



JANUARY 5, 2024

MARCH FUTURES TRADED SIDEWAYS DURING THE HOLIDAY-SHORTENED TRADE WEEK

- Outside Markets Pullback to Start 2024
- U.S. Export Sales Slowed During the Holiday Season
- Cotton Grower Magazine Survey Reported Cotton Acres Will Hold Steady in 2024

March futures traded sideways during the holiday-shortened trade week. Cotton prices were up going into the weekend, finding support from a surprisingly strong Export Sales report on Friday. A pullback in the stock market, weak economic data out of China, and a higher dollar put March futures on the defensive for the first trading day of 2024. Prices dropped below 80.00 cents per pound but managed to recover some of the losses on

Wednesday. March futures were under pressure again on Thursday, continuing the back-and-forth trading present in recent weeks. For the week ending January 4, March futures settled at 80.12 cents per pound, falling 83 points from the week prior. Total open interest managed to add 4,518 contracts to reach 199,296.

Outside Markets

Much like cotton, outside markets lost steam and started the year off on the defensive, pulling back after experiencing 9 weeks of gains. The minutes from the December Federal Open Markets Committee (FOMC) meeting were released. The Fed is still cautious, but there appeared to be a general consensus from committee members that cuts to interest rates will start at some point in 2024. Crude oil also came off recent lows as supply worries concerned traders. President Biden announced plans to purchase oil for reserves, which helped provide a bounce to prices. A slew of data from the labor market was released, and reports were mixed where employment is concerned. JOLTS data showed that number of job openings in the U.S. has decreased, pointing towards a cooling labor market; however, initial jobless claims and the U.S. ADP employment data point to a strong labor market. U.S. nonfarm payrolls were also stronger than expected. The U.S. economy managed to add 216,000 jobs in the month of December. One of the main points of focus for outside markets in 2024 will be the continued monitoring of the course of action the Fed will take where inflation and interest rates are concerned.

Export Sales

The U.S Export Sales for the week ending December 28 was delayed for the second week in a row. Because of this, the sales

discussed in this paragraph are not part of the futures market activity discussed above for this week. There was an expected slowdown in sales due to the holiday season. Net new sales of 131,000 Upland bales were reported for the current crop year. Sales were slightly below what is typically reported at this point in the year. The biggest buyers of Upland cotton were China with 50,700 bales, Vietnam with 31,800 bales, Pakistan with 25,600 bales, Bangladesh with 10,800 bales, and Turkey with 4,300 bales. Shipments slowed down as well, but not to the level they were at the first few months of the season. A total of 213,200 Upland bales were shipped for the week, down slightly from last week but still above the usual pace seen at this point in the year. A net total of 2,100 Pima bales were sold and 4,100 bales were shipped.

Cotton Grower 2024 Acreage Survey

Cotton Grower magazine released its 2024 planted acreage survey on New Year's Day. Per the survey, producers are expected to plant 10.19 million acres of cotton for the 2024/25 marketing year, down minimally from the current marketing year. For the Southwest, Texas is expected to plant 5.6 million acres, Oklahoma is expected to plant 450,000 acres, and Kansas is expected to plant 115,000 acres. The biggest decrease would come from the Southeast, where it is expected 8% less acres will be planted. This is the first notable survey of the year where acreage expectations are concerned, and more will be released in the coming months to help get a better understanding of what to expect for the next crop year.

The Week Ahead

The World Agricultural Supply and Demand Estimates (WASDE) report will take center stage next week. Now that ginning is

basically finished, and classing is wrapping up, traders will be looking to see what number USDA will report for the U.S. crop. NASS will also publish the Crop Production report, which will be the last update until ginning is completely done so final numbers can be released. Beyond these reports, traders' attention will focus on a potential government shutdown and the Export Sales report next Thursday, to see whether demand stayed steady after the holidays.

- 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
- Friday (January 12) at 11:00 a.m. Central – WASDE Report