

## WEEKLY MARKET REPORT

April 8<sup>th</sup>, 2024

### NEW YORK COTTON FUTURES

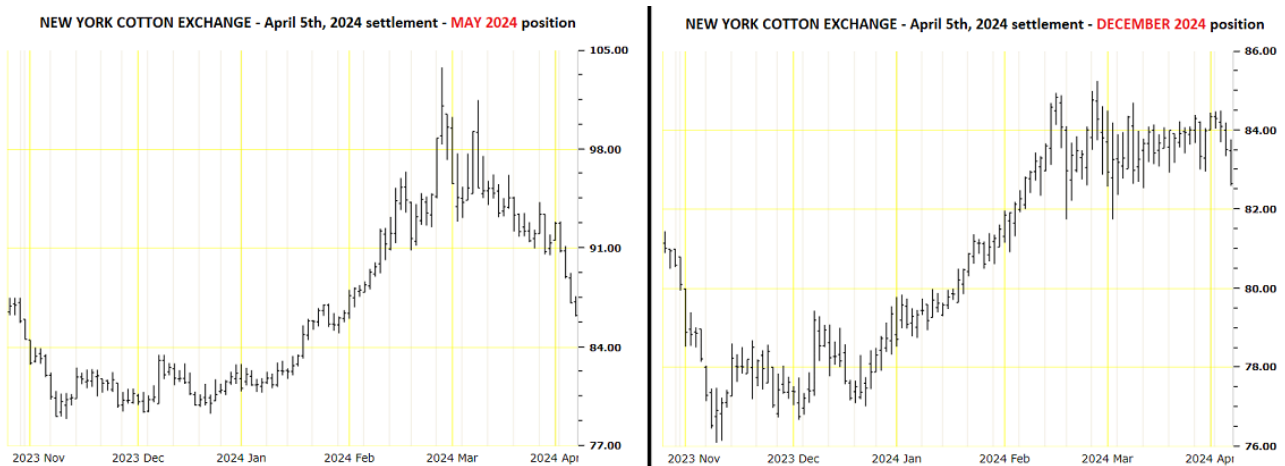
The May position stood at 86.25 cents/lb, closing the week lower. This is the lowest close since January 31<sup>st</sup>. Most of the selling pressure was due to speculative liquidation.

During the week ending March 28, a total of 84,900 bales of US cotton were sold and 367,600 shipped. These sales, recorded by the USDA, are below the weekly pace needed to reach the USDA export estimate of 12.3 million bales, but shipments remain above pace.

However, I expect a recovery of the May and July position in the week ahead.

It should be noted that the price of the May position is slowly aligning with the value of the December 2024 position which reflects the new crop.

Below are the explanatory graphs.



The fundamental news mainly concerns Brazil where cotton, being planted in the southern hemisphere, is harvested during our spring, together with the Australian one. Both, in terms of production capacity, are considered the main crops of the southern hemisphere.

The USDA official in Brazil reported an increase in cotton production by 340,000 bales to 14.9 million but cut exports by 200,000 bales to 11 million. Net ending stocks would have increased to 6.2 million bales.

About Australian cotton, the production is expected to be high for the fourth consecutive year and forecast at 5.5 million bales, all of which are earmarked for export and the majority already sold.

### ECONOMICS AND FINANCE

Inflation in March in the **EUROZONE** fell beyond expectations and stood at 2.4% and is increasingly closer to 2%. In February, the value was 2.6%. Following this, markets are certain of a rate reduction by June with the possibility of a second cut in July.

**US** jobs are running fast. The American economy created 303,000 jobs in March, well above the expectations of analysts who were betting on 214,000. Thus, the unemployment rate fell to 3.8% from 3.9% in February, but the Fed's rate cut could move away, with forecasts in September.

Year-on-year inflation in **TURKEY** reached 68.5% in March, marking an increase compared to last month's figures when it was at 67% and there is a risk of a new rate hike.

## EURO/US DOLLAR EXCHANGE RATE

The **US DOLLAR** continued to gain against all major currencies following the positive US employment data and the **EURO** hit a low of 1.0772 at the start of last week but recovered by the end of the week to close at 1.0838 following the news from the FED about a possible postponement of the rate cut.

## SEA FREIGHT

The one affecting Italy, between Shanghai and Genoa, shows a weekly decline of five percent, settling at 3,614 US dollars for a 40' container.

Compared to the same period of the previous year, the figure is still 61% higher.

## ENERGY

**CRUDE OIL** is still rising strongly, and **GAS** is fluctuating but stable in Amsterdam.

Below are the prices from last week:

**NATURAL GAS** on the Amsterdam market, the TTF closes the week at 26.606 euros per MWh.

**BRENT** in London closed at USD 90.86 per barrel

**WTI** in New York closed at USD 86.73 per barrel

## FIBER AND YARN PRICES

In **INDIA**, yarn prices remained frozen in the last week of March.

In **CHINA**, cotton yarn prices stabilized while polyester prices increased due to the rebound in crude oil prices.

In **PAKISTAN** cotton yarn prices increased again last week following strong demands. However, weavers find better opportunities from import.

## INDICATIONS

This is a service that I give to my Italian clients to serve and inform them in the best possible way.

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

This newsletter and all previous ones can be found in PDF format on my website in the section <https://www.tessilfibre.eu/newsletter.html>