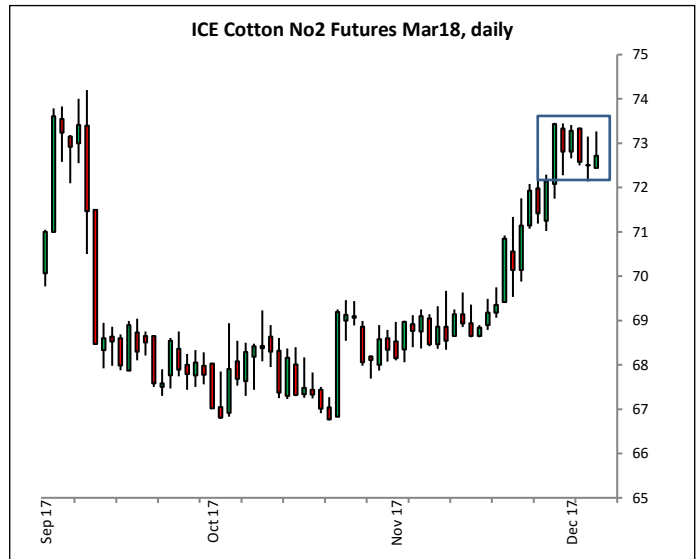


COTTON MARKET REPORT

	Dec 06	Nov 29	change
ICE No2 Mar18	72.72	73.43	-0.71
ICE No2 May18	73.39	73.97	-0.58
ICE No2 Jul18	73.80	74.15	-0.35
ICE No2 Mar18-May18	-0.67	-0.54	-0.13
ICE No2 futures o.i.	249'201	237'373	11'828
ICE No2 certified stocks	47'628	47'951	-323
A-Index 17/18	82.95	82.45	0.50
ZCE May18	15'370	15'250	120
MCX Cotton Dec17	18'900	18'620	280
USD Index	93.610	93.164	0.446

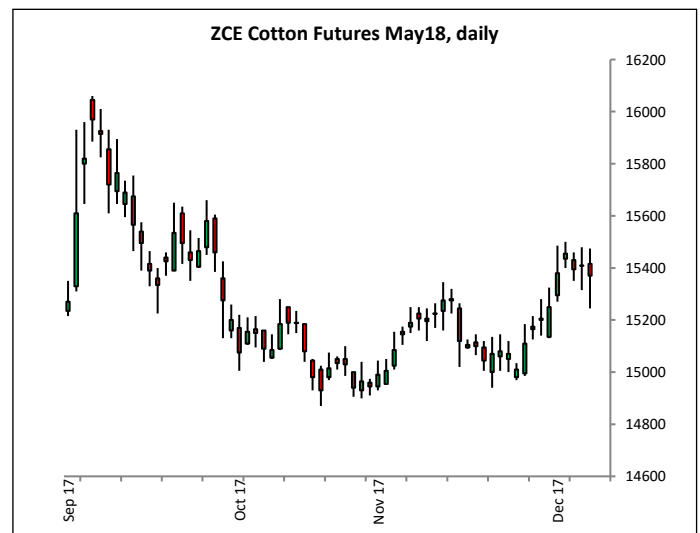
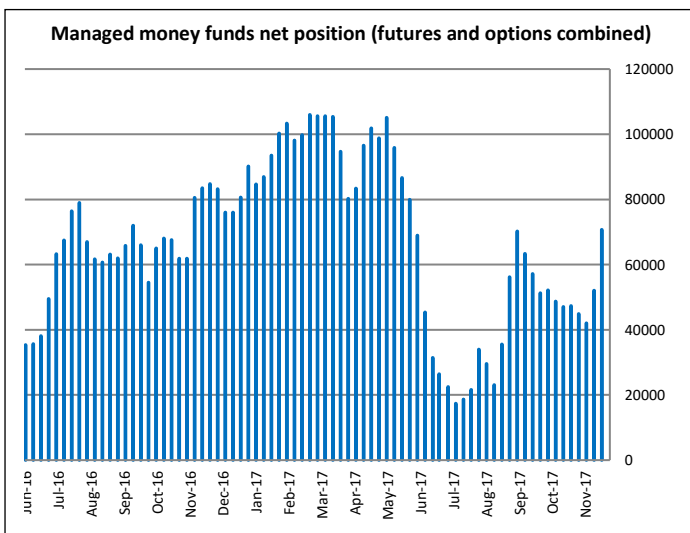


