

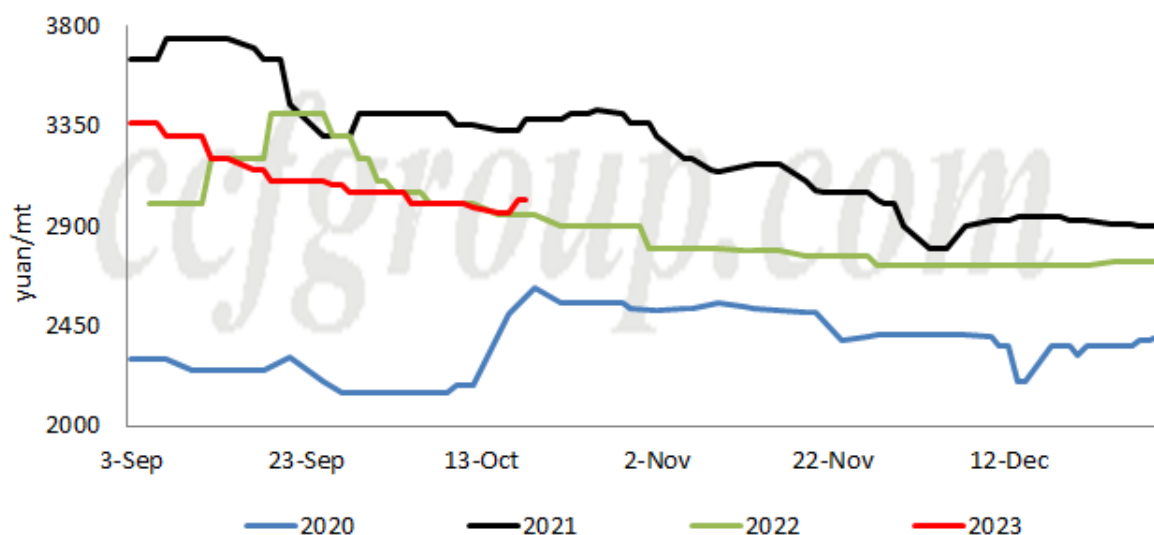
## Cotton prices plummet while cotton linter rises against the trend

Recently, ZCE cotton futures and Chinese cotton spot prices have dropped significantly. In just a few days, the price has plummeted by more than 1,000yuan/mt. The price of cottonseed has also followed the downward trend, while that of cotton linter has risen against the trend.

Cotton 3128 price trend of China



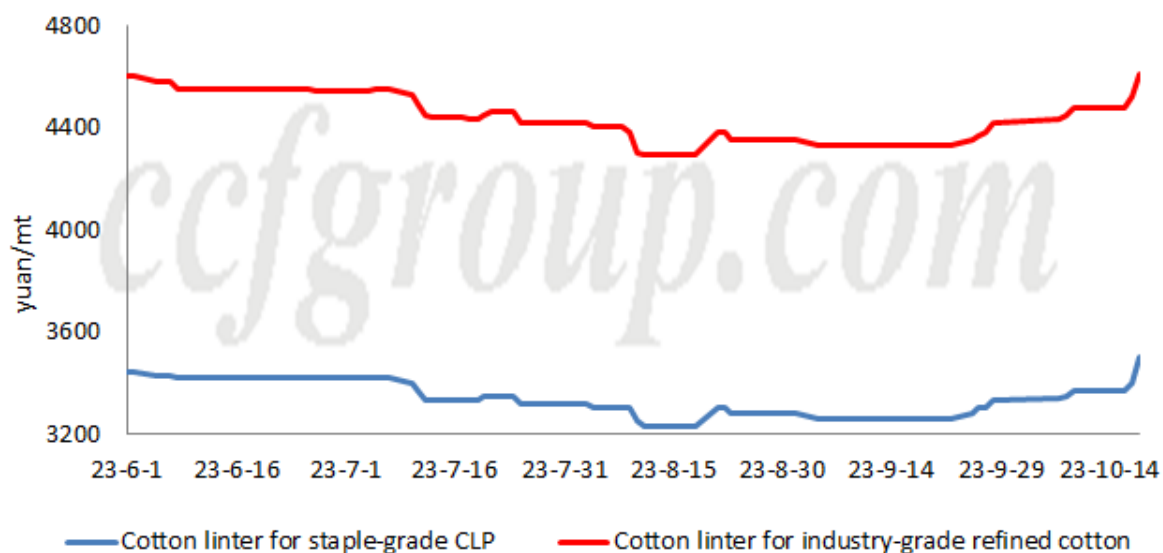
Cottonseed price trend of Xinjiang in new crop year



Due to the bearish supply and demand situation and the impact of external factors such as the Israeli-Palestinian conflict, the ZCE cotton futures and Chinese cotton spot prices have fallen continuously after the National Day holiday. Among them, the former has dropped from the high point of 17,800yuan/mt on Oct 9 to around 16,400yuan/mt currently. The price of cotton 3128 has fallen from 18,500yuan/mt to around 17,300yuan/mt at present. In just a few days, the price decline is more than 1,000yuan/mt. As a result, the procurement of seed cotton market has cooled down, as prices have been lowered, and there has been an increase

in suspending purchases by the ginners. The cottonseed market is also covered with wait-and-see stance, with cottonseed prices in Xinjiang gradually decreasing from 3,300-3,400yuan/mt at the beginning of Sep to around 3,000yuan/mt currently.

Cotton linter price trend of China



Due to the standoff between cotton farmers and ginners, the progress of seed cotton procurement has been slow this year. Currently, the cotton picking progress in northern Xinjiang has reached nearly 60%, while in southern Xinjiang, the progress is about 30%. However, due to cotton farmers being reluctant to sell and cautious purchasing by ginners, the overall progress of seed cotton delivery is only about 10-20%. As the progress of seed cotton procurement is slow, many ginners have not started processing, leading to a delay in the arrival of new cottonseed. With the support of downstream restocking demand, the prices of cotton linter have increased rapidly. The price of cotton linter for industry-grade refined cotton outside Xinjiang has risen to 4,700yuan/mt, and that in Xinjiang is 4,200yuan/mt, with an increase of about 200-300yuan/mt after the holiday.

In conclusion, although the progress of seed cotton picking is steadily advancing, the procurement is generally slow, and recently there has been an increase in ginners suspending purchases. New cottonseed is arriving slowly, and the prices have stabilized after the decline, which are partially recovering. The limited supply of cotton linter has led to a rapid price increase. However, before a large number of new cottonseed and cotton linters arrive, there is still a biased upward trend. But with the extensive seed cotton procurement in Nov, it is expected that there will still be resistance to further price increases later on.