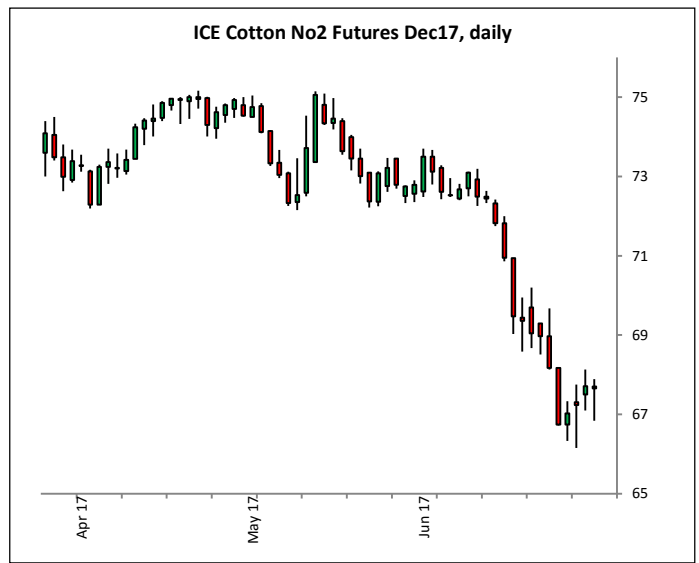


COTTON MARKET REPORT

	Jun28	Jun21	change
ICE No2 Dec17	67.65	68.17	-0.52
ICE No2 Mar18	67.29	68.11	-0.82
ICE No2 May18	67.72	68.54	-0.82
ICE No2 Dec17-Mar18	0.36	0.06	0.30
ICE No2 futures o.i.	200'457	204'966	-4'509
ICE No2 certified stocks	314'986	483'106	-168'120
A-Index 17/18	77.85	79.10	-1.25
ZCE Sep17	14'880	15'190	-310
MCX Cotton most active	20'030	20'180	-150
USD Index	96.010	97.559	-1.549



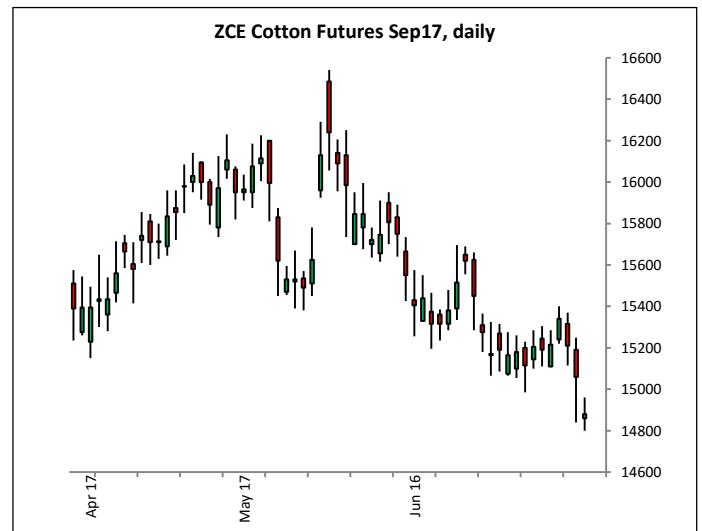
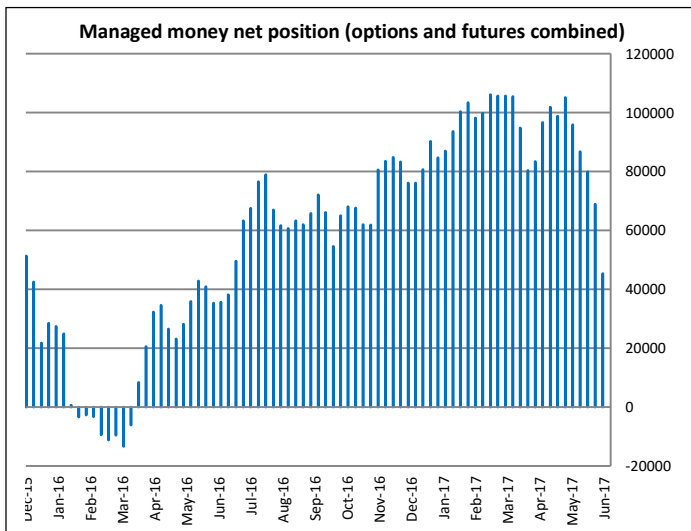
ICE Cotton

Following a period of substantial liquidation, the market has turned quiet and traded less volume this week so far. The open interest, which has dropped by 60'000 lots between when the market peaked in mid-May and now, has stopped declining.

This week's trading action has been rather inconclusive. At best one can say that prices are consolidating/correcting the recent impulsive decline below former 72.00 key support. More corrective up-side potential exists, but a main trend reversal appears unlikely at this point.

Short-term support between about 67.00 and 65.00 should be quite decent. It would take another round of aggressive spec/fund selling to push prices decisively below 65.00.

Resistance is at around this week's high (68.13), followed by 69.60 and key/critical between 71.70 and 72.90.



COTTON MARKET REPORT

USA - This week the soon to be expiring July17 contract entered its notice and delivery period with more or less predictable results. Through mid-week, approximately 1100 notices have been issued representing roughly 110'000 bales with issuers and stoppers generally confined to two major trade houses. After sizable de-certs, certificated stock is now down to about 380'000 bales with more de-certs expected reflecting the tight supply situation in the U.S. for the balance of the 2016/17 season. Moving on to new crop news, West Texas received a most welcome rain early in the week boosting chances that suffering dryland crops could produce at least an average outturn and alleviate for the time being major concerns for considerable acres to be abandoned. As of last Friday USDA dropped its rating of the Texas crop to 46 percent good/excellent compared to 50% the prior week. With these latest rains we are hopeful that the crop will show at least some slight improvement in the next report and thereafter. In the Delta and Southeast Tropical Storm Cindy delivered an abundance of rain and a follow-up weekend cool front represented a break to the hot and dry pattern as the storm moved out of both regions. Now both important regions are enjoying optimum weather for this period of the growing season.

China – After a two-week long narrow ranged consolidation the market has finally broken below the 15'000 support (basis Sep17 contract) and is poised to test the contract low at around 14'610. A confirmed break below 14'600 would change the long-term technical outlook from neutral to negative.

Domestic prices in China have weakened but not fully followed the rapid decline in ICE. Especially high grades continue finding good demand in the physical market, as evidenced by the fact that XJ lots offered in the Reserve auctions are always 100% sold out. Import demand has continued fairly active like in the previous week, main buyers still being those mills with factories in Vietnam or traders confident about continued good demand. Spinning mills continue reporting profitable business and are working close to full capacity, as Chinese yarn is competitive compared to imports. On the other hand, weaving is apparently suffering from weak demand and many mills are not working 100%.