



JANUARY 19, 2024

**MARCH FUTURES FINISHED WITH STRONG GAINS
FOR THE SECOND CONSECUTIVE WEEK**

- Stock Market Managed to Recover Losses by the End of the Week
- U.S. Export Sales Report Held Phenomenal Sales and Shipments for Week Ending January 11

The story seems the same for this week as previous weeks. Cotton futures traded on both sides of the market each day but managed to make gains for three consecutive days to finish the week higher. Despite a cut to U.S. production, the WASDE release on Friday was overall bearish, causing prices to drop marginally lower going into the weekend. The market was closed on Monday for a federal holiday but continued in its recently

typical sideways fashion upon the open. Prices finished next to unchanged on Tuesday, facing macro headwinds and a stronger dollar. On Wednesday, encouraging retail sales data and potential speculative buying kept prices higher. Cotton futures finished the week making strong gains, finding support from stronger crude prices and gains in the stock market. For the week ending January 18, March futures finished at 82.51 cents per pound, up 115 points compared to the week prior. Total open interest remains strong, increasing 3,332 contracts to 208,270, remaining at the highest level since November.

Outside Markets

It seemed like attention was split this week between the attacks on ships in the Red Seas region, uncertainty concerning interest rates, and a potential government shutdown. Crude oil prices came under pressure when Houthis attacked ships in the Red Sea in response to the Israel-Hamas war. Prices managed to recover and close sharply higher for the week on good U.S. economic data and news that supply should remain robust in the coming years. Markets were cautious early in the week, thinking cuts to interest rates may not occur as early as anticipated and that some analysts exaggerated how many cuts would be made in 2024. Economic news released later in the week combatted those fears, and markets managed to recover the losses from earlier in the week. U.S. retail sales rose 0.6% for the month of December, showing the consumer is still spending with higher inflation and helping boost the cotton market on Wednesday. On Thursday, U.S. initial jobless claims fell to the lowest level since September 2022 and housing data was stronger than expected, helping markets finish strong for the week. Lastly, Congress cleared a last-minute stopgap bill to narrowly avoid a government shutdown and extend funding until March.

Export Sales

The U.S. Export Sales Report for the week ending January 11 held phenomenal sales and shipments. The massive amount of sales and shipments caused the market to make substantial gains. The report was delayed due to Monday's federal holiday, so the market action that occurred due to the report is not covered in the above Futures Market Activity section. A net total of 420,000 Upland bales were sold and a marketing year high of 257,700 bales were shipped. A good diversification of countries bought cotton for the week, proving the rumors of a slight uptick in demand to be true. China was the biggest buyer for the week, booking 227,700 bales, followed by Vietnam with 38,900 bales, Pakistan with 37,300 bales, India with 21,000 bales, and Turkey with 13,700 bales. Shipments were healthy and that number should be stable now that we are in peak shipping season. A net total of 3,500 Pima bales were sold and 4,600 bales were shipped.

The Week Ahead

Much of the U.S. was hit with an arctic blast this past week, causing temperatures to drop significantly and snow to fall in places throughout the country. The market will be back to normal next week and scheduled releases of reports will continue as usual. Although cotton has been rangebound and trading sideways, it has recently been performing well when compared to other commodities. Crop competition for next year's acreage will be monitored in the background, but weekly Export Sales Reports will be key focal points until the early production estimates for the 2024/25 season start to flow.

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.

- Friday at 2:30 p.m. Central – Commitments of Traders
- Thursday at 7:30 a.m. Central – Export Sales Report
- Thursday at 2:30 p.m. Central – Cotton On-Call