



JUNE 14, 2024

Cotton futures continued to slide on a looser balance sheet for June and rains in the Southwest.

- **Since last week's close, July futures gave up 409 points, settling at 71.35 cents per pound.** The decline is primarily due to the contract's liquidation as First Notice Day approaches.
- December struggled throughout the week but recouped some of the losses on Thursday. **December futures settled at 71.79 cents per pound, 181 points lower than last week.**
- In addition to the slightly bearish WASDE and favorable rains, price pressure came from speculators rolling positions forward and bearishness in the macroeconomic environment. Prices found support towards the end of the week on robust export sales.
- Daily volume traded remained strong this week. **Total open interest decreased from 13,319 contracts to 218,520.**

- Bales eligible for delivery against futures increased by 8,063 bales, bringing certificated stock to 137,209 bales.

The Fed held interest rates steady at the June Federal Open Markets Committee (FOMC) meeting and is now projecting one rate cut for 2024.

- For the second week, the NASDAQ and S&P 500 reached all-time highs. The Dow Jones, however, fell four out of five sessions.
- The May U.S. Consumer Price Index (CPI) rose 3.3% from last year, slower than the expected 3.4%. The reading was flat month-over-month. The softer-than-expected report signals that inflation pressure is moderating, helping push stocks to new highs.
- The U.S. Producer Price Index (PPI) fell 0.2% since May, another signal that price pressure is easing. Since last year, producer prices rose 2.2%, which was below the 2.5% expected.
- The U.S. Dollar regained ground after falling on the better-than-expected inflation news.



The release of the World Agricultural Supply and Demand Estimates (WASDE) loosened the current and new crop balance sheets.

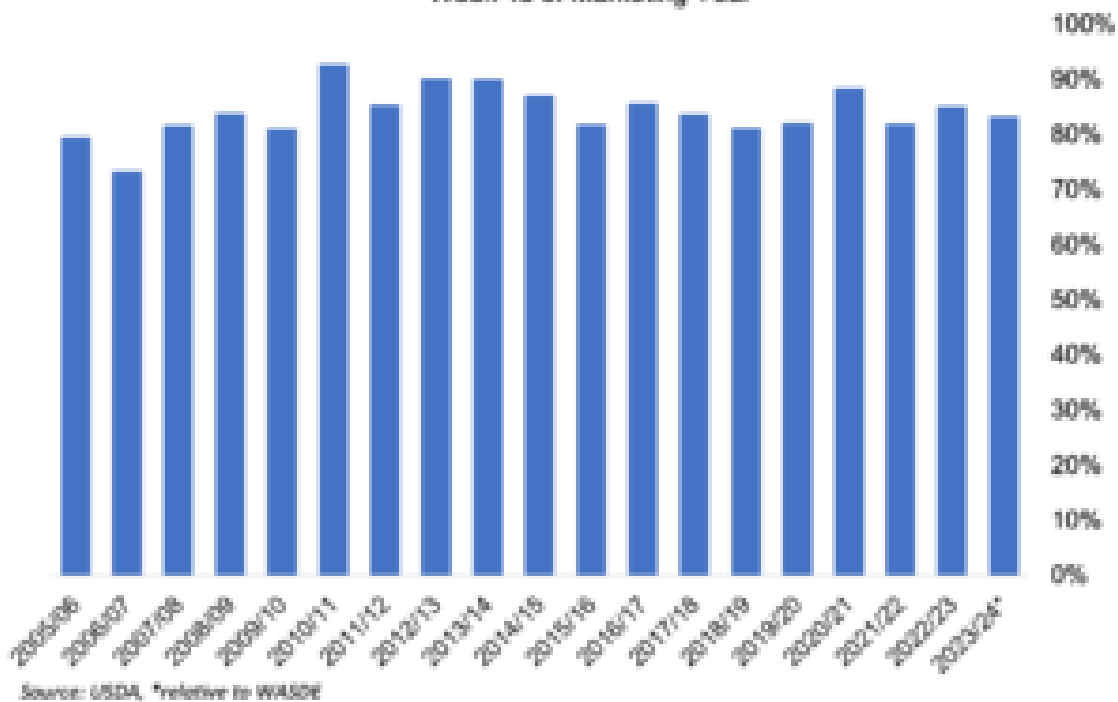
- The U.S. balance sheet for 2023/24 underwent a few changes, but one significant change was the reduction of 500,000 bales to 11.8 million bales for U.S. exports. This caused ending stocks to increase from 2.4 million bales to 2.85 million bales. For 2024/25, U.S. ending stocks increased by 400,000 bales to 4.1 million bales.
- A notable change on the World balance sheet for 2023/24 was the rise in Brazilian exports. Exports from that country increased by 300,000 to 12.4 million bales, which means Brazil has surpassed the U.S. as the top exporter of cotton in the world.

World Cotton Supply and Use							
<i>(Million 480-Pound Bales)</i>							
2023/24 June Est.							
	Beginning Stocks	Production	Imports	Domestic Use	Exports	Ending Stocks	Stocks-to-Use
United States	4.25	12.07	0.01	1.85	11.8	2.85	20.9%
World	43.39	86.28	28.72	74.57	44.21	39.97	53.6%
2024/25 June Proj.							
United States	2.85	16	0.01	1.9	13	4.1	27.5%
World	60.97	119.14	44.95	116.94	44.95	63.49	71.4%

The trend of the past few weeks continued when the U.S. Export Sales Report held another week of good sales but lagging shipments.

