



JANUARY 17, 2025

Cotton prices remain under pressure following a bearish USDA supply and demand report. Recent inflation trends also impacted the market. As we look toward next week's presidential inauguration, one question remains: What impact will these shifting factors have on the broader economy and market trends? Get QuickTake's read on the week's events in five minutes.

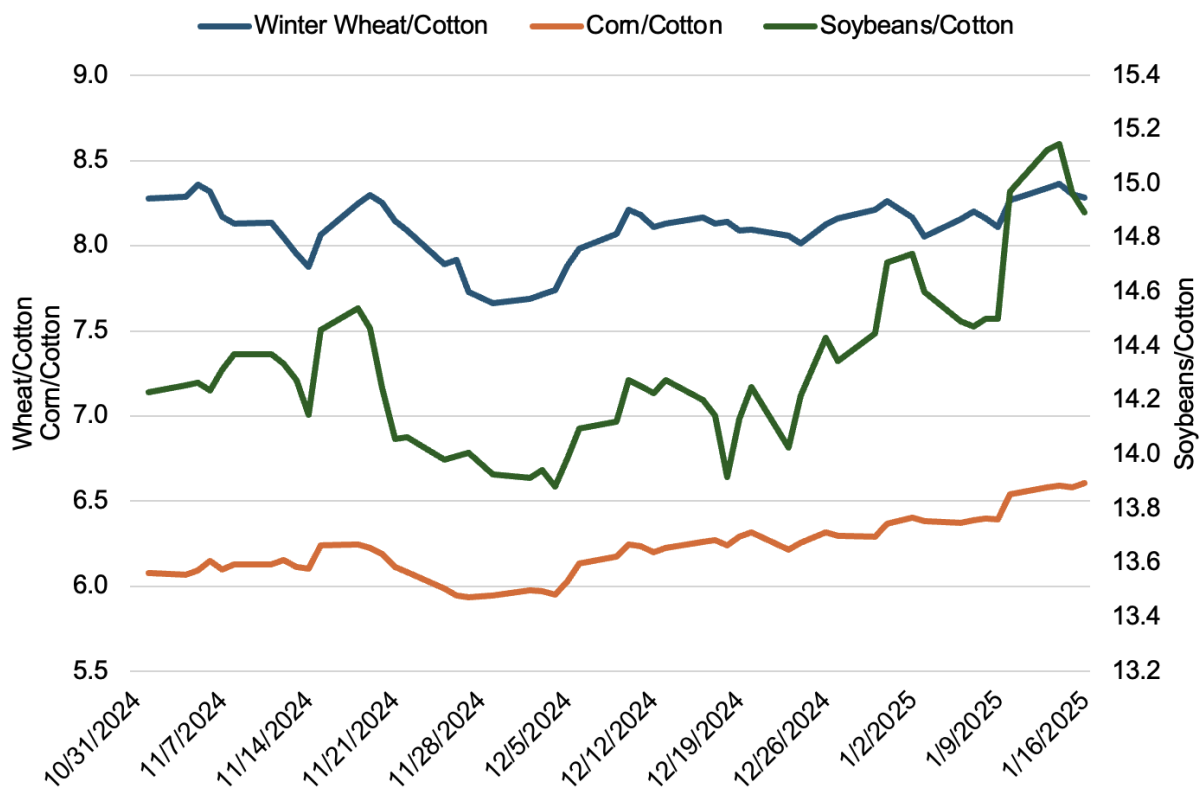
A bearish WASDE report and weak mill demand outlook weighed on cotton prices.

- The March contract closed at 66.73 cents per pound, down 177 points for the week.
- Last Friday's WASDE report sent cotton prices lower. The more relaxed balance sheet offered little support to cotton prices. Stronger economic data led to a rise in the U.S.

dollar, further weighing on prices. Although index funds were net buyers during the rebalancing period cotton prices still fell. Even a strong Export Sales Report couldn't lift the market, leaving both the fundamental and technical outlooks bearish for the time being. Despite the strong uptick in exports, the March contract still traded lower, ultimately closing at a contract low.

- Open interest increased by 16,824 contracts, bringing total open interest to 260,246. A total of 218 bales remain in certificated stocks, indicating that 19,895 bales were decertificated over the past week
- Planted acres for the 2025 season are becoming increasingly important, especially with reports indicating that Brazil is set to produce another large crop. Friday's WASDE report was bearish for cotton prices but had the opposite effect on corn and soybean prices. While much can change before final planting decisions are made, the current price ratios suggest a slight decrease in cotton acreage next season as other row crop prices have rallied against cotton.

