

GENERAL SUMMARY ON THE COTTON MARKET and NEW YORK STOCK EXCHANGE

The December 2023 position closed with a weekly low of 82.30 cents/lb last Monday before recovering during the week and closing last Friday at 84.38 cents/lb.

Regarding the 2023/24 **US** crop, US cotton production in 2023/24 is forecast to be 12.8 million bales, 315,000 bales (2.4%) from the latest October crop production report from the USDA.) fewer than last month's forecast and nearly 1.7 million bales (11.4%) fewer than the 2022/23 crop. The area harvested in 2023/24 is higher than last season, but the national yield is lower. If achieved, the 2023/24 U.S. cotton crop would be the smallest since 2009/10 with the lowest national yield since 2015/16.

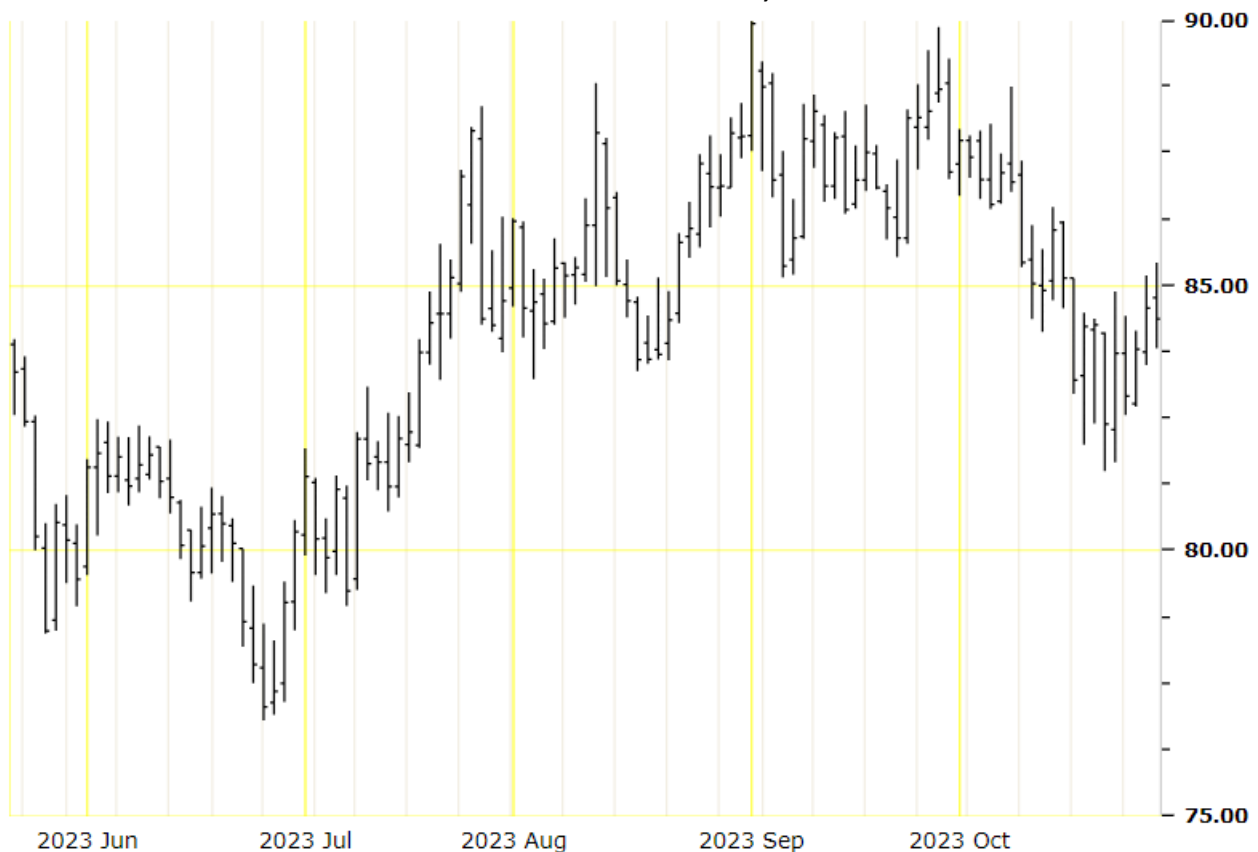
Regarding **CHINA**, the latest US Department of Agriculture (USDA) cotton projections for 2023/24 indicate that global cotton starting and ending stocks decreased by approximately 10 million bales (11%) compared to the month previous. For 2023/24, global cotton ending stocks (79.9 million bales) are 2.9 million bales (3.5%) lower than the previous year as mill utilization is estimated to exceed production. Also in 2023/24 China accounts for almost half of global cotton supplies, with India, Brazil and the United States.

