

A photograph of a cotton field with green plants and a dirt path. The text 'Cotton Market Weekly' is overlaid in white, serif font.

Cotton Market Weekly

OCTOBER 4, 2024

The cotton market continued to face challenges from ongoing crop uncertainty and a significant port strike that raised concerns about potential supply chain disruptions. With Hurricane Helene's damage estimates ranging from 300,000 to 700,000 bales and overall crop quality on the decline, the market is poised for the upcoming WASDE report. What implications will these developments have for cotton prices? Get QuickTake's read on the week's events in five minutes.

Cotton futures traded sideways throughout the week amid crop uncertainty and a major port strike.

- December futures decreased by 29 points, settling at 72.73 cents per pound.

- Last week's Commitment of Traders report revealed that speculators were net buyers for the second consecutive week. This, combined with uncertainty surrounding crop size due to Hurricane Helene, offered some support to the market. While the full extent of the hurricane's damage is still unclear, loss estimates range from 300,000 to 700,000 bales.
- Ultimately, December futures ended lower, driven down by pressure from East and Gulf Coast port strikes and a weaker macroeconomic environment. China has also been on a weeklong holiday, which could offer another explanation for the weakness in prices.
- Daily volume traded was fairly light this week. The total number of open contracts increased by 1,936 to 232,784.

Stock markets have been on edge as geopolitical tensions rise, leading to increased volatility and investor caution.

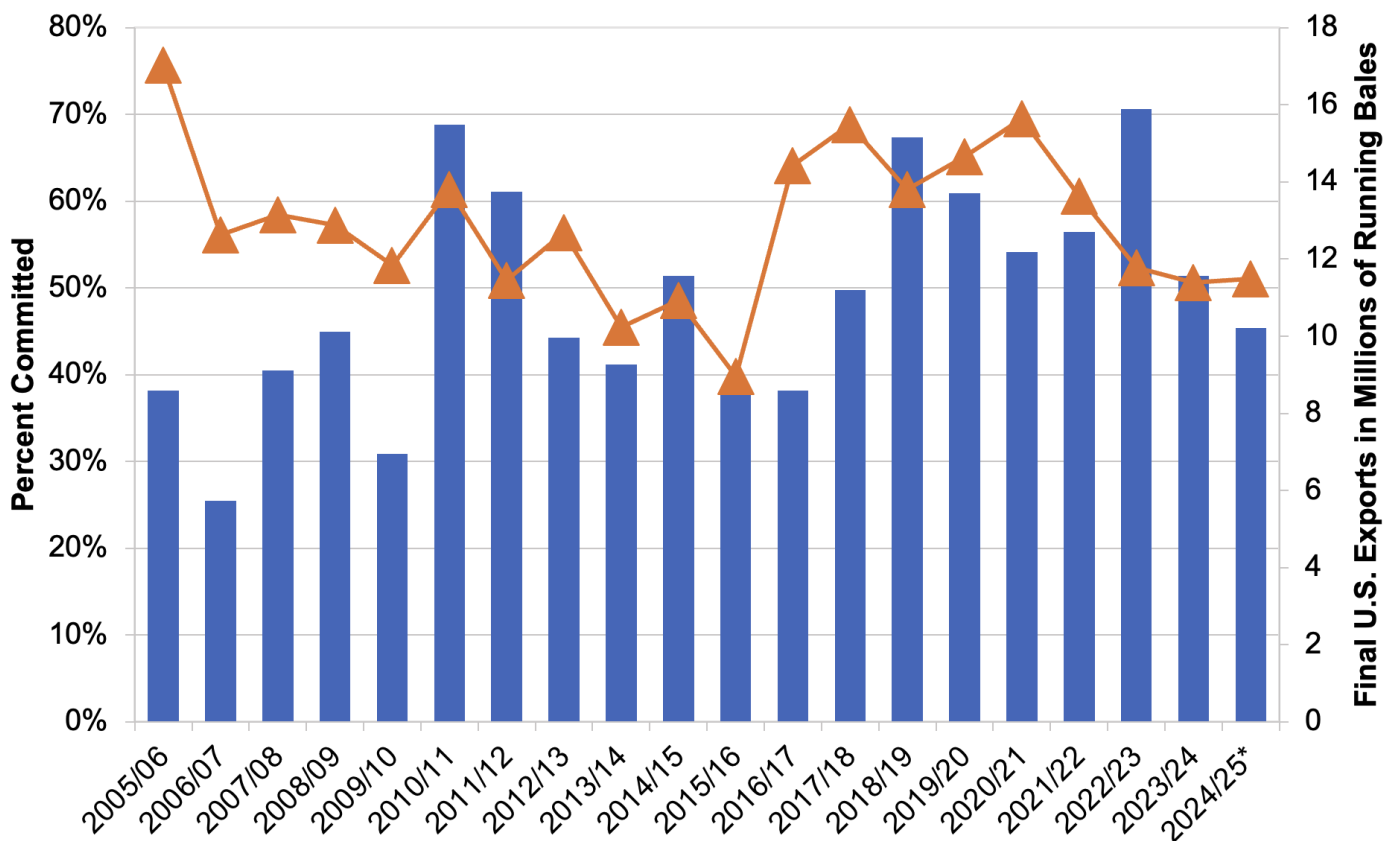
- Crude oil prices surged as traders evaluated how the current geopolitical tensions could impact global supply chains. Concerns are growing over a potential Israeli strike on Iranian oil facilities.
- Workers at 14 ports along the East and Gulf Coasts went on strike for three days, starting Tuesday, marking the largest strike of its kind in over 50 years. Dockworkers have returned to their jobs after reaching a short-term agreement that will remain in effect until January 15, 2025. This strike attributed to the decline in cotton prices, as uncertainty surrounds its potential impact on cotton sales and shipments.
- The U.S. dollar rebounded from its lows, gaining strength against other currencies worldwide.
- A slew of job data was released this week. U.S. ADP Nonfarm Employment increased by 143,000 jobs, exceeding expectations. The key jobs report on U.S. unemployment showed a surge in hiring for the month of September. The nonfarm payrolls showed that the U.S.

