



AUGUST 23, 2024

The December contract closed higher for four out of five trading sessions this week.

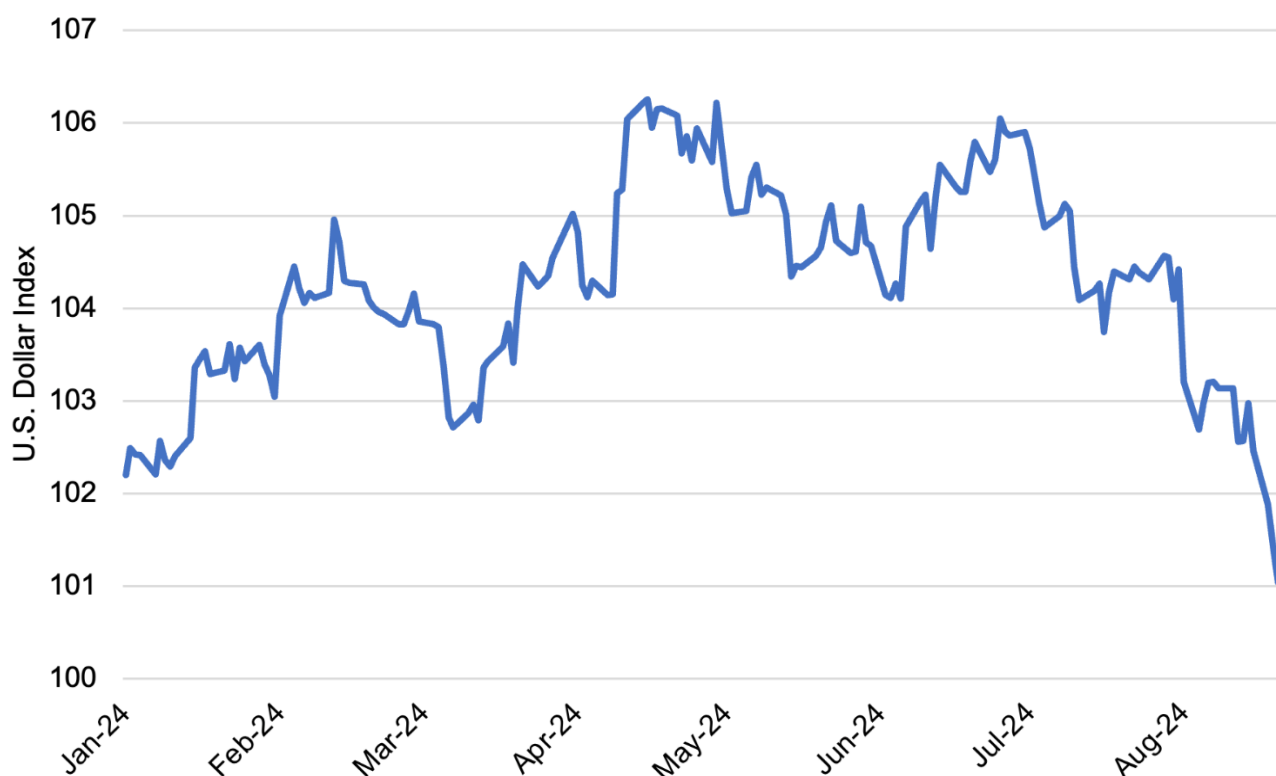
- December futures gained 219 points, settling at 69.34 cents per pound.
- A weaker U.S. dollar and potential speculative short covering helped prices close above 70 cents per pound for the first time since late July. An unseasonably hot and dry forecast in Texas likely provided a slight boost to the market, which was noted in the decline of crop conditions. A weak Export Sales Report caused prices to move lower on Thursday.
- Trading volume was modest this week. The total number of open contracts increased by 3,018 to 233,027.

Minutes from the last Fed meeting signaled that central bank officials are ready to begin cutting interest rates at the

September Federal Open Market Committee (FOMC) meeting.

- Major stock markets returned to their highs after the FOMC meeting minutes were released but saw a decline ahead of Fed Chair Jerome Powell's speech at the annual Fed symposium.
- The labor market will be the center of attention leading to the next meeting. A downward revision to payroll numbers suggested that the cracks in the job market were more severe than initially believed. The number of jobs was revised downward by 818,000 for the 12 months ending in March. On a monthly basis, this would be roughly 174,000 jobs added per month compared to the 242,000 jobs initially reported.
- The U.S. dollar was under heavy pressure and traded at its lowest level since 2024. A lower dollar benefits commodities, making it cheaper for countries to import goods.

