

FUTURES	18-Sep	25-Sep	Variation		18 - Sep	25 - Sep	Variation
<b>MAY 20</b>	65,66	65,95	0.44 %	<b>INDEX</b>			
<b>JULY 20</b>	66,58	66,66	0.12 %	<b>EUR/USD</b>	1,1839	1,1632	-1,75%
<b>DEC 20</b>	67,35	67,35	0.00 %	<b>COTLOOK</b>	71,15	70,60	-0,77%

## NEWS

The market had another up and down week but without taking a strong direction either way. December settled at 65.95 c/lb, up 29 points in the week.

Again we had to look at markets outside of cotton for guidance on where NYF might head. Stock markets globally faulted over the course of the week after renewed fears of a second wave of COVID-19 in Europe and The US. The growing concern over the faltering economy in the US has brought the Democrats and Republicans back to the negotiating table with regards to a second government stimulus package.

Whether they can broker a deal will be important to global economies as well as for cotton. We believe that values have been trending higher in cotton because of the huge support programmes and infinite liquidity provided by governments. If a deal is met for a \$3 trillion stimulus package then we could see NYF trend even higher.

In the US they were hit by tropical storm Beta which saw large rains on the crops in Florida, this should lead to some quality concerns in the area rather than an issue over production. It has been a particularly active storm season in the US and hence the renewed fears over the crop in the US that has already been cut in size to 17 million bales. There was also a large storm over Greece too which hit cotton fields with losses reported to be around 20k MT of cotton lint.

Sales of US cotton to China slowed down over the course of the week, with sales of less than 100k bales reported. We understand that China is still in the market for US cotton but merchants are not so willing to offer in large quantities over fears of lower production as well as lower qualities.

There were also some tenders in West Africa last week for nearby shipments, Mali in particular were successful in selling a good clip of cotton. In Brazil we are starting to see more recaps coming available with Pakistan showing some good interest. As previously reported, mills there are starting to understand that the local crop will not be as big as forecast and as such they are looking at imports. Otherwise, Bangladesh has bought some small spot lots of CCI cotton, but it appears to be mostly quiet in this market.

This week will see the first presidential election between President Trump and Joe Biden, which could provide some fireworks. As the election draws closer we may see more of a risk off attitude from speculators and traders and this could lead to less cash being pumped into the cotton market. For now though, we feel the market will continue to move within its current range.

**ECHEANCE Dec 20** ➡ **66 USC/LB**

**EUR /USD** ➡ **1.15**