added 254,000 Jobs, and the unemployment rate ticked down to 4.1%

U.S. export sales and shipments were not particularly impressive for the week ending September 26.

- For the 2024/25 marketing year, 95,800 Upland bales were booked for the week.
- Shipments of 107,100 bales were far below average for this time of the year.
- The percent of the U.S. crop committed for the year continues to trail behind last year’s low level and is the lowest amount committed since 2016/17.
- Pima sales remain solid for this time of the year. Pima merchandisers sold 9,500 bales for the week and exported 6,500 bales.

U.S. Export Commitments as % of Final Exports
Week 9 of Marketing Year



Source: USDA, *WASDE forecasted exports

The overall percentage of the crop rated good to excellent in the U.S. decreased to 31%.

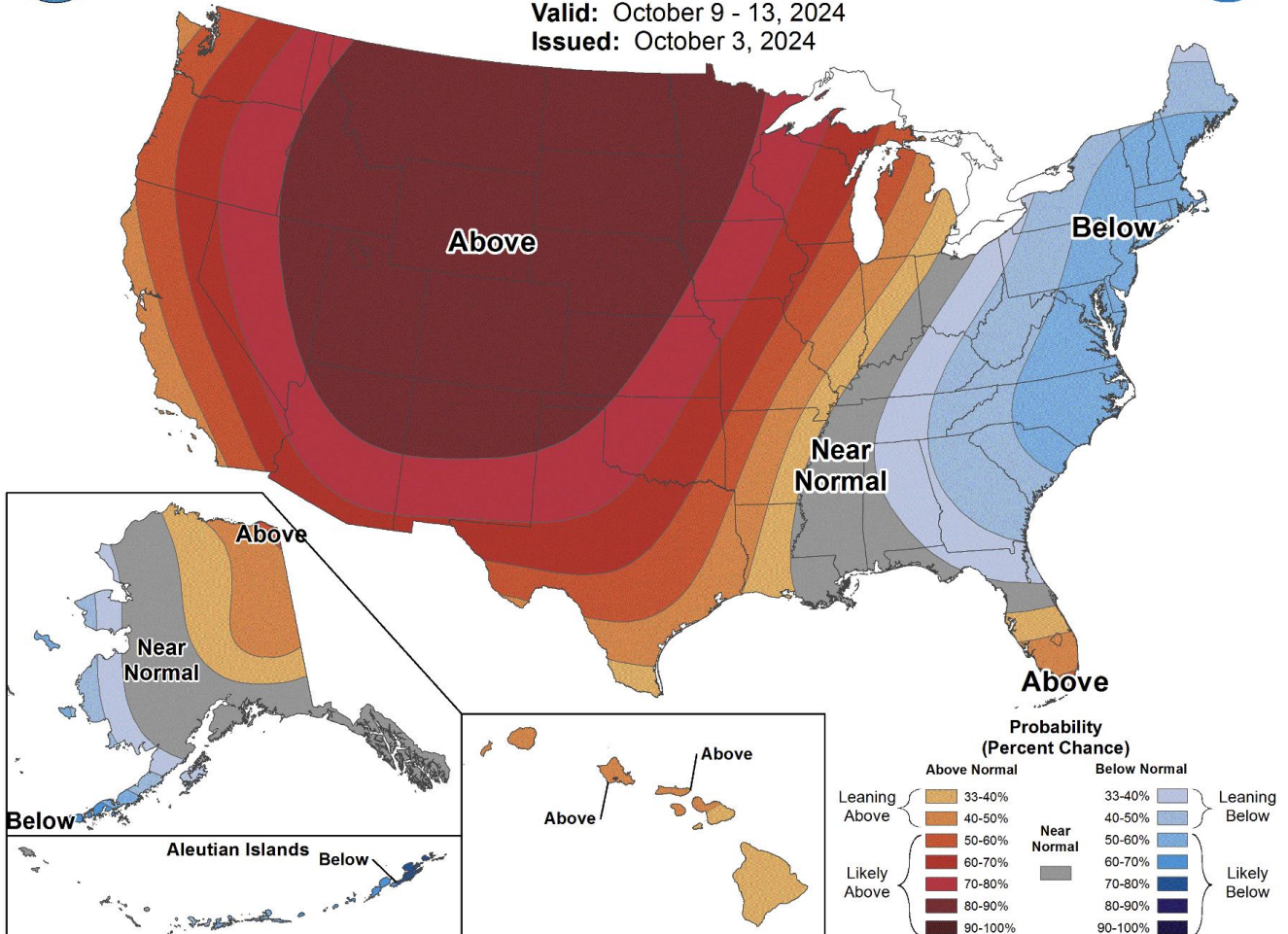
- The mid-South and Southeast crops were the primary contributors to this week's decline in overall condition.
- The percentage of crops rated good to excellent in Texas decreased 2% to 20%. Oklahoma's good to excellent rating decreased 2% to 26%, and Kansas's increased 9% to 49%.
- In the U.S., 72% of bolls are open, and 20% of the crop has been harvested.
- The growing season is winding down under favorable weather conditions in West Texas, Oklahoma, and Kansas. Harvest has gradually begun in these areas. The upcoming forecast indicates warm temperatures and below-average chances of precipitation, providing ideal conditions for harvest to expand.



