier in the year owing to the uncertain outlook for both raw cotton prices and downstream textile demand. During May a tranche of business was witnessed in various markets. Some mills were more active than others, but several spinners still have pressing short-term requirements to cover and market reports have highlighted enquiry for June/July shipments. The availability of such shipment cotton has become tight and some mills have had to broaden their basket of growths in order to secure cotton.

In **Indonesia**, recent business has included 1,000 tonnes of Australian Middling 1-5/32", booked at 95.00/96.00 cents per lb, for shipment next month. Several spinners are running short of raw cotton and need to buy for prompt or nearby shipments.

In **Thailand**, some US 'recaps' and Australian have moved off for shipment July/August. Supplies of high grade West African are tight, and some mills have switched to alternatives. US has also been difficult to find in specific qualities. Australian, by contrast, has been available and gained some ground from US and

Brazilian. Uncertainty regarding the future pattern of consumption has hindered forward demand, but a few mills have made modest 'on-call' purchases, for shipment during the fourth quarter and first quarter of next year. Overall, business has shown an improvement since the beginning of the year, though a recent local wave of Covid has dealt a fresh blow to confidence.

In contrast to several markets, major mills in **South Korea** have already covered their requirements for the balance of 2021, which means they are not in any hurry to buy at present. For shipment January onwards, mills are monitoring the outlook for the US 2021/22 crop and the progress of the Brazilian 2021 crop. Trading conditions in the textile sector appear broadly satisfactory in terms of final demand, though some pressure on margins is observed.

During the past week in **Taiwan**, only modest CFR trades have been reported. Turnover has included 100 tonnes of Australian Middling 1-5/32" 29gpt minimum, purchased at 1,050 cent points 'on' December futures, for shipment June/July at seller's option. A similar quantity of Brazilian 2021 crop Middling 1-1/8" 28gpt minimum has been traded at 1,000 points 'on' the same cover month, for shipment August/September, also at seller's option.

During the week ended June 4, the raw cotton market in **Japan** was quiet, as most spinners had covered outstanding nearby shipment needs

during the previous week. Some showed an interest in buying organic cotton. Meanwhile, Japanese-owned overseas mills made purchases to cover their more pressing requirements. Total estimated volume was less than 1,000 bales.

According to the latest data from the Japan Cotton Traders' Association, raw cotton shipments to Japan during April amounted to 3,060 tonnes, compared with 3,148 the previous month. In terms of origin, 1,590 tonnes, or just under 52 percent of the monthly total, were shipped from the United States, 462 from Greece, 381 from Australia, 262 from Turkey and 125 from India. Much smaller quantities were shipped from Brazil, Mexico, Uganda and Egypt. Thus, total imports for the first nine months of the international cotton season amounted to 19,686 tonnes, compared with 39,851 in the same period of the previous season.

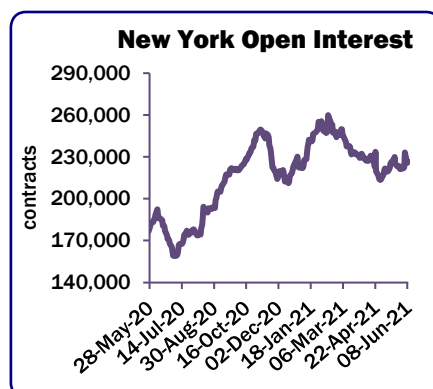
Japan Raw cotton imports (tonnes)			
	2018/1	2019/2	2020/2
Country	August/April		
US	15,636	21,658	10,714
Australia	6,884	5,924	2,305
Greece	5,414	4,590	2,921
Brazil	3,683	4,665	1,410
Argentina	1,188	619	376
Turkey	363	542	831
India	655	760	569
Mexico	614	343	262
Zimbabwe	553	491	170
Burkina Faso	25	0	24
Egypt	173	85	22
Peru	57	63	15
Others	25	111	67
<b>Total</b>	<b>35,270</b>	<b>39,851</b>	<b>19,686</b>

## UNITED STATES

### ICE interest rolls forward

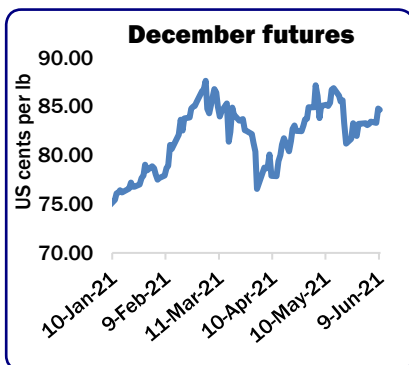
July liquidation and speculative buying have been the dominant features affecting the behavior of ICE futures this week.

