



JANUARY 3, 2025

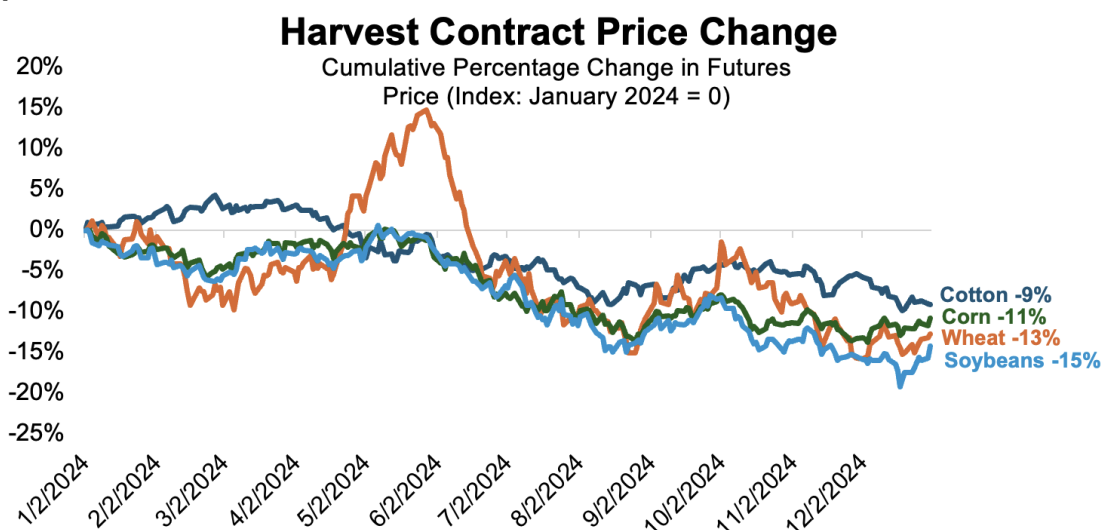
Cotton futures have remained range-bound, with light trading volumes and underwhelming export sales and shipments. While stock markets showed strong back-to-back performance, cotton continues to face challenges from a stronger U.S. dollar. How will investor rebalancing and the World Agricultural Supply and Demand Estimates (WASDE) report affect cotton prices in the week ahead? Get QuickTake's read on the week's events in five minutes.

Trading volumes were light in a market that remained range-bound during the final two weeks of the year.

- The March contract closed at 68.57 cents per pound, down 18 points for the week.
- March futures rebounded from a contract low but have remained range-bound since then. With the holidays mixed

in, there wasn't much news to drive market direction. Many traders were on vacation, resulting in limited activity throughout the past couple of weeks. The first trading session of the new year looked promising, but cotton futures retreated due to outside market pressures and a 52-week high recorded from the U.S. dollar.

- Commodity investor rebalancing and reweighting begin next week, and the cotton market could see a slight uptick as indexes are expected to be net buyers of cotton. Next Friday's USDA supply and demand estimates could increase activity.
- Open interest increased by 1,163 contracts, bringing total open interest to 238,272.
- Certificated stocks were unchanged at 20,113 bales.
- Planting decisions, particularly in South Texas, are at the top of producers' minds as they evaluate the best options for the upcoming season. Commodity prices have weakened considerably compared to last year. Although December 2025 futures have fallen, they have not declined as much as other commodities when focusing on the futures prices of harvest months. Other variables include stubbornly high input costs and moisture deficits in South Texas.



Source: ICE

Stock markets started the new year in the red but recorded their best back-to-back performance since the late 1990s.

