



JANUARY 26, 2024

MARCH FUTURES FINISHED FOR SIX OUT OF THE PAST SEVEN TRADING SESSIONS

- Stock Market Made All-Time Highs Throughout the Week
- A Net Total of 207,000 Upland Bales were Sold for the Week Ending January 18

Cotton futures managed to finish higher for six out of the past seven trading sessions. March futures went into the weekend making substantial gains, being boosted by a strong Export Sales Report and an improved technical outlook. Prices continued to advance on Monday but pulled back marginally on Tuesday. Reports of increased demand inquiry and potentially lower cotton stocks in the U.S. has helped futures gain ground this week. By Wednesday, cotton futures had managed to push

through resistance and finished above .8500 cents per pound for the first time since October 2023. Prices continued to increase and finished the week strong after another respectable Export Sales Report was released and robust technical signals. For the week ending January 25, March futures settled at 85.76 cents per pound, up 325 points from the week prior. Volumes were massive this week, and the past Friday held the most amount of volume traded ever on the March contract. Total open interest managed to add another 28,483 contracts to reach 236,753, remaining at the highest level since November 2023.

Outside Markets

The stock market continued its ascent higher, with each major index reaching all-time highs at some point during the week. Fourth quarter U.S. Gross Domestic Product (GDP) was released on Thursday and showed stronger than expected economic growth. Annual growth showed that the economy grew at a rate of 3.3% in 2023, with consumer spending likely being a large part of the growth. Fourth quarter corporate earnings have been stronger than anticipated during the reporting period, providing an added boost to the stock market. U.S. initial jobless claims increased more than expected but continue to stay at a historically low level. The Federal Open Market Committee (FOMC) will account for the recent data releases when they meet next Tuesday and Wednesday. It is expected that the FOMC will continue to hold interest rates at 5.25%-5.5%. Strong economic data, tensions in the Red Sea, and tighter global supplies helped crude oil prices increase sharply to finish at an almost two-month high.

Export Sales

U.S. export sales were down compared to the week prior, but a solid amount was still sold on the global market. For the week ending January 18, a net total of 207,000 Upland bales were sold and 142,200 bales were shipped. The biggest buyer for the week was China, booking 103,300 bales, followed by Vietnam with 33,800 bales, Bangladesh with 21,700 bales, Pakistan with 15,100 bales, and Turkey with 11,000 bales. Sales are far above the pace needed to reach the 12.1 million bale export estimate, but shipments lag the number needed to get there. A net total of 4,700 Pima bales were sold and 3,700 bales were shipped for the week.

The Week Ahead

The Arctic blast experienced last week was followed by rain in parts of the Southwest. Although it is not time to plant, any rain right now will be beneficial and help add much needed moisture back to the soil. Next week's focus will be on the FOMC meeting, but the Export Sales Report will hold its usual attention where the cotton market is concerned. Index fund rolling will start soon, meaning market activity should continue to increase. March options expiry is in two weeks and March futures first notice day is less than a month away.

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