On June 7, the largest long-only fund started a five-day position roll. Hence, interest in the soon to expire July '21 contract declined sharply and was last reported at 53,950 contracts, down from 73,857 on June



1. In contrast, December '21 interest has steadily increased and was last reported at 125,051 contracts, up from 114,650 from last week. By June 8, total open interest was 228,847 contracts, representing a decline of 1,464 contracts on the week. December '21 futures took over as lead month on June 4, as volume in the new crop contract surpassed that for July.

The December '21 contract rose in value during the period, settling



on gains in four of the five sessions in review, to end the week 268 points higher. The new crop contract broke out of its recent range, trading between 84.40 and 86.75 cents/lb and settling at 87.34 cents/lb on June 9, its highest close since February 24.

#### ICE No. 2 Cotton Futures

	9-Jun	2-Jun	Change
Jly-21	86.62	83.77	2.85
Oct-21	88.18	84.84	3.34
Dec-21	87.34	84.66	2.68
Mar-22	87.22	84.61	2.61
May-22	86.92	84.50	2.42
Jly-22	86.15	84.02	2.13
Oct-22	82.51	80.32	2.19
Dec-22	79.71	77.37	2.34
Mar-23	79.81	77.47	2.34
May-23	79.91	77.52	2.39

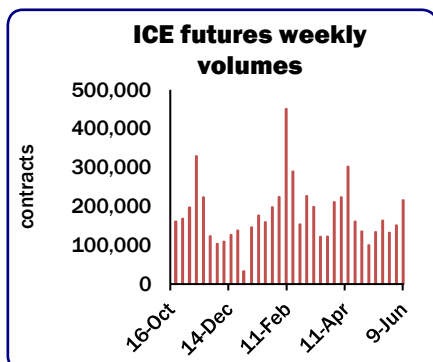
Certificated stock as of June 8 totaled 161,017 bales.

#### Chicago Futures

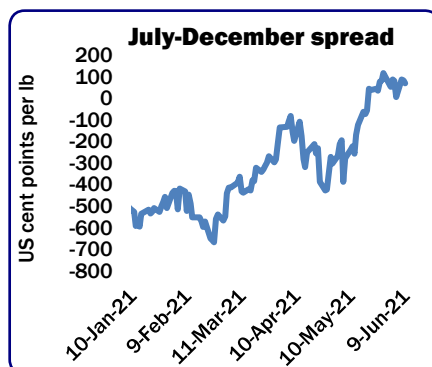
	9-Jun	2-Jun	Change
<b>Soybeans</b>			
July-21	1562.50	1562.50	0.00
Sep-21	1468.50	1447.25	21.25
Nov-21	1448.25	1413.75	34.50
<b>Wheat</b>			
July-21	682.25	687.50	-5.25
Sep-21	689.00	692.50	-3.50
Dec-21	697.50	700.00	-2.50
<b>Corn</b>			
July-21	690.75	675.00	15.75
Sep-21	632.00	593.25	38.75
Dec-21	609.75	572.75	37.00

July '21 cotton futures followed a similar pattern for a total net gain of 285 points. The trading range was 83.55 to 86.77 cents/lb.

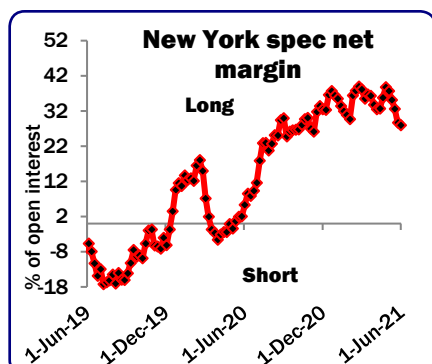
Volume steadily increased over the course of the week, driven largely by fund rolling, and totaled 216,766 contracts versus 150,991 for the previous reporting period.