- The U.S. dollar soared to new highs to begin 2025, closing at its highest levels since November 2022. A stronger dollar makes U.S. goods, such as cotton, more expensive for other countries to import, which can weigh on the price of commodities.
- The conversation surrounding the U.S. port strike has become more urgent as the new year begins, with the January 15 deadline rapidly approaching. A strike was narrowly avoided in October, but the issue of automation remains unresolved. If a strike does occur, higher freight rates and cargo delays are expected.
- Congress averted a government shutdown just before Christmas following a whirlwind week. A Continuing Resolution was passed, and the deadline for funding to lapse is March 14, 2025. The agriculture-related provisions included \$10 billion in market-loss assistance for all eligible commodities, \$20.78 billion in disaster assistance for eligible commodities and livestock and related provisions for the 2023 and 2024 crop years, and a one-year extension of the 2018 Farm Bill. USDA has 90 days to begin implementation of the economic assistance payments. Disaster assistance will likely be delayed until after senior USDA leadership transitions have been completed.

The U.S. Export Sales Report showed underwhelming sales and shipments for the week ending December 26.

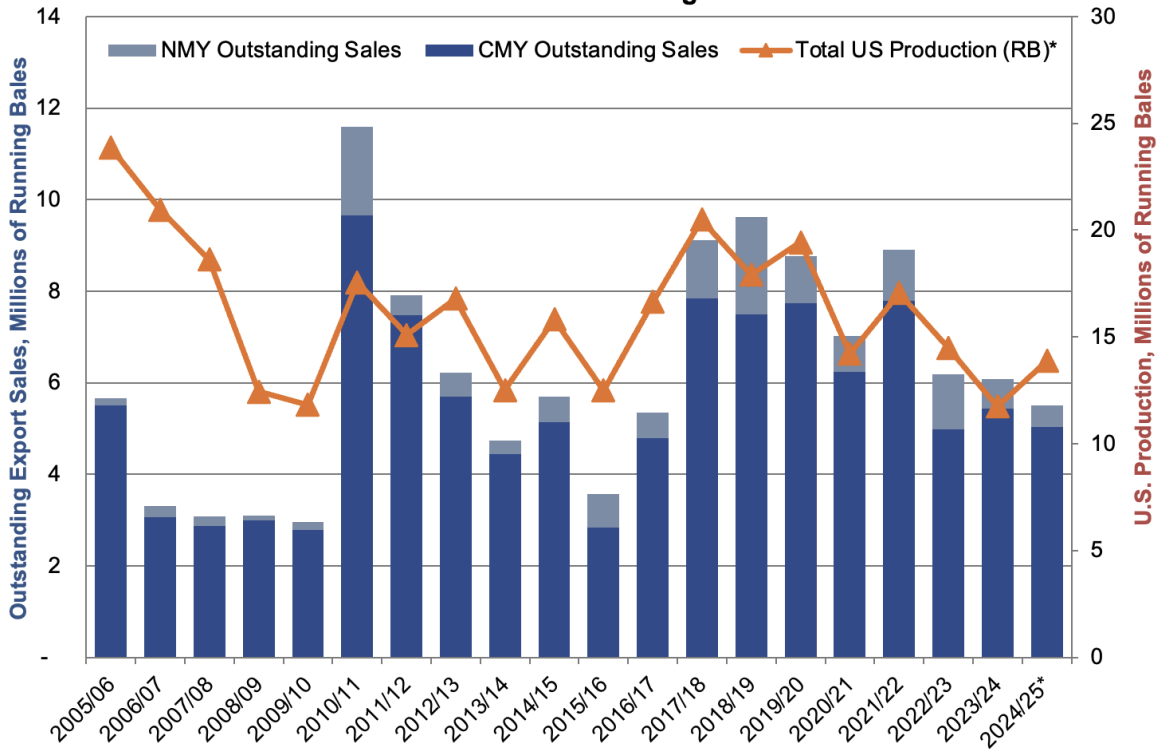
- For the 2024/25 marketing year, U.S. merchants sold 128,900 Upland bales and shipped 115,800 bales. The reporting period overlapping the holiday season could have some influence on the low sales and shipments. However, both were still below average for what is typically a slower time of year.
- Merchandisers need to sell approximately 145,000 bales per week to get to USDA's current estimate of 11.3 million bales. Shipments are significantly behind the pace, and

approximately 260,000 bales per week must be shipped to meet the estimate.