GLOBAL COTTON PRODUCTION is expected to reach 112.6 million bales in 2023/24, 3.2% less than the previous year as global yields are expected to decline. This year's decline in production is largely attributable to China, the United States, India and Australia, with offsets from Brazil and Pakistan. Global cotton trade is expected to increase by 17% in 2023/24, supporting a projected 4.4% increase in global cotton mill utilization to 115.8 million bales.

The 2023/24 U.S. cotton demand estimate is forecast at 14.35 million bales in October, nearly 0.5 million bales (3%) below 2022/23 and 2.5 million bales below the three-year average. US cotton exports account for the majority of demand and are expected to reach 12.2 million bales in 2023/24, with US mill usage expected to account for the remaining 2.15 million bales.

Despite forecasts of rising world trade this season and strong demand for foreign imports, U.S. cotton supplies, expected to be the lowest in eight years, are limiting export prospects. Uncertainties about the global economy and competition from synthetic fibers are also expected to limit global growth in cotton mill utilization in 2023/24. Based on October projections, the US share of world trade in 2023/24 is expected to be close to 28%, 6 percentage points below the previous three-year average and the lowest since 2015/16

NEW YORK COTTON STOCK EXCHANGE - Close October 27, 2023 - Position December 2023



ECONOMY and FINANCE

The latest data from the US economy are very strong.

The GDP of the 3rd quarter of 2023 grew by 4.9% (4.3% estimated and 2.1% in the 2nd quarter of 2023), marking the highest increase since the 4th quarter of 2021.

Durable goods orders in September grew by 4.7% (1.7% estimate and -0.1% in August).

Requests for weekly unemployment benefits increased slightly to 201,000 units (209,000 estimated and 200,000 last week).

Regarding EUROPE, the FED declares that inflation will stand at 3.4% in September, in line with analysts' expectations.

The core PCE index stood at 3.7%, in line with expectations; therefore, the Governing Council decided not to change the three reference interest rates and the interest rates on the main refinancing operations, on the marginal lending facility and on the deposit facility were confirmed at 4.5% and 4% respectively. .75% and 4%.

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EURO/US DOLLAR CHANGE EXCHANGE

The EURO/US DOLLAR exchange rate reached a maximum point around the 1.07 area last Monday and then lost during the week and closed last Friday at 1.057.

EURO/US DOLLAR EXCHANGE RATE - Closing on October 27, 2023



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OIL AND GAS

GAS in Amsterdam closed higher last Friday at €51,000 cubic meter

BRENT in London closed higher last Friday at USD 89.20 per barrel

WTI in New York closed higher last Friday at USD 85.16 per barrel

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COTTON PRODUCTION ESTIMATES AND TRENDS IN FIBER AND YARN PRICES

CHINA expects it to reach 27.0 million bales of cotton this year, which is 12% (3.7 million bales) less than in 2022/23. Due to weak demand, cotton fiber and yarn prices have dropped significantly over the past week.

In **INDIA**, cotton production in 2023/24 is forecast at 25.0 million bales, almost 4% (1 million bales) less than the previous year, with reductions in acreage and yield. Cotton prices continued to fall, allowing spinners to restore their margins.

PAKISTAN's cotton production is expected to return to 6.5 million bales in 2023/24, after last season's floods reduced harvested area and yield. The harvested area in 2023/24 is estimated at 2.6 million hectares, while the national yield is forecast at 544 kg per hectare, higher than the three-year average. Fiber and yarn prices are stabilizing after the currency stopped bouncing.

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The text was translated with GOOGLE TRANSLATE, therefore the translation may not give a perfect meaning

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October 30th, 2023