



FEBRUARY 9, 2024

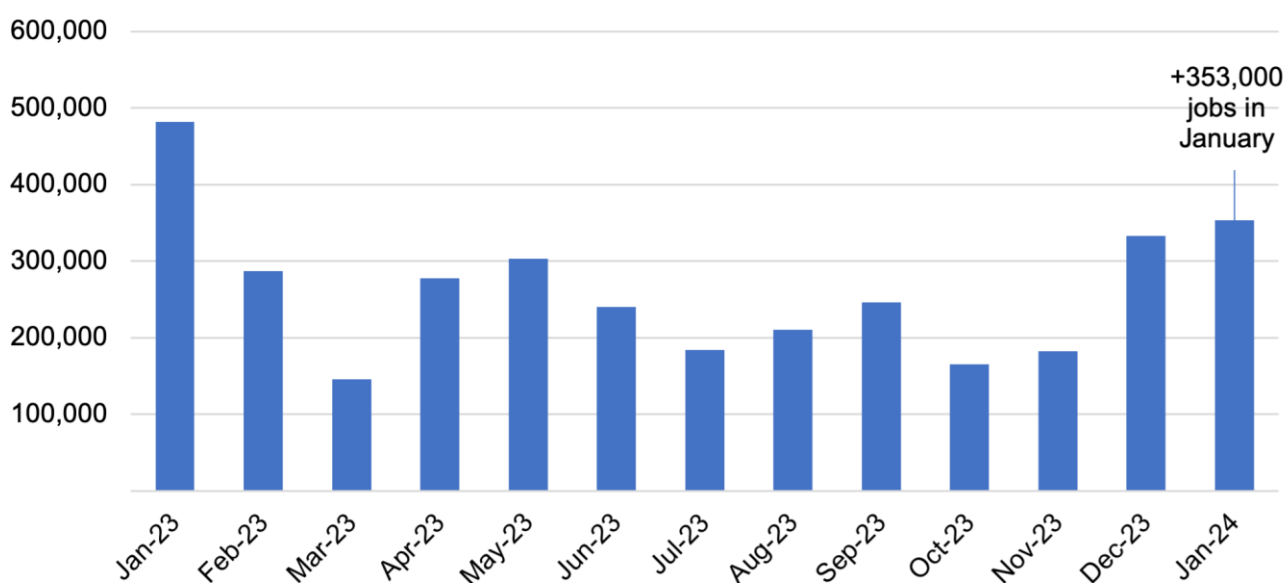
Cotton futures were up for four out of five trading sessions.

- Cotton prices continued higher for the fifth straight week, staying at the highest level since early October.
- Daily trading volumes were high due to speculative buying and index funds rolling.
- Trading ranges each day were relatively tight, but prices managed to gain ground.
- March futures settled at 89.10 cents per pound, up 261 points for the week.
- May open interest overtook March this week, becoming the lead contract.
- May futures settled at 89.68 cents per pound, up 204 points for the week.
- Total open interest reached its highest level since 2022, increasing 11,901 contracts to 265,444.

Major indexes set new highs throughout the week, despite hawkish Fed comments.

- **U.S. added 353,000 jobs in January**, the largest increase in a year and almost double of what was expected.
- Corporate earnings continue to be reported, many coming in higher than expected.
- Friday's robust jobs report was backed up by **lower-than-expected U.S. weekly initial unemployment claims**.
- **Fed officials have stated they are in no hurry to cut interest rates**, heavily discounting the chances of a rate cut happening at the March FOMC meeting.
- Throughout 2023, the **U.S. imported more goods from Mexico than China** for the first time in over two decades.
- **Crude prices jumped** at the end of the week on news of increasing geopolitical tensions.