- Pima merchandisers sold 1,700 bales and exported 6,500 bales. Shipments are on pace to reach USDA’s estimate.

U.S. Outstanding Export Sales

Week 22 of Marketing Year



Source: USDA FAS, *Current Year USDA Production

The Week Ahead

Next week, some markets will be closed on January 9 in remembrance of former President Jimmy Carter. However, the cotton market will continue to operate during its normal hours. This will also impact the release of the U.S. Export Sales Report, which will now be released on Friday, January 10.

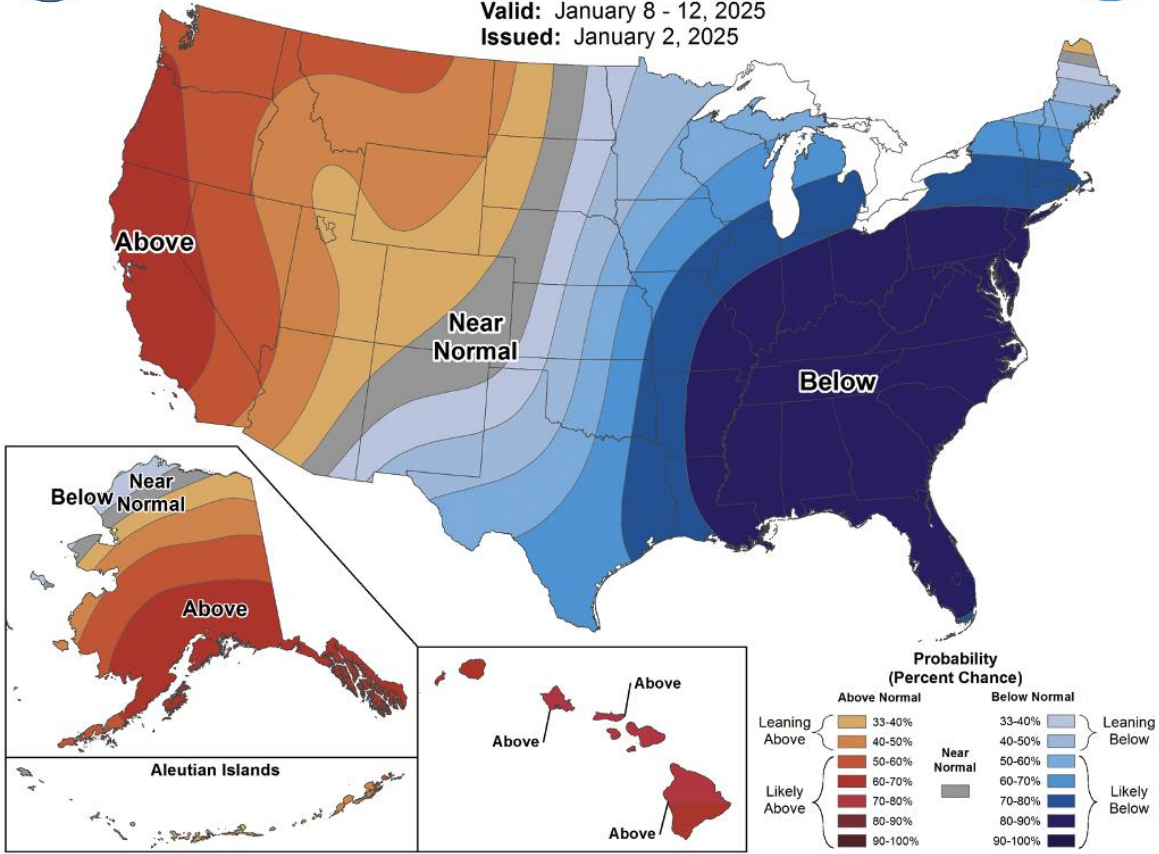
It will be a busy week overall, with index rebalancing starting on Wednesday, January 8, and the release of the WASDE on Friday, January 10, at 11:00 a.m. CST. We will also get the minutes from the December Federal Open Market Committee (FOMC) meeting and fresh data from outside markets, including U.S. unemployment and the unemployment rate.



