

WEEKLY MARKET REPORT

April 22nd, 2024

NEW YORK COTTON FUTURES

Last week, both current and new crop prices plummeted once again, recording a sixth consecutive weekly loss.

Last Friday the May position stabilized at 78.69 cents/lb, almost reaching December new crop which also closed at a loss at 77.55 cents/lb. Its close is the lowest since November last year.

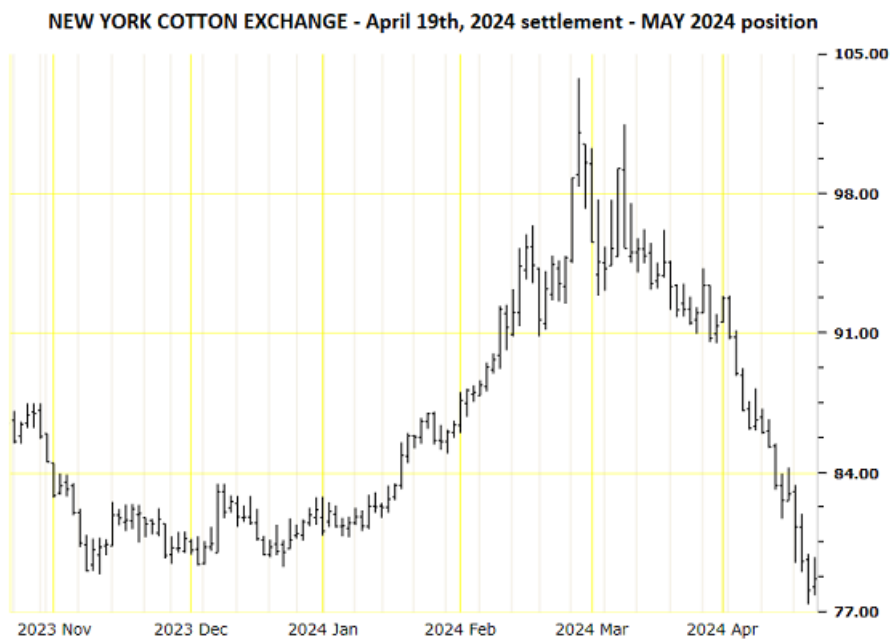
Not surprisingly, with prices falling to new lows, export sales have improved significantly. Sales for the 23/24 campaign topped 146,000 bales, up 79% from the previous week, beating the four-week average by 64%, while shipments remain on track at 266,700 bales to meet the country's export estimate of USDA.

The reasons for this collapse are mainly due to recent rainfall over many parts of West Texas which has been viewed as bearish by traders which would lead to a potential increase in this year's crop.

However, this would lead to a rethink on the part of many farmers, especially in the Centre-South and South-East, about sowing cotton since current prices are well below the cost of production and a switch to soya or other more cost-effective crops.

The market is currently technically oversold.

“First Notice Day” in May is less than a week away; so, next week we will focus on the July contract.



ECONOMICS AND FINANCE

Inflation in the **EURO ZONE** showed a general slowdown in March, reaching an annual rate of 2.4% from 2.6% in February, reinforcing expectations of a cut in interest rates by the ECB in June.

In the **USA**, however, with the statements of the governor of the FED, Powell, the first rate cut in the United States is even further away.

The FED has always said that to cut rates it is necessary for data to increase confidence that inflation is falling towards the 2% target. Current data, however, do not go in this direction and do not reassure that the cost of living is converging towards this objective. Therefore, the time to cut rates has not arrived and is getting ever further away.

In the first quarter of 2024, CHINA's Gross Domestic Product (GDP) grew by 5.3% compared to the same period last year. This is a figure that exceeds the expectations of international analysts, who expected growth of around 4.8/5%, and in line with the annual growth objectives communicated at the beginning of March by the Chinese government.

The data seems to be a first sign of recovery of the world's second largest economy, after a period of serious crisis, although it is still too early to say with certainty.

EURO/US DOLLAR EXCHANGE RATE

The US DOLLAR rose during the week after hawkish comments from the Fed put further pressure on it. The short-term technical structure always remains precarious.

This morning the EURO is trading 1.066 against the US DOLLAR.

SEA FREIGHT

New weekly decrease for container maritime transport rates. Spot freight rates decreased by an average of 3% compared to last week.

ENERGY

The price of **CRUDE OIL** has remained in settlement territory and is apparently unable to return to its recent highs after the latest bearish trend caused by the apparent détente in the Middle East.

NATURAL GAS, on the other hand, appears stable after the recent increases and does not seem capable of revolutionizing its trend.

Below are the current prices:

NATURAL GAS on the Amsterdam market, the TTF closes the week at 29,750 euros per MWh.

BRENT in London closed at USD 85.88 per barrel

WTI in New York closed at USD 80.81 per barrel

FIBER AND YARN PRICES

In **INDIA**, cotton fiber and yarn prices fell last week on both the domestic and export markets.

In **CHINA**, textile fiber prices are falling, which could lead to a drop in yarn prices.

In **PAKISTAN**, export prices of cotton yarn remained stable despite the decline in the New York cotton exchange.

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>