

THE NEW YORK COTTON STOCK INDEX CONTINUES TO RISE

Throughout last week, cotton prices continued to rise, reaching an 18-month high, despite a decline in other commodities overall and bearish external market data.

Bullish technical signals increased buying, helping to push prices higher.

The May position, the currently most relevant one, given the trading volume, last Friday it reached a maximum of 96.42 cents/lb and then settled, during the closing, at 94.42 cents/lb, up by 15.27 cents/lb (approximately + 20%) compared to the minimum reached on 8 November last year, meanwhile, next week, traders will focus on liquidating the March position, as the “first notice day” is Friday, February 23.

Regarding the new crop, the USDA has set a baseline of 11 million acres to be planted in cotton and production is expected to rise to 16 million bales. This is an increase of 7.5% compared to a year ago but, in January, “Cotton Grower” magazine estimated only 10.2 million acres; therefore, the expectation should be lower than that indicated by the USDA.

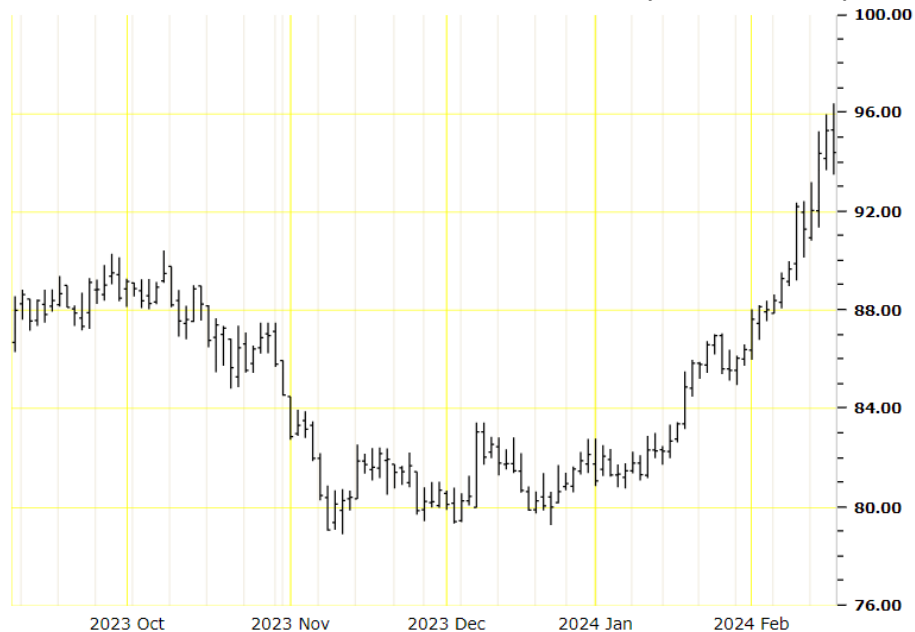
USDA Ag Forum Feb. Baseline vs Final

Year	USDA Baseline	Actual Acreage	Difference
2017/18	11.5	12.6	1.1
2018/19	13.3	14.1	0.8
2019/20	14.3	13.7	-0.5
2020/21	12.5	12.1	-0.4
2021/22	12.0	11.2	-0.8
2022/23	12.7	13.8	1.1
2023/24	10.9	10.2	-0.7
2024/25	11.0	?	?

Cotton bookings were 160,465 bales, for the week ending February 8. This was a 2% decline from the previous week, but an 11% increase from the same week last year.

Shipments, however, amounted to 276,100 bales, a 3% delay compared to last year. Adding unshipped sales gives total commitments of 10.31 million bales, a 4% advantage over last season's pace, therefore, the current pace is above what is needed to reach the estimate of 12.3 million bales expected by USDA.

NEW YORK COTTON STOCK EXCHANGE – Closure of 16th February 2024 – MAY 2024 position



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ECONOMY/FINANCE

In the **US**, the consumer price index rose 0.3% in January and stands at 3.1% year-on-year, much more than the market expected. This was seen as a solid sign but the Fed says it will continue its path of keeping interest rates higher for longer. Following this, the stock market collapsed, but managed to recover some of the losses at the end of the week.

Also of note is that U.S. shopping slowed in January, as evidenced by a 0.8% decline in U.S. retail sales and a 0.2% decline in apparel sales.

In **EUROPE**, however, according to the latest flash estimate, inflation should have fallen to 2.8% in January 2024 after increasing by half a percentage in December. On lowering interest rates, it will depend on the data to determine the level and duration of restrictions, considering the inflation outlook, and the strength of monetary policy.

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EURO/US DOLLAR EXCHANGE RATE

The price of the euro dollar remains in a consolidation phase above 1.0750 on Friday, after closing the previous two days in positive territory. Although the near-term technical outlook indicates a buildup of bullish momentum, bulls may remain on the sidelines unless the key 1.0800 level is transformed into fundamental support.

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TREND OF FIBER AND YARN PRICES IN THE MAIN PRODUCING COUNTRIES

In **PAKISTAN** the prices of cotton yarn are extremely volatile and continuously increasing due to the rapid increase in the price of cotton fibre. In particular, the listing of the basic stock Ne 30/1 was suspended by most spinning mills. Spinners and weavers are reluctant to offer or offering at very high prices, given the current upward trend of the raw material.

In **INDIA**, yarn prices continue to increase and export requests are growing.

CHINA partially resumes work after the Chinese New Year holiday which ended on 15th c.m. but many industrial complexes are still closed for the weekend; however, from the first rumors circulating, the prices of yarns, especially cotton ones, are rising sharply.

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February 19th, 2024