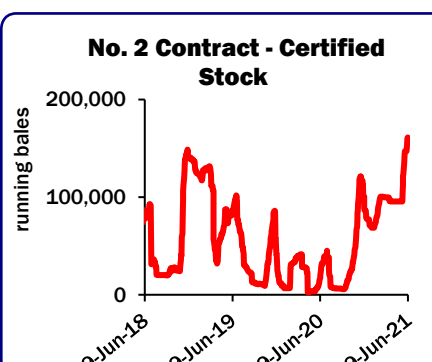
By the close on June 9, December's premium over the July contract had weakened slightly to 72 points, compared with 89 points a week earlier.



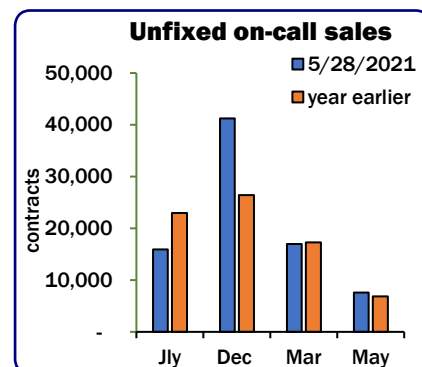
The latest CFTC commitments of traders data show speculators decreasing their net long margin for a fifth consecutive week, to 27.9 percent of the total open interest (230,311 on the June 1 report date) after adding 748 longs and 195 shorts. Commercial traders increased longs by 2,146 and shorts by 4,525 for a resulting net long margin of 31.2 percent, which was unchanged from the previous week.



Certificated stocks increased on the week and were last reported at 161,017 bales, their highest level since July 5, 2017 (293,761). There were no bales awaiting review and 64,304 bales were reported in both cert stocks and the CCC loan as of June 9.



The CFTC On-Call Cotton report for the week ended May 28 showed a modest increase of on-call sales to 108,905 contracts. July '21 unfixed on-call sales fell to 15,933 while December '21, March '21 and May '21 unfixed on-call sales rose to 41,248, 16,947 and 7,608, respectively. Unfixed on-call sales for the first four active months amounted to 71,428 contracts, just below the 73,498 contracts in place this time last year.



For the week ended May 31, upland redemptions from the 2020/21 marketing year rose by 135,978 bales to 6,819,113, while no bales were placed into the Commodity Credit Corporation's loan program. Seven bales from the 2019/20 season were repaid, and none were forfeited. No activity was reported from the 2018/19 and 2017/18 marketing years, leaving the outstanding stock at five and four bales, respectively. The unpaid balance for all four seasons, therefore, decreased to 1,629,085 bales, of which cooperatives and loan servicing agents accounted for the majority with 1,550,850, leaving independent growers with 78,235 bales.

Spot market sales totaled 870 bales this week, consisting of 419 from the Southeast, 274 from West Texas and 177 from East Texas/Oklahoma. The season total increased to 1,363,330 bales. Basis levels remain unchanged for the week.

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		

Grower sales on *The Seam* totaled a modest 362 bales with an average price of 70.57 cents per pound. Business sales increased by 775 bales at an average of 79.81 cents per pound.

Grower To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	70.57	155	207	362
<b>Total</b>	<b>70.57</b>	<b>155</b>	<b>207</b>	<b>362</b>
Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southeast	86.00	4	415	419
Southwest	72.52	72	284	356
<b>Total</b>	<b>79.81</b>	<b>76</b>	<b>699</b>	<b>775</b>

### New crop Pima business on hold

Cotlook's current 2020/21 2-2-46 Pima quote was raised to 200.00 cents/lb on June 8. New crop Pima offers have yet to appear and will probably not be introduced for several weeks, as most merchants wish first to dispose of their remaining current crop positions.

The California Pima crop is struggling: germination problems have been reported on the already reduced acreage. Drought continues to plague the region, and since lower water allocations have been issued by the state, irrigation will be limited for the foreseeable future. Producers are busy monitoring the crop for early signs of seedling disease and insect pressure.

### Crop progress

Based upon the latest USDA crop progress report, plantings were at 71 percent beltwide as of June 6, which marked an increase of seven percentage points on the week and is seven points behind than the five-year average. Work was nearing or at completion in two of the 15 main producing states, with the greatest progress during the week witnessed in Kansas.