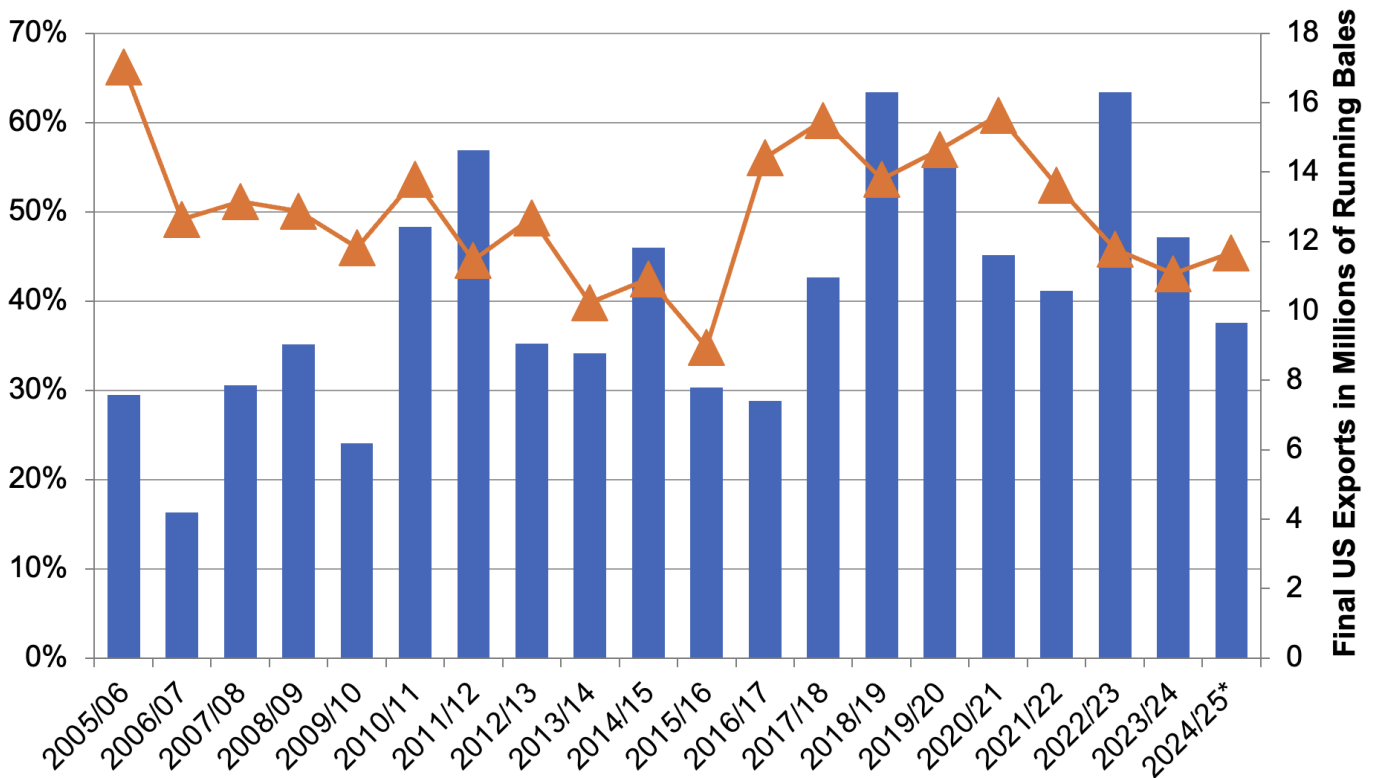
Resiliency of the U.S. Dollar is Being Tested



Demand for U.S. cotton is dismal, as seen by the poor sales and shipments reported for the week ending August 22.

- For the 2024/25 marketing year, 93,000 Upland bales were booked for the week. Shipments of 168,800 bales were below average for this time of the year.
- The U.S. remains at the lowest level of commitments and outstanding sales reported for this time since 2016/17. China, the world's largest consumer of cotton, has been relatively quiet thus far.
- Pima merchandisers sold 8,200 bales for the week and exported 5,100 bales.