6-10 Day Temperature Outlook



Valid: October 9 - 13, 2024
Issued: October 3, 2024



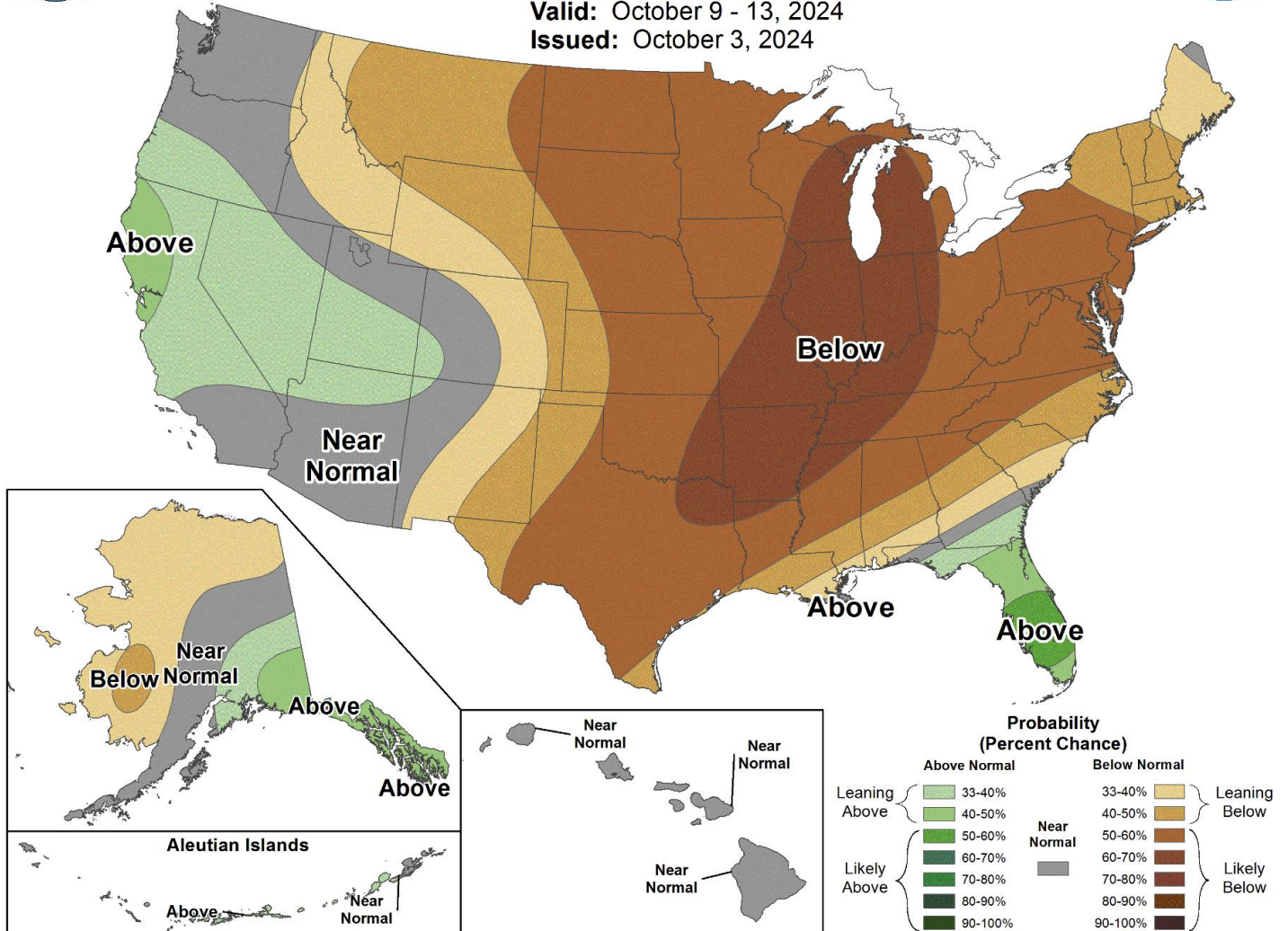


6-10 Day Precipitation Outlook



Valid: October 9 - 13, 2024

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The Week Ahead

- The October World Agricultural Supply and Demand Estimates (WASDE) Report is scheduled for release at 11 a.m. on October 11, providing the cotton market with fresh numbers to trade on. It will be interesting to see if the USDA acknowledges the decline in the Southeast crop in the upcoming report or if they will wait until November.
- Additionally, consumer credit, the U.S. September Consumer Price Index (CPI), and the September Producer Price Index (PPI) will be released.

The Seam

As of Thursday afternoon, grower offers totaled 18,229 bales. There were 3,501 bales that traded on G2B platform with an

average price of 68.18 cents per lb. The average loan was 53.06 which resulted in a premium 15.12 cents per lb. over the loan.

Ice Futures Ending 10/03/2024

	Settlement	Daily Change	Weekly Change
Dec '24	72.73	-0.67	-0.29
Mar '25	74.80	-0.58	+0.03
May '25	76.05	-0.56	+0.18
July '25	76.66	-0.59	+0.32

Adjusted World Price (AWP)

	Official 10/04 thru 10/10
AWP	60.81
LDP/MLG	0.00
2024 FCA	0.00
Coarse Count	0.00