ICE Cotton – The market has stayed in a narrow consolidation pattern this week so far. The action has eased ‘overbought’ condition.

After expanding by about 25’000 lots since mid-November, the open interest has seen only a very moderate increase since last week as in particular fund buying activity has become less intense.

As expected, last week’s CFTC traders report showed a substantial increase in managed money (specs) longs (up 13’180 lots) and reduction in shorts (-5’569 lots). Their net long position amounts to 70’728 lots, which is quite large but well below the maximum exposure they were holding in March of this year (about 106’000 lots net long). Providing the technical picture and other key factors do not give them reasons to reduce/liq-uidate longs, they may continue to show up as buyers in the short- to mid-term and potentially act before the bulk of mill fixation buying enters the market.

Technical picture: the market remains within a bullish up-sequence which does not look complete yet. Support is at 72.30-72.00. Key support to keep the bullish outlook intact sits between about 71.00 and 70.00.



COTTON MARKET REPORT

USA – Since the middle of November ICE cotton futures have climbed almost four cents with the March18 contract now finding a level of trading just either side of 73.00. The May'18 and Jul'18 contracts reflect a minimal amount of carry in the market. Fundamental points this week included decent export sales which are in keeping with the normal pattern of export demand. Cash market trading has also been active, also more or less in line with seasonal expectations. The supply pipeline, so to speak is filling up and by the end of this month and early into 2018 we expect to see massive grower to merchant business. Historically speaking, January is by far the most active month for the cash market. On the other hand, with this season's large crop, ginning will carry well past the New Year thereby extending the trading season beyond seasonal tendencies. The other issue is the extremely low micronaire in West Texas which has been well reported. Unfortunately, the discounts have yet to find a level to stimulate considerable export business, and as it stands now, this cotton may be with us for some time to come.

India – Indian cotton prices reported higher on better demand and firm cues from overseas market. As per the Cotton Corporation of India (CCI), all India cotton arrivals were reported at about 6.92 million bales (170 kg), up 48 percent compared to same period of the last year. Unseasonal rains due to cyclone Ockhi over cotton growing regions of Gujarat & Maharashtra has slow down the arrival pace to 145 thousand bales on per day all India average basis against 165 thousand bales last week. Reserve Bank of India (RBI) left the key interest rate unchanged at 6%. The Central Bank has raised inflation forecast of India to 4.3-4.7% in the third and fourth quarters of the current fiscal year, while it kept the economic growth forecast unchanged at 6.7 percent

MCX December cotton futures tested the strong resistance at 19'000. Prices are expected to trade sideways in the coming days. Strong resistance is seen at 19'350-19'400 and support at 18'600-18'650.

China – The ZCE cotton futures market continued to the upside following the last week's bounce off the October lows (14'870, basis most active May18 contract). Prices broke above the 15'350 resistance on Friday and spent the rest of the reporting period trying to build value at the new levels. Short-term outlook turned positive with the next minimum upside target sitting around the first key resistance at 15'650.

This week cotton business has been weak for both domestic as well as import. With higher ICE and import quota not released for next year yet mills stopped buying.

So far 3.81 million tons Xinjiang cotton have been ginned whereof 770'000 tons have been transported to the east. With firmer ZCE some ginner and traders have started to prepare to deliver their cotton against ZCE futures. So far 57'708 tons have been registered as certificated stock which is the highest levels in ZCE for the same period.