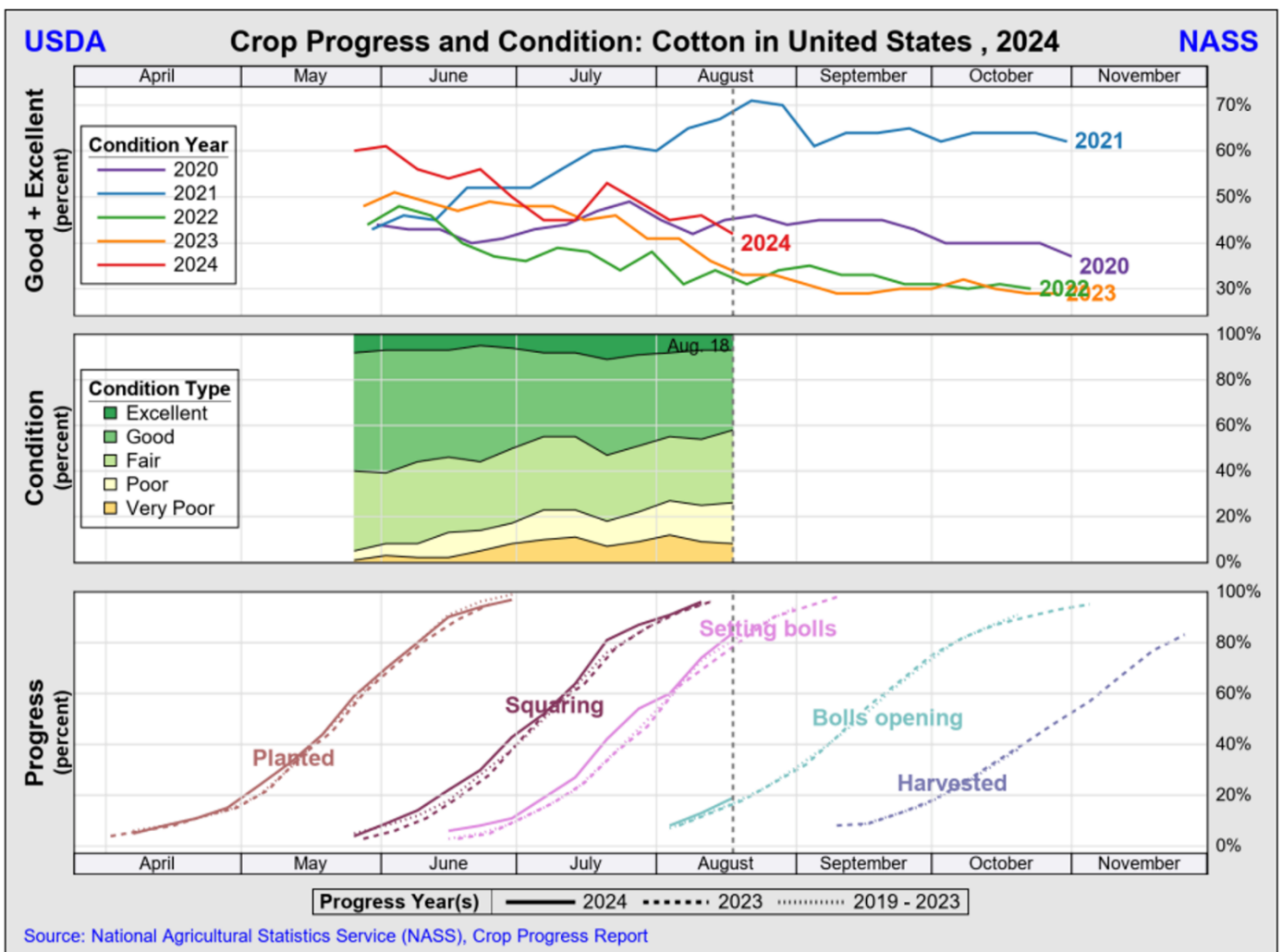
U.S. Export Commitments as % of Final Exports Week 3 of Marketing Year



