



MAY 10, 2024

After the bottom fell out of the market last week, July futures managed small gains for the week but ran into resistance around 80.00 cents per pound.

- July futures settled at 78.60 cents per pound, **finishing 298 points higher for the week.**
- **The market reversed early in the week, possibly correcting itself after reaching oversold territory.** Pressure came back from weakness in China, specs holding a net short position, and the anticipated release of the WASDE report.
- **Volumes were heavier towards the end of the week.** Total open interest increased by 8,257 contracts to reach a balance of 214,126.
- **Some of the week's gains can be attributed to the 18,142 bales that were decertified, lowering certificated stocks to 167,979 bales.**

The May WASDE provided the first estimates for the 2024/25 U.S. and World crops.

- The U.S. crop is predicted to be 16.0 million bales, and exports are forecast to be 13.0 million bales.
- World use is expected to increase to 116.86 million bales, and ending stocks are set to increase to 83.01 million bales.
- For the 2023/24 crop, U.S. production decreased 30,000 bales to 12.07 million bales. U.S. ending stocks decreased by 100,000 bales to 2.4 million bales. Exports were held steady at 12.3 million bales.
- World use in 2023/24 increased 540,000 bales to 113.36 million bales. Ending stocks decreased 2.6 million bales to 80.48 million bales.

	May WASDE United States							
	Beg Stocks	Production	Total Supply	Domestic Use	Exports	Total Use	Ending Stocks	Stocks to Use
2023 Crop Est.	4.25	12.07	16.33	1.80	12.30	14.10	2.40	17.02%
2024 Crop Proj.	2.40	16.00	18.41	1.90	13.00	14.90	3.70	24.83%
Change	(1.85)	3.93	2.08	0.10	0.70	0.80	1.30	7.80%

Major indexes reacted positively to the recently cooler economic data, nearing record highs reached earlier this year.

- U.S. initial jobless claims were higher than expected, supporting the hope that interest rate cuts will occur this year.
- The U.S. dollar was slightly weaker on declining treasury yields and a rising rate of jobless claims.
- The Bank of England held interest rates steady, signaling that interest rate cuts might be sharper than expected when they begin.

U.S. export sales were predicted to be good but far exceeded expectations when a net total of 253,700 Upland bales were booked for the week ending May 2.

- The biggest buyer of Upland cotton was China with 119,000 bales, followed by Pakistan with 36,300 bales, Vietnam with 27,500 bales, Turkey with 21,500 bales, and Indonesia with 19,600 bales.
- Shipments totaled 249,600 bales for the week, only slightly below the pace needed to reach USDA export expectations.
- New crop sales of 158,900 bales were reported, far above the sales typically for this time frame.
- A net total of 5,600 Pima bales were sold, and 8,200 bales were shipped for the week.