Monthly Change in Jobs



Source: Bureau of Labor Statistics

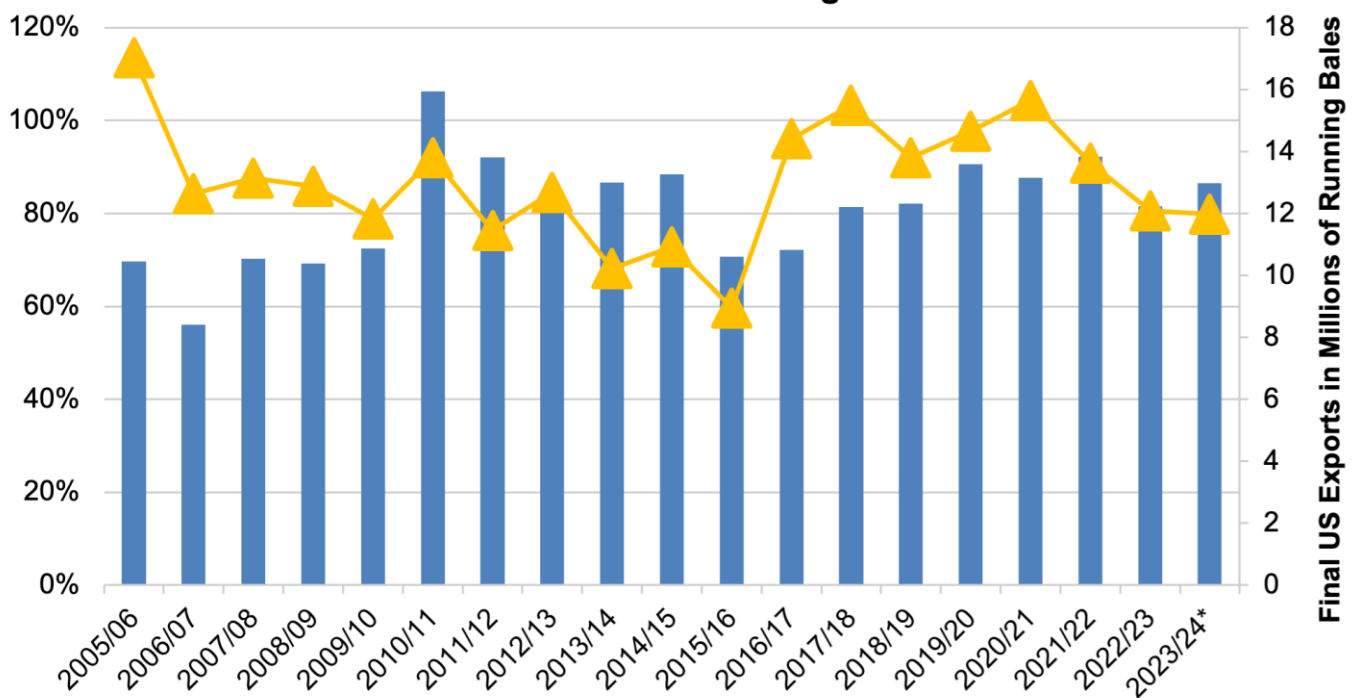
Demand for U.S. cotton remained steady for the week ending February 1.

- A net total of 284,100 Upland bales were sold for the week, **keeping sales above average for this time of the year**.
- **New crop sales of 34,600 bales were reported.**

- A total of 248,500 Upland bales were exported, **below average** for what we typically see at this time of the year.
- **Shipment disruptions in the Red Sea** have exporters worried about increased costs and delays.
- A net total of 9,500 Pima bales were sold and 11,900 bales were shipped for the week.

U.S. Export Commitments as % of Final Exports

Week 27 of Marketing Year



Source: USDA, *WASDE forecasted exports

February WASDE Report Tightened up the U.S. Balance Sheet.

- The WASDE report provided overall bullish figures for the market to trade on.
- The U.S. export estimate was raised to **12.3 million bales**, a necessary change to keep up with the sales pace.
- A decline in U.S. ending stocks **tightened the stocks-to-use ratio to 19.93%**, making this only the second time it was below 20% on the February report.
- The **U.S. crop was unchanged** at 12.43 million bales.

- **World consumption increased to 112.46 million bales**, a marginal increase of 30,000 bales.
- **Global ending stocks decreased** 680,000 bales to 83.70 million bales.

The Week Ahead

- The quantity of trading and new information that became available this week will likely continue into next week.
- **USDA’s Annual Agricultural Outlook Forum** will be held next Thursday and Friday. This will provide the only look at USDA’s expectations for the 2024/25 crop until the first balance sheet is posted in May.
- The **National Cotton Council’s Annual Meeting** will also take place next week. They will release their Economic Outlook and Planting Intentions for the 2024/25 crop on Sunday, February 18.

The 2024 U.S. Cotton Trust Protocol enrollment is now open! Please contact the PCCA office at 806-763-8011 for more information and assistance with the enrollment process. The application deadline for the 2024/25 crop is April 30, 2024.

The Seam

As of Thursday afternoon, grower offers totaled 22,347 bales. On the G2B platform 12,118 bales traded during the week with an average price of 77.53 cents/lb. The average loan was 49.71 bringing the average premium received over the loan to 27.82 cents/lb.

Ice Futures Ending 2/8/2024

	Settlement	Daily Change	Weekly Change
Mar '24	89.10	+0.63	+2.61
May '24	89.68	+0.38	+2.04
July '24	89.92	+0.33	+1.67
Dec '24	82.94	+0.14	+1.08

Adjusted World Price (AWP)

	Official 2/9 thru 2/15
AWP	70.04
LDP/MLG	0.00
2023 FCA	1.13
Coarse Count	0.00