6-10 Day Temperature Outlook



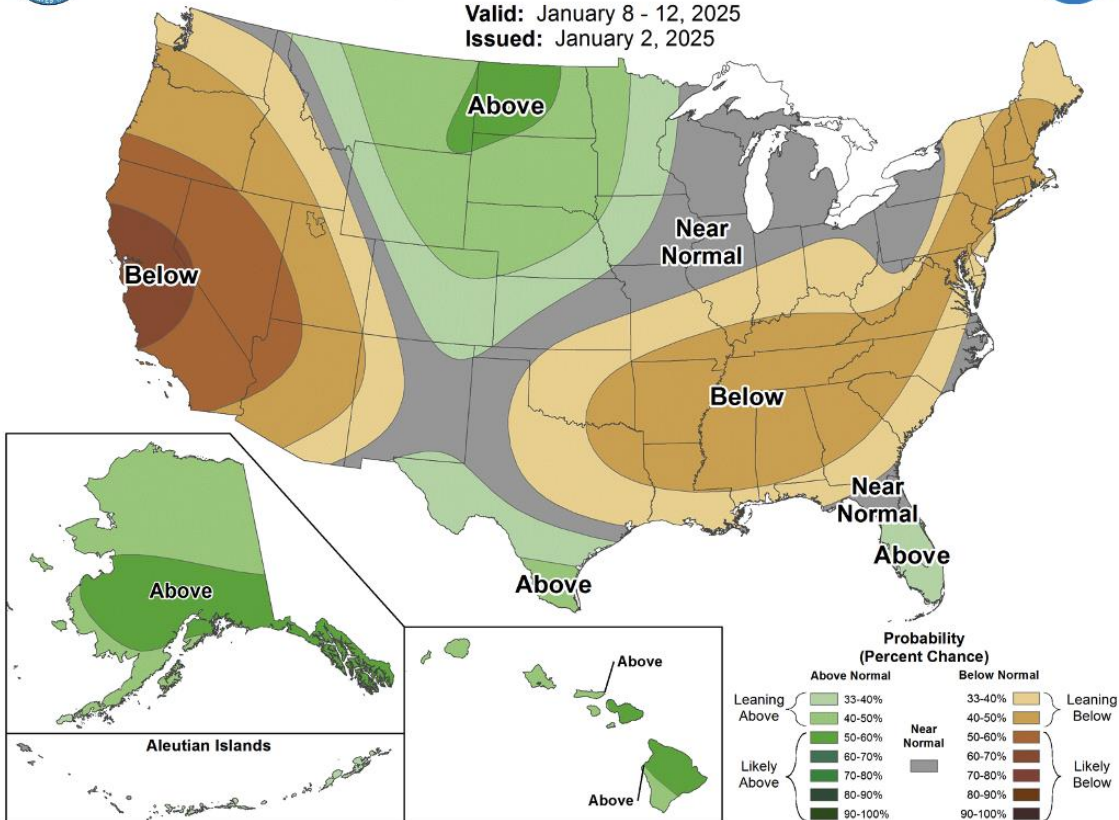
Valid: January 8 - 12, 2025
Issued: January 2, 2025



6-10 Day Precipitation Outlook



Valid: January 8 - 12, 2025
Issued: January 2, 2025



The Seam

As of Thursday afternoon, grower offers totaled 237,924 bales. There were 27,189 bales that traded on the G2B platform with an average price of 61.26 cents per lb. The average loan was 50.44, resulting in a premium of 10.82 cents per lb. over the loan.

Ice Futures Ending 1/2/2025

	Settlement	Daily Change	Weekly Change
Mar. '25	68.57	+0.17	-0.18
May '25	69.73	+0.24	-0.13
July '25	70.75	+0.25	-0.13
Dec. '25	69.74	+0.04	-0.21

Adjusted World Price (AWP)

	Official 1/03 thru 1/09
AWP	55.03
LDP/MLG	0.00
2024 FCA	0.00
Coarse Count	0.00