Beltwide, nine percent of stands were at the squaring stage, compared with the 12 percent that were fruiting a year ago and the five-year average of 11 percent. In Texas, the largest

## US UPLAND AND PIMA STATISTICS

### LOAN STATISTICS

CCC Data as of May 31, 2021 (running bales):

Crop	Entries	Repossession	Forfeitures	Outstanding Stock
20/21	8,447,571	6,819,113	0	1,628,458
19/20	11,786,598	11,784,031	1,949	618
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	36,580,344	74,647	1,629,085
Last period's total (May 24)				1,765,070

\*Including 78,235 bales held by individuals and 1,550,850 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	84,951	-	-	-
S. Carolina	62,345	-	-	-
Georgia	234,287	-	-	-
Alabama	69,696	-	-	-
Florida	12,379	16	-	-
Virginia	5,342	-	-	-
Southeast	469,000	16	0	0
Tennessee	74,188	-	-	-
Illinois	482	-	-	-
Indiana	-	-	-	-
Missouri	135,362	-	-	4
Mississippi	329,373	1	-	-
Arkansas	264,476	-	-	-
Louisiana	36,061	-	-	-
Memphis Ter	839,942	1	0	4
Texas	100,138	601	5	-
Oklahoma	79,950	-	-	-
Kansas	29,382	-	-	-
South West	209,470	601	5	0
New Mexico	6,329	-	-	-
Arizona	60,464	-	-	-
California	43,253	-	-	-
Far West	110,046	0	0	0
Upland Total	1,628,458	618	5	4

### Pima CCC Loan Activity

\*running bales to May 24, 2021\*

	Total	Repayments	Forfeitures	Outstanding Stock
2020/21	292,322	184,614	-	107,708
2019/20	428,756	428,387	369	0
	721,078	613,001	369	107,708
Previous Total Outstanding (May 17)				113,596
	2020/21		2019/20	
Arizona	1,267	-	-	-
California	84,500	-	-	-
Kansas	82	-	-	-
New Mexico	7,525	-	-	-
Texas	14,334	-	-	-
Pima Total	107,708	0	-	-

producing state, 12 percent of the crop was squaring as of June 6, which is just one percentage point below the average.

The health of the nation's crop improved slightly on the week. Forty-six percent of plants were categorized 'good to excellent', (+3 percentage points), 39 percent were 'fair' (+1 point), and 15 percent were 'poor to very poor' (-4 points on the week). Plant health in Texas, though, continues to be variable, with just 29 percent rated 'good to excellent', 50 percent 'fair', and 21 percent 'poor to very poor'.

The USDA's June supply and demand report, released after this publication on June 10, will be followed by the US planted acreage report, due on June 30, which will show state-by-state area figures.

### SPOT MARKETS

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

Prices			Turnover
(cents per lb)			
	9-Jun	2-Jun	
Southeast	85.37	(82.52)	419
N. Delta	84.37	(81.52)	0
S. Delta	84.37	(81.52)	0
E. Tx/Okl	81.62	(78.77)	177
West Texas	81.62	(78.77)	274
Desert Southwest	79.62	(76.77)	0
San Joaquin Valley	80.12	(77.27)	0
7 MARKET AVERAGE	82.44	(79.57)	
Turnover for the period ending June 9			870
Total turnover for season to June 9			1,363,330

### NORTH DELTA

	Middling (31)		SLM (41)	
	(cents per lb)		(cents per lb)	
1-1/16" (34)	85.62	(82.77)	84.37	(81.52)
1-3/32" (35)	86.62	(83.77)	84.37	(81.52)
Basis for SLM 1-1/16" (41/34):				
NY No.2 July '21 -225				
SAN JOAQUIN VALLEY				
1-3/32" (35)	89.02	(86.17)	82.12	(79.27)
1-1/8" (36)	92.52	(89.67)	82.92	(80.07)
Basis for Midd. 1-3/32" (31/35):				
NY No.2 July '21 +240				
WEST TEXAS				
15/16" (32)	77.97	(75.12)	76.62	(73.77)
1" (33)	79.97	(77.12)	77.37	(74.52)
1-1/32" (34)	82.72	(79.87)	81.62	(78.77)

W. Texas Micronaire (cent points per lb):

	9-Jun	2-Jun
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	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 9 with June 2 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.