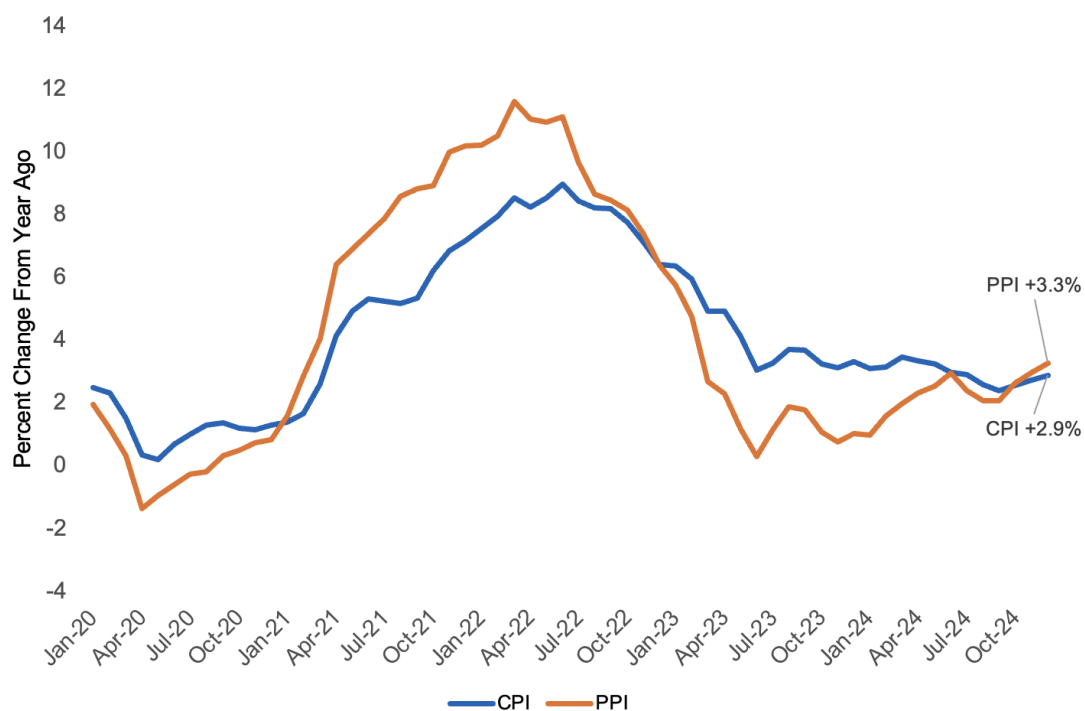
Crop Price Ratios of Harvest Contract



Stock markets were choppy over the past week but posted their strongest day since early November, driven by inflation data and robust bank earnings.

- U.S. inflation data was the key market highlight of the week. The December Producer Price Index (PPI) rose 0.2% month-over-month and 3.3% year-over-year, both slightly below expectations, signaling that inflation pressures were easing.
- The December Consumer Price Index (CPI) came in as expected, increasing 0.4% month-over-month and 2.9% year-over-year. However, the core CPI, which rose at an annual rate of 3.2%—slightly below the anticipated 3.3%—captured investors' attention. This softer-than-expected reading helped alleviate concerns over a resurgence in inflation and triggered a rally in stocks. Despite the slightly better inflation news, it is still uncertain when the Fed will cut interest rates again.
- U.S. retail sales for December rose 0.4% month-over-month, while core retail sales increased 0.7%. Sales of clothing and accessories were up 1.5% month-over-month and 2.4% year-over-year.

