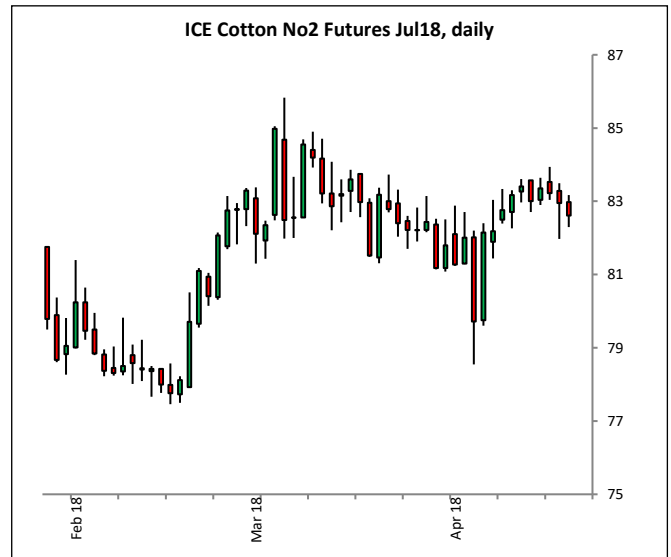


COTTON MARKET REPORT

	Apr 18	Apr 11	change
ICE No2 May18	82.74	83.83	-1.09
ICE No2 Jul18	82.61	83.41	-0.80
ICE No2 Dec18	78.32	78.63	-0.31
ICE No2 May18-Jul18	0.31	0.42	-0.11
ICE No2 futures o.i.	263'078	276'506	-13'428
ICE No2 certified stocks	71'797	77'823	-6'026
A-Index 17/18	92.20	92.80	-0.60
ZCE Sep18	15'365	15'325	40
MCX Cotton Apr18	20'650	20'770	-120
USD Index	89.623	89.568	0.055

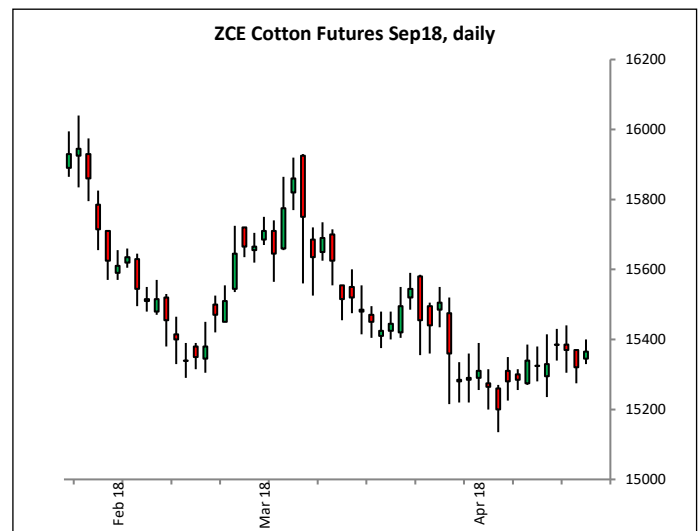


ICE Cotton No.2

It has been a featureless week so far. The trading action has been inconclusive as prices have been unable to break outside the current narrow 'waiting' pattern which has resistance at around 84.00-84.00 and support at 82.00 (basis the Jul18 contract).

Naturally, the futures open interest has dropped following last week's May18 option expiration and ongoing fixations vs. May18. However, one could have expected to see a somewhat larger reduction.

The mid-term chart picture (based on the most active month) still shows a market within a well-defined uptrend channel and one that potentially still needs to finish a complete up-sequence from the October lows. For the time being, 1st key support to keep the bullish outlook intact sits between about 80.00 and 78.50.



COTTON MARKET REPORT

USA – Planting will soon be in full swing across the U.S. and the question remains will West Texas have enough moisture to sustain the large amount of acreage that will be planted to cotton. Much of the area still remains in an exceptional or extreme drought situation with optimal planting time fast approaching. There is a very good chance of rain Friday night and Saturday morning as an area of low pressure is expected to bring wide-spread rains to the region. Everyone will have their eyes on the weather radar for West Texas to see what materializes this weekend and the weeks to come.

India – Cotton prices traded steady across major trading centers. All India daily arrivals reported around 100'000 bales (170 kg each). As per Indian Meteorological Department (IMD), India is likely to receive normal monsoon rains in 2018. It forecasts monsoon rains to be 97% of the long-term period average. This forecast comes with a model error of plus or minus 5%. Probability of normal to excess rains is 56% and that of below normal and deficit rain is 44%.

MCX May18 cotton futures contract traded lower after having failed to break 21'300 resistance level. Short-term outlook is negative. Resistance is seen at 21'300, then 21500. Support at 20'750, then 20'500-20'440.

China – The ZCE Sep18 contract has continued to test the short-term resistance at 15'400 following the bounce off the contract lows last week. A confirmed break above would change the short-term outlook to positive. The overall trend remains neutral.

Stocks are slowly being worked down but remain at historically very high levels. According to Cottonchina, commercial stocks by end March were at 3.24m tons, down 400'000 tons from last month but 1.2m tons above last year. Spinning, weaving and textile mills are mostly reporting good business conditions, and most observers agree with USDA's estimate for rising cotton consumption. But in view of ample supply, buying stays mostly hand-to-mouth with no major activity neither in domestic nor in imported cotton. Reserve sales are slowing down as well due to the lower percentage of Xinjiang cotton on offer; while the lots from Xinjiang are usually 100% sold, there is much less demand for the lower grades of Eastern cotton.

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