### Outside work advancing in West Texas, rains inundate Memphis Territory

Hot, sunny conditions returned to most of **West Texas** late in the period, and open weather remains in the five-day forecast. Scattered thunderstorms developed during the reporting period, and gusting winds of up to 60 mph were recorded, causing blowing dust. A few isolated



### Plantings

6/6/2021

-percentages-

	June 6	Previous Year	5-Year Average
<b>Southeast</b>			
North Carolina	93	82	87
South Carolina	90	82	89
Georgia	89	86	86
Alabama	95	95	92
Virginia	93	85	88
<b>Memphis Territory</b>			
Tennessee	96	83	93
Missouri	98	64	88
Mississippi	91	90	90
Arkansas	98	95	98
Louisiana	77	97	98
<b>Southwest</b>			
Texas	60	72	72
Oklahoma	44	26	53
Kansas	89	91	69
<b>Far West</b>			
Arizona	99	100	100
California	100	99	98
<b>Summary</b>	<b>71</b>	<b>76</b>	<b>78</b>

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

### Crop Condition

6/6/2021

-percentages-

	VP	P	F	G	EX
<b>Southeast</b>					
North Caroli	0	4	24	70	2
South Carol	1	17	20	57	5
Georgia	1	7	29	56	7
Alabama	0	0	20	72	8
Virginia	0	2	11	86	1
<b>Memphis Terr.</b>					
Tennessee	4	6	17	62	11
Missouri	0	7	25	68	0
Mississippi	1	5	19	64	11
Arkansas	0	0	13	58	29
Louisiana	0	2	10	88	0
<b>Southwest</b>					
Texas	1	20	50	26	3
Oklahoma	0	0	42	58	0
Kansas	0	3	42	52	3
<b>Far West</b>					
Arizona	0	0	20	53	27
California	0	0	10	90	0
<b>Summary</b>	<b>1</b>	<b>14</b>	<b>39</b>	<b>41</b>	<b>5</b>

locales received nickel to quarter-sized hailstones and locally heavy rain. Generally, though, precipitation was light to moderate, and coverage was sparse.

Daytime highs from the upper 90°s to the low 100°s (F) were reported, which is around 10° to 15° above normal for this time of year. Soft soils are firming in many fields, and outside activities are advancing at a rapid pace as growers rush to get the seed in the ground ahead of looming insurance deadlines. The high temperatures are helping increase daily heat units and spurring germination. Emergence has been

relatively good and the abnormally warm temperatures will help push plant growth. However, some fields on the Southern Rolling Plains that received flooding rains over the past couple of weeks are still too soft to support heavy machinery. Here, producers have until June 20 to finish sowing activities.

Soil moisture levels have improved throughout most of the region, with much of the Panhandle considered drought-free, while groundwater table supplies in western parts of the High Plains remain low. Thus, timely rains will be required during the growing season to ensure healthy stands and average yields in areas where moisture is short.

As the storm system moved across the state, moderate to heavy rains, damaging winds and isolated tornadoes were reported. Outside activities, therefore, were at a standstill in many areas from Central to East Texas.

Isolated thunderstorms developed in **South Texas**, mainly in the Upper Coastal Bend, while most of the rest of the Coastal Bend and the Rio Grande Valley remained dry. Groundwater table supplies are at or near a surplus in many areas as a result of rains over the past couple of weeks, and so the additional precipitation caused flash flooding in low-lying areas. Partly cloudy, humid conditions have ruled throughout the region of late, and heat indices from the upper 90°s to 110° (F) have been reported.

Fruiting is increasing rapidly in the RGV and the Coastal Bend districts under the heat, and bolls are forming on many older stands in the RGV. The Upper Coastal Bend crop, though, is struggling, owing to the intermittent rains over the past couple of weeks, and a prolonged period of open skies is needed to help improve growing conditions.

Intermittent thunderstorms rumbled across the **Memphis Territory** for most of the reporting period, bringing damaging winds and moderate to heavy rain to most of the Delta. As storms trained along the same path, parts of southeastern Arkansas and northern Mississippi received between 4.00" and 9.00" of precipitation in the 48-hour period ended on June 9, and flash flooding occurred. Many rivers and streams are

overflowing their banks, and young crops are under water. An extended period of sunny, dry weather is urgently needed to allow floodwaters to recede and damage assessments to begin.

