



JUNE 21, 2024

Cotton futures were up modestly, finding support after trading on both sides of the market this week.

- December futures fell to their lowest level since October 2022 but recouped some losses by the end of the week. The contract traded 83 points higher, settling at 72.62 cents per pound.
- On Wednesday, India announced an increase of almost 7% to the Minimum Support Price for the 2024/25 crop, supporting cotton futures.
- There seem to be two different stories about the market this week. The market hit its lows early on due to weaker Chinese manufacturing data, rain in West Texas, and speculators holding the second shortest position on record. Later in the week, buy signals were hit, and questionable weather forecasts in South Texas helped push the market back up.

- Although daily volume was mixed this week, overall, it was lower than in prior weeks. Total open interest decreased from 2,032 contracts to 216,488.
- Bales eligible for delivery against futures decreased by 1,022 bales, bringing certificated stock to 136,187 bales.

The stock market fared well in the holiday-shortened trade week.

- A.I. giant Nvidia became the most valuable company in the world, helping boost the S&P 500 to another record high. The NASDAQ also posted a new high, and the Dow Jones was up for the week.
- Central banks around the world met this week. Even though the U.K. has reached 2% inflation, the Bank of England held interest rates steady, but the Swiss National Bank cut interest rates for the second time this year.
- Crude oil prices ticked higher on expectations of tighter supplies.
- U.S. Retail Sales were weaker than expected in May, up 0.1% month-over-month versus the expected 0.3%. For the year, Retail Sales rose 2.3%. Despite the overall slowdown, Clothing and Clothing Accessories were up 0.9% month-over-month and 2.4% year-over-year, which is encouraging.



Source: U.S. Census Bureau

Retrieved: Federal Reserve Economic Data (FRED)

The U.S. Export Sales Report showed another week of good sales but lackluster shipments.

- U.S. exporters sold 189,000 Upland bales for the current crop year and 111,800 for the new crop year.
- Shipments of 197,900 bales were higher than in recent weeks but are still below the pace needed to reach USDA's estimated 11.8 million bales. USDA data indicates that approximately 245,000 bales must be shipped each week until the end of the marketing year. Total bales exported as a percent of the final crop are still below average for this point in the year.
- A net total of 7,900 Pima bales were sold, and an impressive 5,800 bales were shipped.

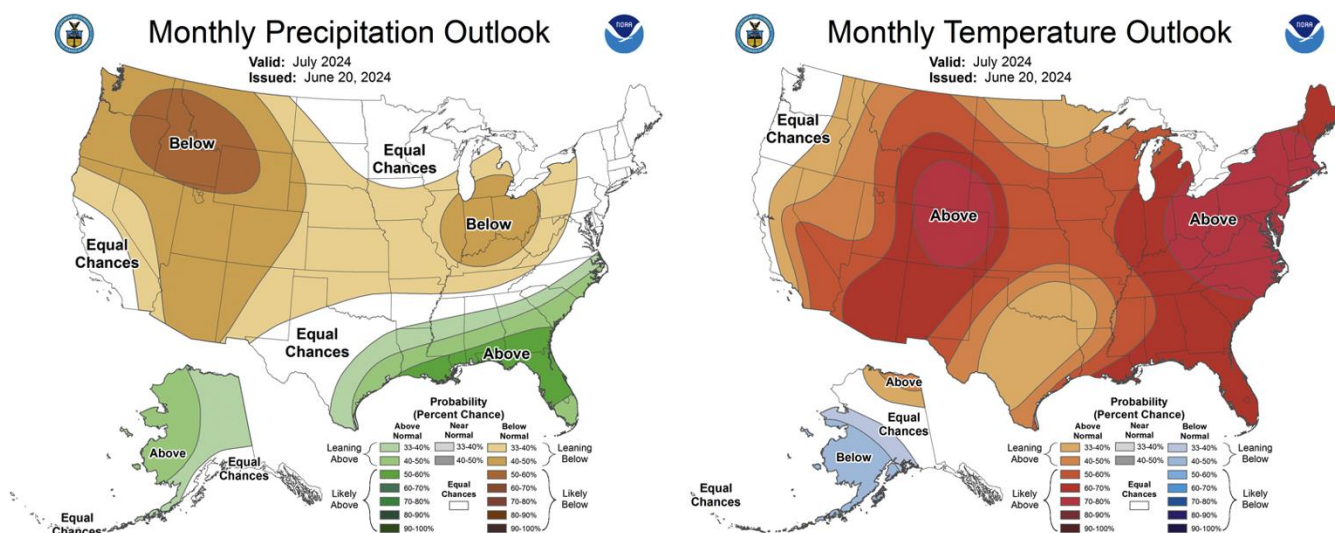


Source: USDA, *relative to WASSF

90% of expected U.S. cotton acreage has been planted.

- In the U.S., 22% of the crop is now squaring. The good to excellent condition rating decreased to 54% from 56%. Texas has 43% of the crop rated good to excellent, Oklahoma has 86%, and Kansas has 58%.

- The last planting date in the Southwest passed this week. The crop seems to be progressing well but is spotty in some places. Although many areas have received adequate moisture, some could use more. The short-term forecast shows higher chances of precipitation and higher temperatures.
- Crop development continues in South Texas. Tropical Storm Alberto made landfall this past week in Mexico, and parts of the Southwest received rainfall from the storm. South Texas received a significant amount of rain. Overall, the rain seemed beneficial, but some sunshine would be welcome. Two new disturbances are currently being monitored in the Atlantic, signaling what could be the start of a very active hurricane season.



The Week Ahead

- On Friday, June 28, USDA will release the Initial Planted Acres Report at 11 a.m., the first acreage update since the Prospective Plantings report in March. These numbers will impact the July WASDE production expectations.
- The market will have a regular schedule next week. Economic data to watch will be the Gross Domestic Product (GDP) release on Thursday and the Personal Consumption Expenditure (PCE) on Friday, June 28.
- July First Notice Day is on Monday, June 24. By now, most everyone has cleared their position or rolled it forward to December.

The Seam

As of Thursday afternoon, grower offers totaled 17,531 bales. On the G2B platform, 378 bales traded during the week with an average price of 58.00 cents/lb. The average loan was 47.16, bringing the average premium received over the loan to 10.84 cents/lb.

Ice Futures Ending 8/20/2024

	Settlement	Daily Change	Weekly Change
July '24	70.85	-0.18	-0.50
Dec '24	72.62	-0.14	+0.83
Mar '25	73.98	-0.09	+0.65
May '25	75.24	-0.07	+0.46

Adjusted World Price (AWP)

	Official 8/21 thru 8/27
AWP	58.65
LDPMLD	0.00
2023 FCA	0.00
Coarse Count	0.00