

FUTURES	22-Aug	29-Aug	Variation		22 -Aug	29-Aug	Variation
DEC 19	58.94	59,00	0.10 %	INDEX			
MAR 20	59.86	59,65	-0.053 %	EUR/USD	1,1079	1,1056	-0,21%
MAY 20	60.76	60,42	-0.56 %	COTLOOK	71,2	70,1	-1,54%

NEWS

The market hit a year low this week at 56.59 c/lb, but recovered over the week to close at 59.00 c/lb on Dec.

The end of last week saw China impose further tariffs on US goods which spurred President Trump to increase the US tariffs on Chinese goods. This sent the market lower, but at the time of writing the rhetoric between the two parties seems to be improving with both in discussions preparing for the September talks.

USDA sales came in at about expected levels though shipments were disappointing after last weeks' positive shipment figure. The market barely reacted though, preferring to focus on the more positive trade talks.

As mentioned last week there seems to be a good volume of WAF and other origin cottons being stored in transshipment ports. In India there is a large quantity of WAF unsold in the various ports which traders have been selling in local currency. Apart from this again it is the Brazil and US cotton that has been finding homes over the week.

India has also been in the market for WAF and EAF cotton recently though they have been hampered by their weakening currency making the imports more expensive. Other than India global demand has been quiet, Bangladesh has been enquiring for afloat cotton but with very limited business being reported.

Traders have their eyes on storm Dorian which is due to hit Florida this weekend. High winds and rains could stretch into the cotton belt however it could be too early in the growing season for it to have any real effect on the crop there. Most estimations of the crop in the US are around 22 million bales, while in India the rains are beginning to come to an end with local estimations at around 35 million local bales for the coming crop.

The market bounced off its low this week with fresh optimism concerning the trade talks. There is support at around the 57 c/lb level, though any bounce into the 60's seems far off unless of course Trump tweets something positive regarding the trade war.

ECHEANCE Dec 19

59 USC/LB

EUR /USD

1.10