However, inclement conditions remain in the near-term forecast for most of the Delta, and an additional 0.50" to 2.50" is possible, which will exacerbate the situation. Planters are idled throughout the region, and it will probably be a week before soils are firm enough to support heavy machinery. Prior to the storms, growers had worked long hours, putting the seed in the ground, and as a result, planting was at or ahead of the normal pace in all states except Louisiana by June 6.

Although the health of the crop was rated from 68 percent 'good to excellent' in Missouri to 88 percent in Louisiana as of June 6, many young seedlings are now struggling under the cloudy, wet conditions. Hence, open skies are urgently needed to ensure healthy stands and to push plant development.

Cloudy skies have been reported across the **Southeast** of late, and scattered thunderstorms are in the near-term forecast, with rains of between 1.00" and 2.00" possible. Generally, light to moderate precipitation fell during the period, and locally heavier amounts were recorded in stronger storms, causing flash flooding.

Planting had been halted in some non-irrigated fields, owing to a lack of moisture, and growers worked long hours early in the period trying to get as much of the crop sown as possible ahead of the forecast rains. As a result, seeding was ahead of the normal pace throughout the region as of June 6, with plantings reported from 89 percent in Georgia to 95 percent in Alabama. Squaring is increasing, and the forecast moisture will help germination, enhance fruit development and ease dry soils. The proportion of the crop rated 'good to excellent' ranged from 62 percent in South Carolina to 87 percent in Virginia.

Meanwhile, as indicated above, drought conditions prevail across the **Far West**, and rain is urgently needed to help relieve dry soils, although no precipitation is in the seven-day



forecast. Daytime highs in California's San Joaquin Valley climbed into the upper 90's and low 100's (F) early in the period, which pushed seed germination and early plant development. Some older stands, though, have begun to exhibit signs of heat stress, and irrigation water is being applied, where possible. A low-pressure system entered the region during the week, and below-average temperatures were recorded, with highs ranging from the upper 70's to the 80's (F) and nighttime

lows falling into the 50's. The brief cooldown has given plants some respite from the triple-digit heat. Statewide, five percent of stands were at the squaring stage as of June 6, which was two percentage points less than the average. Plant health, though, improved considerably on the week to 90 percent 'good' (up 90 percentage points) and 10 percent 'fair' (down 80 points).

In Arizona, hot, dry weather has prevailed, and daytime highs from the upper 90's to the low 100's (F)

remain in the near-term forecast. Planting has ended, and 27 percent of the crop was at the squaring stage as of June 6, just two points below the average. An improvement in plant health occurred during the week, with 80 percent of stands categorized as 'good to excellent', compared with the 27 percent the previous week, and 20 percent 'fair', vs 53 percent on May 30.



## US PRICE MECHANISM

### US Price Mechanism

- 2020/2021 season -

- value if applied today, June 10, 2021 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	91.61
B) Three Far Eastern 'fine count' CFRs	93.28
C) Three Far Eastern 'coarse count' CFRs	94.25
D) Cheapest US Midd. 1-3/32" CFR	94.75

#### 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)	72.36
G) Fine Count' Adjustment Factor	must be above zero
2020 crop (current values 2.00-(B-A))	0.33
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.35)	-7.99
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-20.36

### American Pima Competitiveness Payment

#### Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average)	191.00
P2) P1 adjusted for quality and transportation ((P1+10)-17.67)	183.33
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
<i>The Basic Loan Trigger criterion must be met for any payment to be calculated</i>	

#### Payment Calculation

P5) Friday/Thursday US Pima CFR Far Eastern Average	198.00
P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+10)	195.40
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 10	N/A

## US EXPORT SALES

During the week ended June 3, upland sales for shipment before the end of the current season rose by a net 108,200 running bales. Increases registered primarily for Pakistan (47,100), Vietnam (21,800, including 1,900 switched from China, 400 switched from Japan and a decrease of 100), China (18,800, including 2,200 switched from Vietnam and a decrease of 200), Turkey (7,900) and Singapore (3,400) were partially offset by reductions for Malaysia (1,800) and El Salvador (1,200).

