

WEEKLY MARKET REPORT

May 6th, 2024

NEW YORK COTTON FUTURES

The JULY 2024 New York Cotton Exchange position ended the week up 244 points at 78.06 cents/lb, but still lost 284 points for the week.

The DECEMBER 2024 position, after having reached a weekly low at 74.21 cents/lb, also closed on Friday 3rd May, up 1.76 points at 75.97 cents/lb.

Ultimately, after a speculative oversold situation, cotton buyers stepped in to end the week with purchases at advantageous prices after an exhausting sell-off since the beginning of March.

The 30-day outlook is to monitor weather conditions in the United States, which will continue to be important over the next month as farmers continue to plant the 2024/25 crop.

On that note, weekly harvest progress data indicates that through April 20, 15% of the U.S. cotton crop has been planted, an increase of 4% on the week and 1% above the average pace of five-years. It must be said that at the current prices of cotton, there will most likely be a reduction in the crop since other agricultural products are much more profitable for farmers.

Late Thursday, the USDA reported net sales of 97,400 bales, down 45% from the previous week and 20% from the four-week average. The week's top buyers include Vietnam, Pakistan, and China. Meanwhile, weekly exports of 180,000 bales also fell by 31% from the previous week and 39% from the four-week average.

NEW YORK COTTON EXCHANGE - May 3rd, 2024 settlement - JULY 2024 position



ECONOMICS AND FINANCE

In the **USA**, employment data are worse than market expectations, together with data on wage dynamics that are slightly more moderate than expected. In fact, it turns out that 175,000 jobs were created last month, below economists' expectations of 243,000. Wages grew at an annual rate of 3.9%, versus the consensus of 4% after 4.1% in March.

In **ITALY**, in March, the monthly employment rate rose to 62.1%, marking a new record. Compared to February, employment grew by 70 thousand units (+0.3%).

I would also like to point out that inflation in **TURKEY** jumped up to 69.8% on an annual basis in April.

In **EUROPE**, according to the flash estimate from Eurostat (the EU statistics office) in the first quarter of the year, the gross domestic product (GDP) increased by 0.3% compared to the previous quarter. The figure is higher than forecasts which saw it rise by only 0.1%.

Again, according to estimates, the average inflation rate was 2.4%, the same level recorded in March, therefore, the expectation of an ECB rate cut in June is strengthened.

EURO/US DOLLAR EXCHANGE RATE

In the USA, the dollar is falling after the April monthly employment data and the EURO gains 0.6% and closes the week at 1.077 dollars.

SEA FREIGHT

For container freight relating to sea shipments from China to Italy, the declining phase appears to have ended. The latest survey shows a rise (+3% to \$3,717 for 40-foot boxes) for shipments from Shanghai to Genoa, which adds to the slighter one last week (+1%).

Now, their level is therefore 67% higher than that of a year ago, placing it approximately halfway up the rise that began following the escalation of Houthi attacks in the Red Sea.

ENERGY

NATURAL GAS on the Amsterdam market the TTF is currently at 30,070 euros per MWh. (up from last week)

BRENT in London closed last week at USD 82.80 per barrel (down from last week)

WTI in New York closed last week at USD 77.99 per barrel (down from last week)

FIBER AND YARN PRICES

In **INDIA**, cotton yarn prices moved in different directions last week in domestic and foreign markets according to different counts.

In **CHINA**, cotton yarn prices have fallen further over the past seven days, following a renewed decline in cotton fiber prices.

In **PAKISTAN**, cotton yarn prices fell last week. Despite this, to meet the modest requests of fabrics for export, weaving mills are forced to make use of imports and the most requested yarns are Open End and fine counts, awaiting the arrival of the new crop expected for the beginning of June.

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>