U.S. Inflation Indicators for December

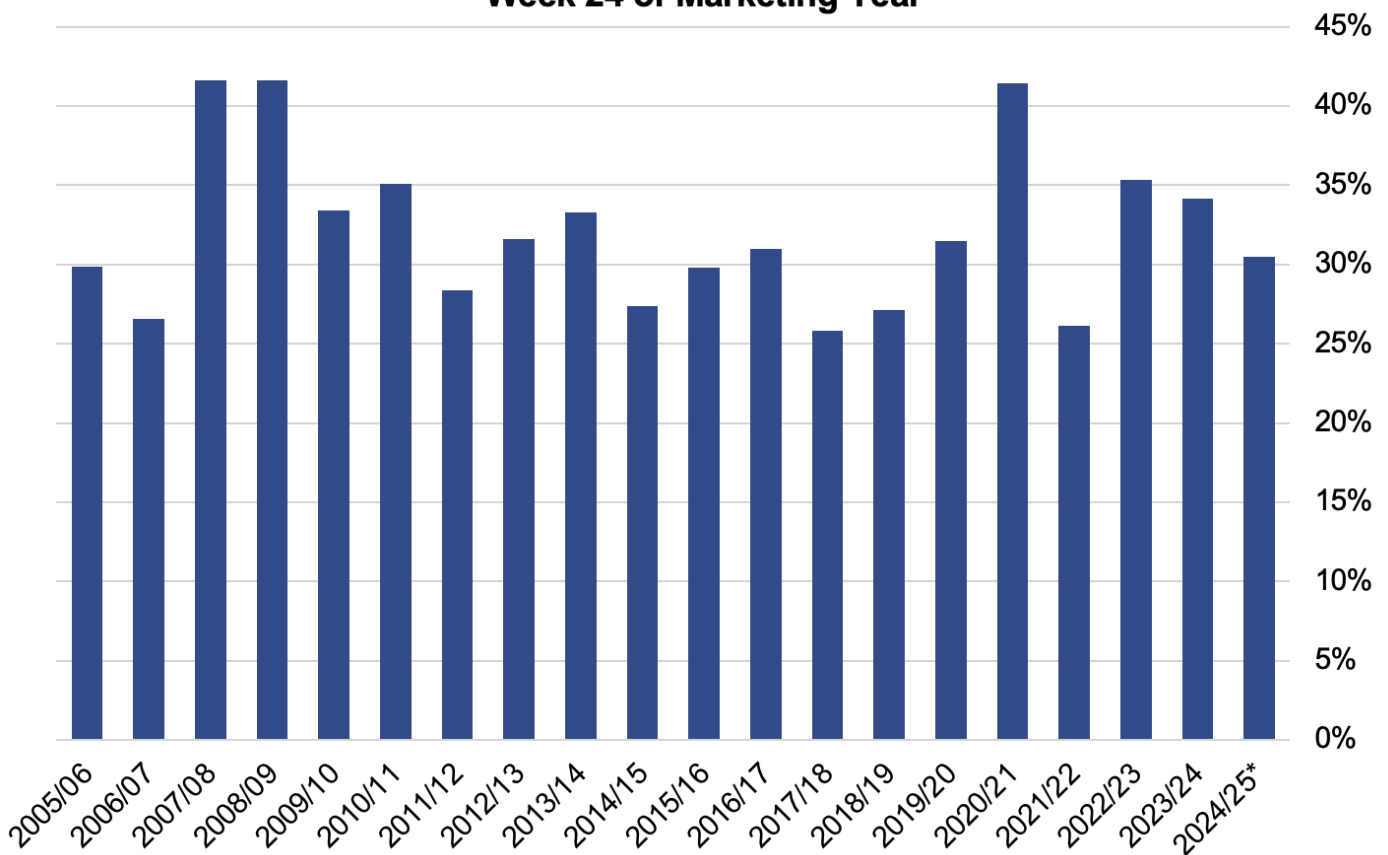


Source: Federal Reserve Bank of St. Louis (FRED)

The U.S. Export Sales Report was strong, with merchants reporting solid sales and a marketing year high in shipments.

- For the 2024/25 marketing year, U.S. merchants sold 316,200 Upland bales and shipped 224,800 bales. While the pace of shipments remains below the level required to meet the USDA's revised 11 million bale export estimate, it has gradually increased in the past few reports. With peak shipment season underway, this is an important trend to monitor.
- More business has been done at the lower price level, and another strong report is expected next week.
- Pima merchandisers sold 2,900 bales and exported 8,300 bales. Shipments are on pace to reach USDA's estimate.