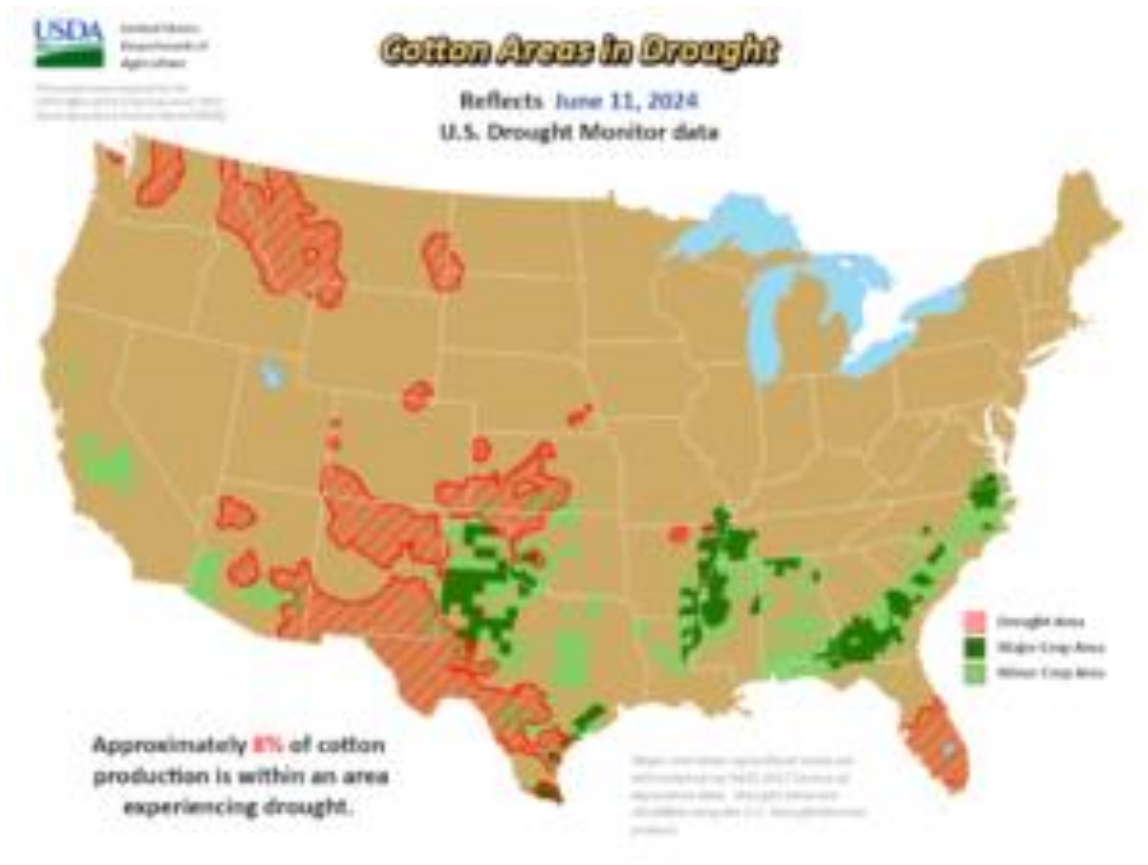
- U.S. exporters sold 177,100 Upland bales for the current crop year and netted 177,400 bales for the new crop year.
- Shipments of 186,600 bales have increased compared to recent weeks but are still below the approximate 200,000 bales needed per week to reach the updated 11.8 million bale export estimate. Total bales exported as a percent of the final crop are still below average for this point in the year.
- A net total of 3,700 Pima bales were sold, and an impressive 9,000 bales were shipped.

Accumulated Exports as % of Final Week 45 of Marketing Year



Throughout the country, 80% of the expected cotton acreage has been planted, and 14% is now squaring.

- For the U.S., the amount of cotton rated good to excellent decreased from 61% to 56%.
- Most final plant dates have passed in the Southwest, and there is only a week until the last date for the Rolling Plains and Oklahoma passes. In the past week, West Texas, Oklahoma, and Kansas have received rainfall, which delayed some producers from getting in the field. Clearer skies and heat should help speed things along in West Texas this week.
- Crop development has been progressing in South Texas. While some areas would benefit from a good rain, others have received too much rain. A tropical depression could develop in the southwestern portion of the Gulf of Mexico, which would bring rain to the region.



The Week Ahead

- The market will be closed next Wednesday, June 19, in observance of Juneteenth, which will also delay the release of the Export Sales Report. Now that the market has new numbers to trade on, the focus will shift to the upcoming Acreage Report, which will be released at the end of June.
- July First Notice Day is June 24, so the next week could be more active as positions are cleared or rolled forward.
- Next week will be quieter where data releases are concerned. The usual Crop Progress and Condition and Export Sales Report will be monitored. Additionally, May U.S. retail sales will be released on Tuesday, June 18.

The Seam

As of Thursday afternoon, grower offers totaled 17,531 bales. There was no trading activity on G2B platform in the past week.

Ice Futures Ending 6/13/2024

	Settlement	Daily Change	Weekly Change
July '24	71.35	-0.39	-4.09
Dec '24	71.79	+0.14	-1.81
Mar '25	73.31	+0.15	-2.11
May '25	74.78	+0.15	-2.21

Adjusted World Price (AWP)

	Official 6/14 thru 6/20
AWP	60.58
LDP/MLQ	6.00
2023 FCA	6.07
Coarse Count	6.00