Upland export shipments during the period were 258,400 running bales. Shipments were

US export sales					
in thousand running bales					
Week Ended June 3	2020/21			2021/22	
	Upland	Pima	All cotton	Upland	Pima
Previous unshipped commitments	3,130.8	158.1	3,288.9	2,020.1	4.0
New sales	110.7	4.0	114.7	21.4	0.0
Cancellations	2.5	0.1	2.6	0.0	0.0
Net sales	108.2	3.9	112.1	21.4	0.0
New commitments total	3,239.0	162.0	3,401.0	2,041.5	4.0
Week's shipments	258.4	16.7	275.1	0.0	0.0
Cumulative shipments	12,854.9	663.4	13,518.3	0.0	0.0
Unshipped commitments	2,980.6	145.2	3,125.8	2,041.5	4.0

predominantly to China (60,400), Vietnam (44,700), Pakistan (31,300), Turkey (29,500), and Mexico (23,900).

For the 2021/22 marketing year, net sales of 21,400 running bales were destined mainly for Pakistan

(15,000), Vietnam (3,100), Malaysia (1,800), Bangladesh (1,100) and Japan (400).

Net sales of Pima during the period amounted to 3,900 running bales. Pima shipments were 16,700 bales.

## BRAZIL

### CONAB forecast

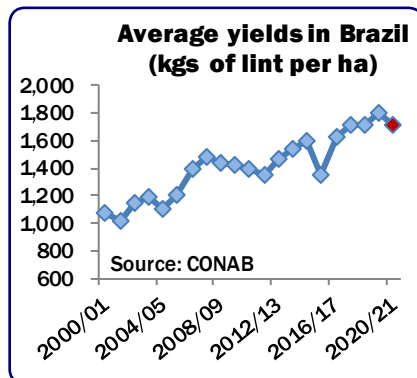
The *Companhia Nacional de Abastecimento* (CONAB, the agency charged by the government with crop forecasting) has this week released its ninth estimate of output from the 2020/21 grain and oilseed crops. For cotton lint, the forecast has been reduced by almost 100,000 tonnes to 2,342,000 tonnes.

Estimated area has been revised downward by 11,700 to 1,366,800 hectares, but the principal adjustment is a sharp lowering of yield expectations for Mato Grosso. The largest producing state is forecast to produce an average yield of 1,682 kilos per hectare, versus 1,768 kilos indicated a month ago. Yield potential in Mato Grosso has been the subject of much debate, following the late sowing of a portion of the *safrinha*, and the rather poor rainfall received in parts of the state.

The loss in Mato Grosso is only partially offset by the higher yields

projected for Bahia (1,886 kgs/ha, versus 1,858 in the May forecast).

The various adjustments result in a reduction of national average yield to 1,713 kilos per hectare, against 1,771 forecast last month and the record of 1,802 achieved last season.

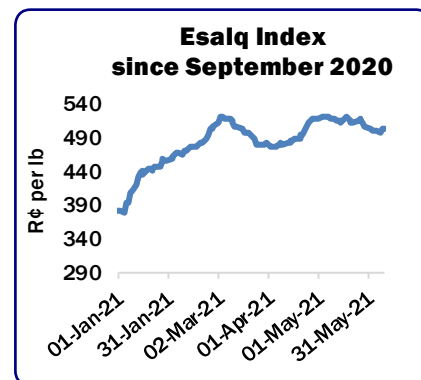


### Local market

Local prices have tended to mark time during the past week. Mill demand remains slow, owing to a sluggish retail sector, while nearby offers are in any event rather sparse. The *Esalq* Index of spot values is

nonetheless a little firmer on the week at R\$504.65, equivalent to almost one US dollar per lb, still well above export parity.

Although the harvest period is fast approaching, there has been little interest on the part of producers in engaging in fresh export business in 2021 crop. As already reported, the crop is well sold and growers would prefer to await a more confident assessment of yields and quality before entertaining new sales. Some forward business in 2022 crop has again been under discussion but price ideas have been difficult to reconcile.



