

COTATION À NEW-YORK (US CENTS)

ÉCHEANCE	01-Aug	07-Aug	01-Aug	INDICES	01-Aug	07-Aug	Variation
DEC 19	62,37	58,83	-5,68 %	EUR/USD	1,1084	1,1200	3,32 %
MAR 20	63,56	59,89	-5,77 %	COTLOOK	74,85	70,30	-6,08 %
MAY 20	64,67	61,13	-5,47 %				

NEWS

NYF fell further again this week to 58.83 c/lb on December

Trade war concerns worsened as China was accused of manipulating its currency which further angered President Trump. Towards the end of the week China did however change its position as currency fixes were more in line with market expectation after it posted some encouraging export figures for July. Having said that, a trade deal still seems very far away.

In the US most estimates still place the crop size at 22 million bales for new crop, with likely to be a significant carry over. Without China as a buyer the US is going to need to export around 19 million bales to global markets, and with consumption feeling weak this may not be achievable.

It remains that US recaps and Brazil seem to be the cotton of choice at the moment, with business being done in the high 60's for both. At such a competitive flat price the WAF cotton is proving difficult to find a home for. With the market drifting ever lower the performance of contracts has been on trader's radars, and it seems that in China and India there have been some defaults.

We feel the market needs to stabilize for any real significant demand to return, and for now mills are happy to watch and wait for it to drift lower before making any real buying decisions. Mills also continue to complain of high priced cotton stocks with a weakening yarn market that is only adding to their losses.

Global production remains strong. Brazil is thought to be close to 15 million bales production, the USA looks set for 22 million bales barring a weather incident and India had good rains in July with predictions at 32 million bales, which could go up to 35 million if it rains throughout September. However, at current market levels the MSP level will be triggered and the CCI will purchase the new crop.

Next week is likely to be quiet again due to Muslim holidays and we would expect the market to trade within a continued narrow range of 58 to 61 c/lb. A break out from this level would only take place if there is any positive trade news on the upside or worsening rhetoric to the downside.

ECHEANCE Dec 19 ➡ **61 USC/LB**

EUR /USD ➡ **1.10**