Source: USDA, *relative to WASDE

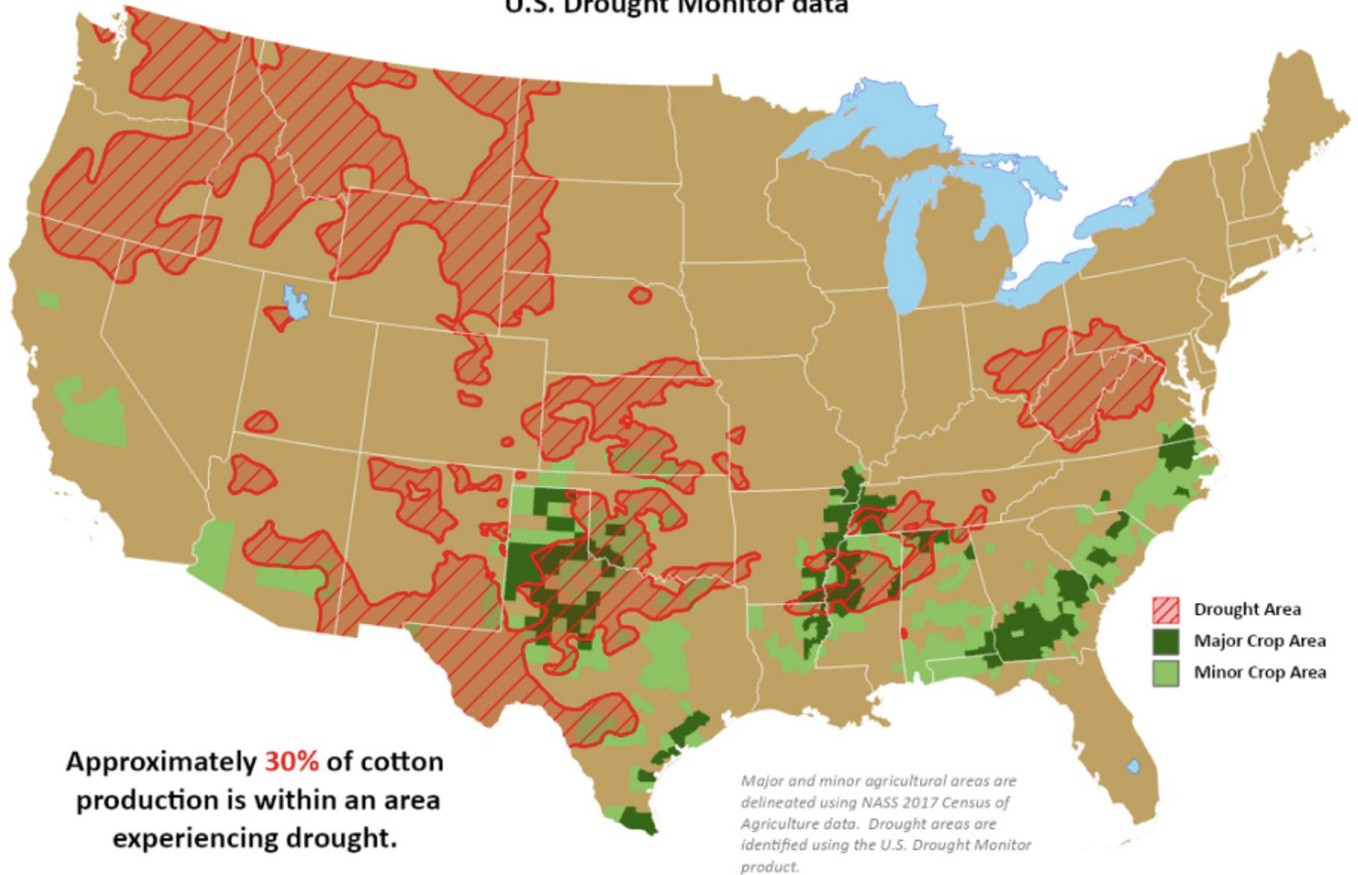
The good to excellent condition rating for the U.S. decreased to 42%.

- The crop rated good to excellent in Texas decreased by 4% this week to 29%. Oklahoma decreased by 6% to 55%, and Kansas decreased by 3% to 48%.
- In the U.S., 84% of cotton is setting bolls, and 19% of bolls are opening.
- Harvest continues to progress in South Texas. Although it is hot, the weather has been favorable overall. The excess rain received late in the season has impacted the quality in the area.
- Triple-digit temperatures and little precipitation ruled across Texas. Excessively hot and dry conditions have taken their toll on the dryland crop. The heat and lack of rainfall are set to continue into the weekend.



Cotton Areas in Drought

Reflects **August 20, 2024**
U.S. Drought Monitor data



The Week Ahead

- The amount of data released next week will pick up slightly. Consumer confidence, second-quarter GDP, and July personal income will be reported.
- We will closely monitor next week's Crop Progress and Condition Report, as it will likely reveal further deterioration in the Southwest crop.

The Seam

As of Thursday afternoon, grower offers totaled 17,924 bales. There were 6,196 bales that traded on the G2B platform with an average price of 63.28 cents per lb. The average loan was 53.65, which resulted in a premium of 9.63 cents per lb. over the loan.

Ice Futures Ending 8/22/2024

	Settlement	Daily Change	Weekly Change
Dec '24	69.34	-1.01	+2.19
Mar '25	70.86	-0.76	+2.14
May '25	72.05	-0.62	+2.01
July '25	72.66	-0.56	+1.67

Adjusted World Price (AWP)

Official 8/23 thru 8/29

AWP	55.90
LDP/MLG	0.00
2024 FCA	0.00
Coarse Count	0.00