Accumulated Exports as % of Final Week 24 of Marketing Year



Source: USDA FAS, *relative to WASDE

The Week Ahead

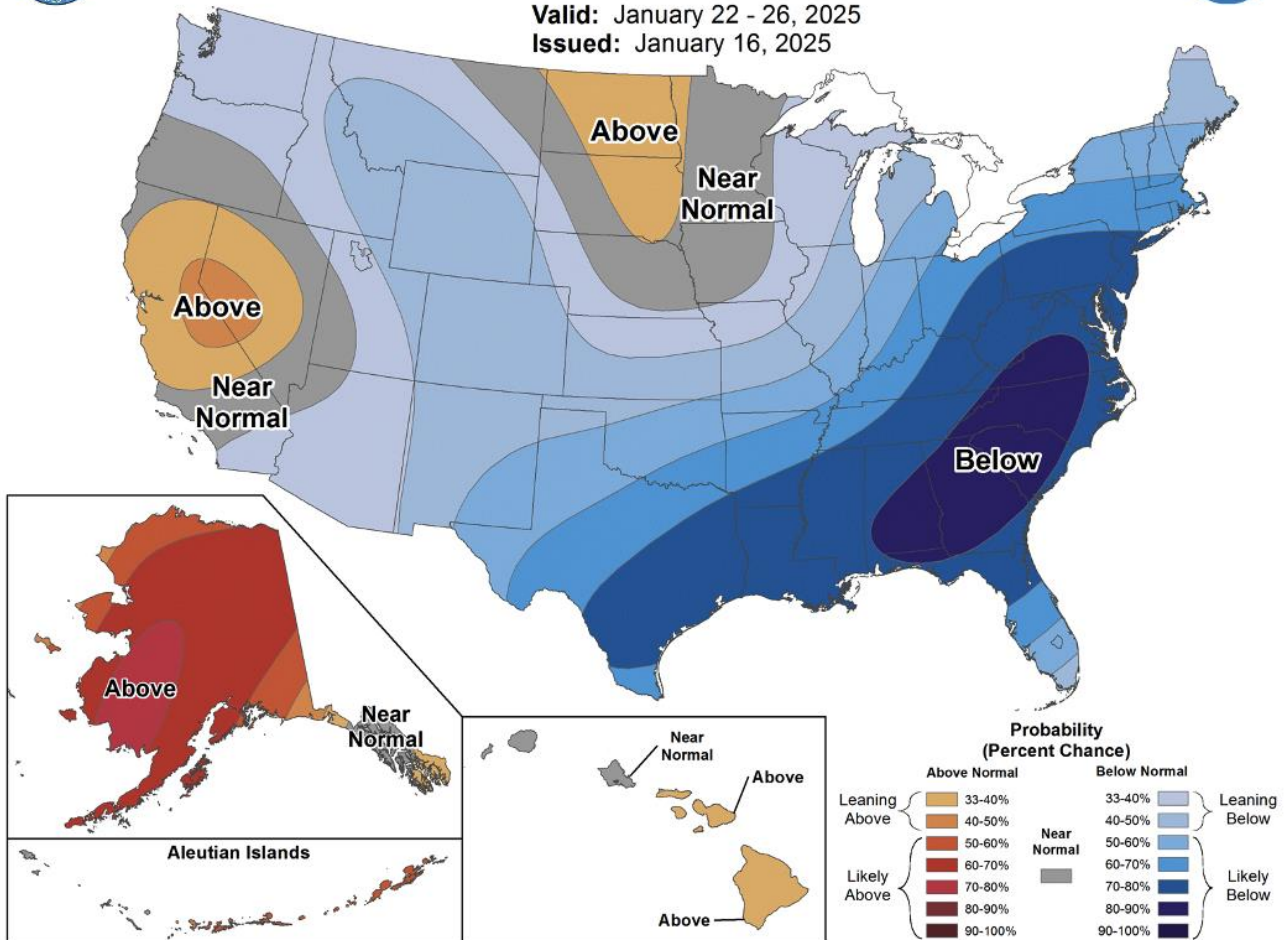
- Next week will be a shortened trading week due to the Martin Luther King Jr. holiday on Monday, January 20, delaying the usual market reports. As a result, the Export Sales Report will be released on Friday, January 24. Otherwise, it should be a relatively quiet week for data.
- The presidential inauguration is scheduled for January 20, when Donald Trump will be sworn in as the 47th president of the U.S.