## ARGENTINA

### Encouraging yields

Generally fine weather has assisted the progress of the cotton harvest over the past week. Scattered showers fell in Chaco province on various days, but these do not appear to have been of any consequence, and more helpful weather is in the forecast. Picking is estimated to be about 60 percent complete overall, with the proportion harvested in Chaco ahead of that pace but operations in Santiago del Estero lagging somewhat.

Despite the usual variation from one locality to another, overall yields so far have been encouraging, in particular in the context of the lack of moisture that has taken a toll on other crops. It is remarked that, for a second consecutive season, pressure from boll weevil infestations has been light. In view of the foregoing, forecasts of this season's lint outturn are typically being adjusted upward towards 300,000 tonnes.

Additional business has been under discussion this week with both domestic and export customers. During the week ended June 9, export registrations amounted to 3,142 tonnes, raising the total for the calendar year to nearly 52,000.

## AUSTRALIA

### April raw cotton exports

Raw cotton exports in April amounted to 16,108 tonnes, down from the previous month (29,207) but nearly double the 8,659 tonnes shipped during the same month a year earlier. The principal destinations were Vietnam (8,230), Thailand (2,089), Indonesia (1,796), and Turkey (1,120). China accounted

for 1,601 tonnes or less than 10 percent of the monthly total and several shipments of less than 500 tonnes each were exported to other countries. Between August and April, the total volume exported was 161,270 tonnes, compared with just shy of quarter of a million tonnes shipped in the same period a year earlier.

<b>Australia</b>			
<b>Raw Cotton Exports (in tonnes)</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Aug/Apr</b>	<b>Aug/Apr</b>	<b>Aug/Apr</b>
China*	231,336	155,426	63,543
Indonesia*	18,069	29,313	18,612
Vietnam	83,440	20,200	34,313
Bangladesh	49,403	12,712	4,395
India	11,175	9,625	8,855
Thailand	14,853	5,281	8,037
Japan	7,012	5,725	2,487
Pakistan	2,396	3,380	3,045
Taiwan	1,765	482	0
Others*	202,632	7,855	17,983
<b>Total</b>	<b>622,079</b>	<b>249,999</b>	<b>161,270</b>

\*It will be recalled that, between August 2017 and October 2018, no data were reported for either China or Indonesia, whereas substantial quantities were attributed during the same period to 'unidentified countries' (which in our table is incorporated in the 'others' category).

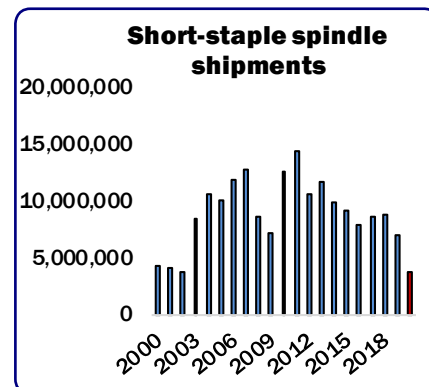
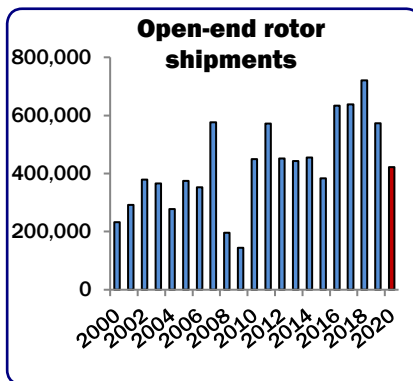


## ITMF TEXTILE MACHINERY SHIPMENT DATA

### Sharp fall in spindle shipments

Shipments of short staple (cotton-type) spindles in 2020 were the lowest this century, according to the International Textile Manufacturers Federation's latest annual International Textile Machinery Shipment Statistics. At 3,627,544 spindles, last year's figure marks a decline of 48 percent from the total for the previous year. The only comparable year-on-year fall occurred in 2008 amidst the global financial crisis that unfolded in that year.

As usual, China was the single largest recipient, accounting for 52 percent of global shipments in 2020, followed by India (15 percent), Turkey (9 percent), Pakistan (6 percent), Bangladesh and Uzbekistan (4 percent each) and Vietnam (3 percent).



Shipments of open-end rotors fell less dramatically but were still lower by 26 percent in comparison to 2019, at 421,912 rotors. China received the lion's share (65 percent), with Turkey in a distant second place (just below 10 percent).