



FEBRUARY 16, 2024

Cotton futures rally to highest level since September 2022.

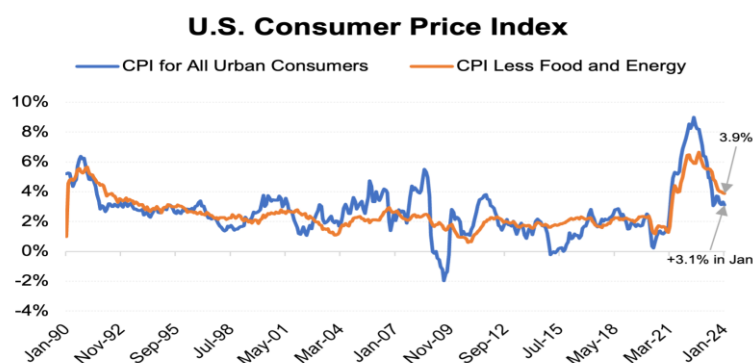
- **Cotton prices climbed sharply, making an 18-month high**, despite a decline in the overall commodity complex and bearish outside market data.
- **Bullish technical signals increased buying, helping boost prices.**
- March futures settled at 94.63 cents per pound, **up 553 points for the week.**
- May futures settled at 95.31 cents per pound, **up 563 points for the week.**
- Total open interest decreased 3,563 contracts from the previous week, totaling 261,881 contracts.
- **USDA set a baseline of 11 million acres to be planted** in cotton, and production to rebound at 16 million bales.
- **Prices have moved in cotton's favor** since Cotton Grower magazine estimated 10.2 million acres in January.

USDA Ag Forum Feb. Baseline vs Final

Year	USDA Baseline	Actual Acreage	Difference
2017/18	11.5	12.6	1.1
2018/19	13.3	14.1	0.8
2019/20	14.3	13.7	-0.5
2020/21	12.5	12.1	-0.4
2021/22	12.0	11.2	-0.8
2022/23	12.7	13.8	1.1
2023/24	10.9	10.2	-0.7
2024/25	11.0	?	?

U.S. inflation increased unexpectedly, dialing back expectations of a cut to interest rates anytime soon.

- Before the hot inflation news, **the S&P 500 set a record, closing above 5000** for the first time in history.
- **The U.S. Consumer Price Index increased by 0.3% in January and 3.1% annually**, much higher than the market expected.
- January is typically an erratic month for inflation readings, but this was a solid signal that the Fed will continue its “higher for longer” path.
- The stock market tumbled on hotter-than-expected consumer prices but managed to recover some of the losses by the end of the week.
- **Shopping slowed down in the U.S. in January**, evident by the 0.8% decline in U.S. retail sales and 0.2% decrease in clothing sales.
- U.S. initial unemployment claims fell, showing continued resiliency in the U.S. labor market.

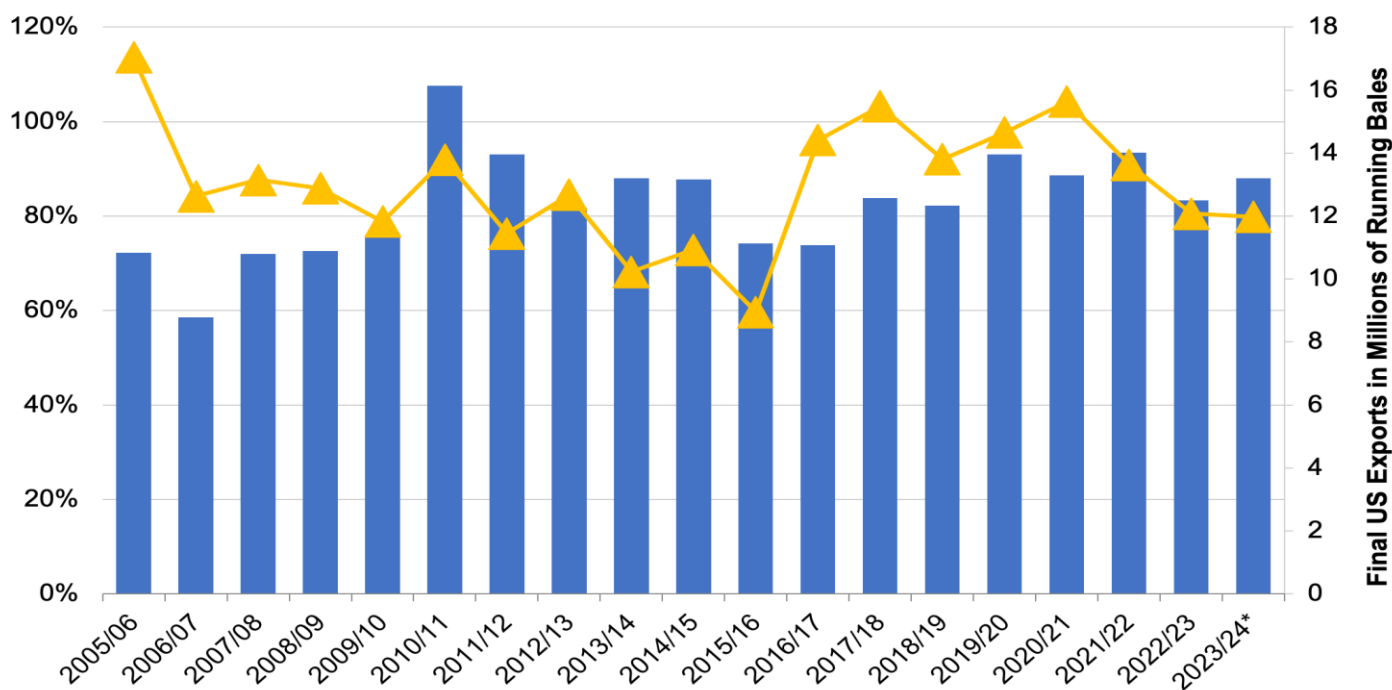


Source: Federal Reserve Economic Data

U.S. export sales were lower for the week ending February 8th, but still above the pace needed to reach the 12.3 million bale estimate from USDA.

- **A net total of 160,500 Upland bales were sold for the week**, lower than recent reports but still above what needs to be sold to reach the current export expectation.
- **A total of 276,100 Upland bales were exported**, below average for what we typically see at this time of the year.
- A net total of 5,300 Pima bales were sold and 5,500 bales were shipped for the week.

U.S. Export Commitments as % of Final Exports Week 28 of Marketing Year



Source: USDA, *WASDE forecasted exports

The Week Ahead

- Merchants will be focused on winding down the last bit of their March futures next week, given **First Notice Day for March Futures is Friday, February 23.**
- **Buyers in East Asia should return to the market next week** after taking a week-long break for the New Year festivals.

- The **National Cotton Council's Annual Meeting** takes place this weekend. 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 25,323 bales. On the G2B platform 5,147 bales traded during the week with an average price of 83.04 cents/lb. The average loan was 50.55 bringing the average premium received over the loan to 32.49 cents/lb.

Ice Futures Ending 2/15/2024

	Settlement	Daily Change	Weekly Change
Mar '24	94.63	+1.15	+5.53
May '24	95.31	+0.93	+5.63
July '24	95.33	+0.94	+5.41
Dec '24	84.84	+0.25	+1.90
Mar '25	84.79	+0.19	+1.55

Adjusted World Price (AWP)

	Official 2/16 thru 2/22
AWP	73.44
LDP/MLG	0.00
2023 FCA	1.53
Coarse Count	0.00