6-10 Day Temperature Outlook



Valid: January 22 - 26, 2025
Issued: January 16, 2025

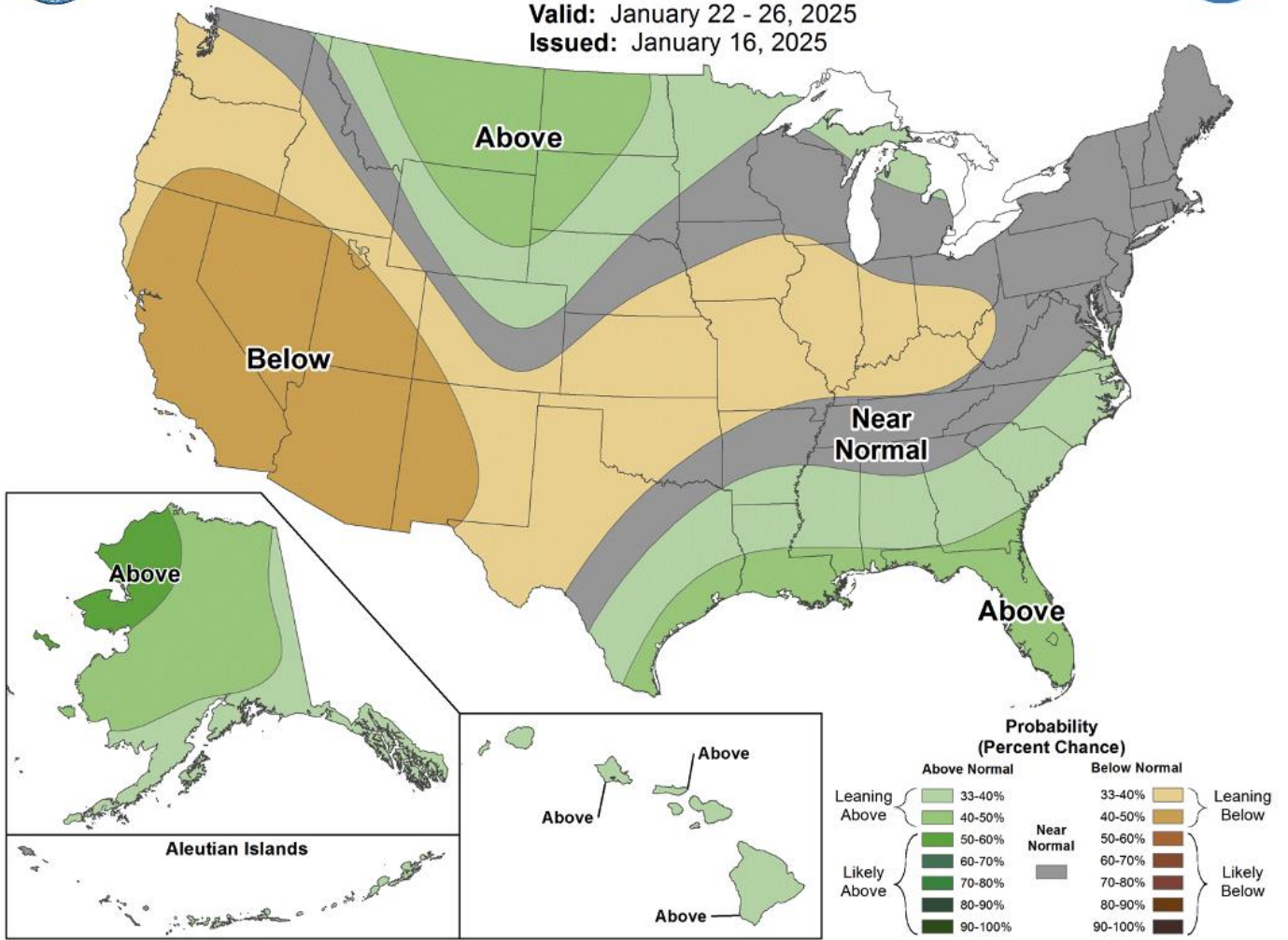




6-10 Day Precipitation Outlook



Valid: January 22 - 26, 2025
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Announcements

- Enrollment for the U.S. Cotton Trust Protocol will be open January 6th- April 30th, 2025. Growers who are currently enrolled will need to renew their membership to continue their involvement in the program.
- New Grower Enrollment for Better Cotton will be open March 3rd-May 30th.
- For assistance or questions about enrolling in these programs, contact PCCA at 806-763-8011.

The Seam

As of Thursday afternoon, grower offers totaled 268,757 bales. There were 31,673 bales that traded on G2B platform with an average price of 56.64 cents per lb. The average loan was

44.26, which resulted in a premium of 12.38 cents per lb. over the loan.

Ice Futures Ending 1/16/2025

	Settlement	Daily Change	Weekly Change
Mar. '25	66.73	-1.04	-1.77
May '25	67.85	-1.07	-1.83
July '25	68.88	-1.04	-1.87
Dec. '25	68.53	-0.91	-1.37

Adjusted World Price (AWP)

	Official 1/17 thru 1/23
AWP	53.98
LDP/MLG	0.00
2024 FCA	0.00
Coarse Count	0.00