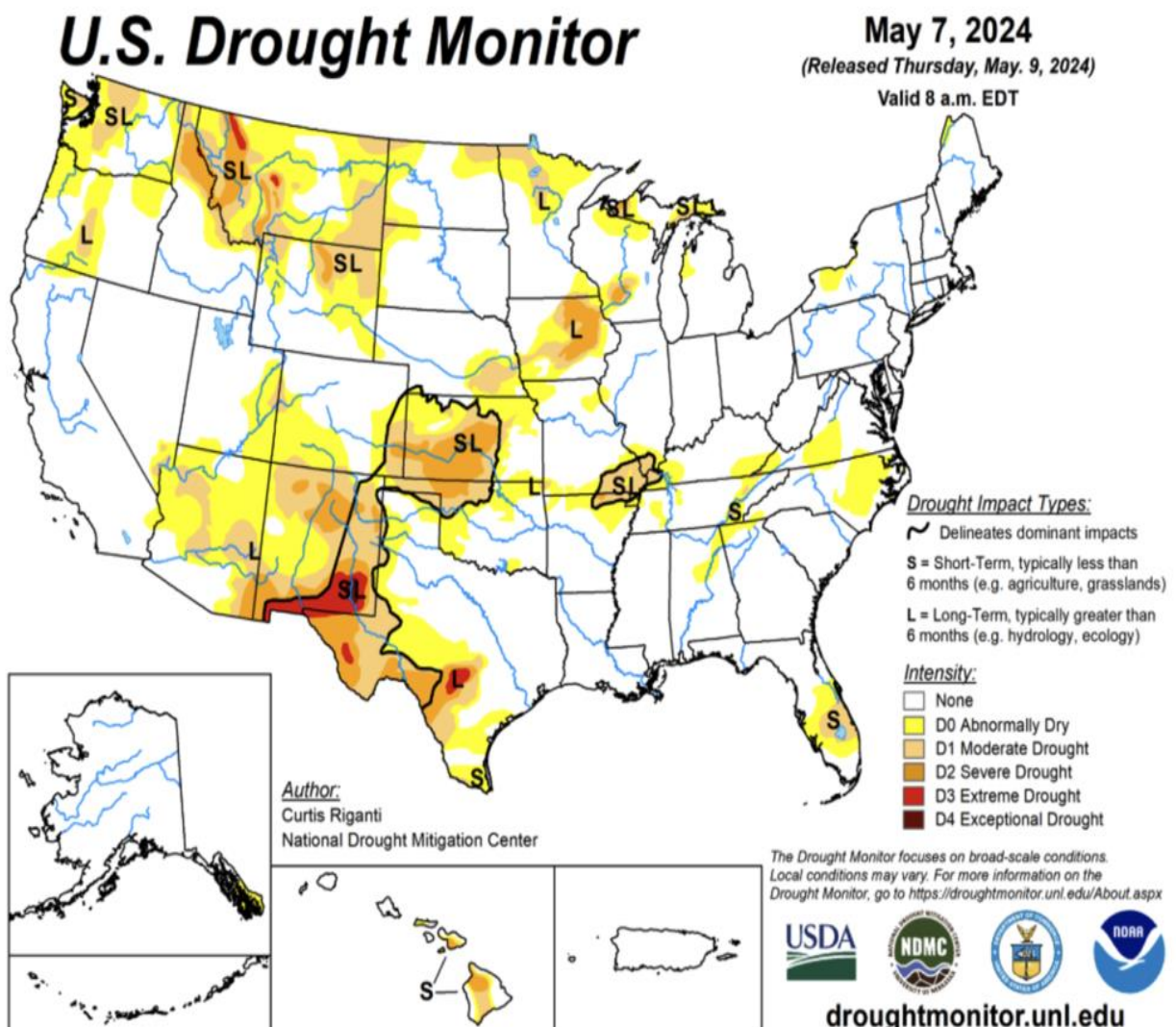
Accumulated Exports as % of Final Week 40 of Marketing Year



Source: USDA, *relative to WASDE

The Week Ahead

- Now that the cotton market has new data to trade on, the focus will shift back to the weekly Export Sales Report and the Crop Progress Report.
- Next week will be a little livelier in outside markets. The Consumer Price Index (CPI) and Producer Price Index (PPI) will be released, providing another look at inflation.
- Throughout the country, **cotton is now 24% planted and 24% planted in Texas.** South Texas received quite a bit of rainfall in the past week, so open skies will be welcome to dry out the fields with water standing. After abnormally hot temperatures in the region early in the week, rain is expected over the weekend in parts of WTX/OK/KS. Planting has started in the area, and rains will be welcomed where seed is in the ground.



The Seam

As of Thursday afternoon, grower offers totaled 31,545 bales. On the G2B platform 1,692 bales traded during the week with an average price of 68.40 cents/lb. The average loan was 53.80 bringing the average premium received over the loan to 14.60 cents/lb.

Ice Futures Ending 5/9/2024

	Settlement	Daily Change	Weekly Change
July '24	78.60	-1.46	-2.98
Dec '24	76.46	-1.24	-2.28
Mar '25	78.01	-1.18	-2.39
May '25	79.20	-1.07	-2.23

Adjusted World Price (AWP)

	Official 5/10 thru 5/16
AWP	59.64
LDP/MLG	0.00
2023 FCA	0.25
Coarse Count	0.00