

WEEKLY MARKET REPORT

May 13th, 2024

NEW YORK COTTON FUTURES

The New York cotton market reversed course early last week, likely correcting itself after reaching oversold territory, and the July price settled at 77.31 cents/lb, closing the week up 169 points.

According to the USDA's weekly export sales report, export activity improved in the week ending May 2, as old crop bookings jumped to a 13-week high of 253,660 bales. A good portion of this was sold to China which purchased 119,024 bales. New crop sales totaled 158,872 bales in that week, the largest weekly sale for the crop this month of the year. Shipments totaled 249,628 bales, up 38.7% from a week ago.

According to early estimates for the 2024/25 U.S. and global harvests released last week by the USDA, the new U.S. crop is expected to be 16.0 million bales and exports are expected to be 13.0 million bales.

Global usage is also expected to increase to 116.86 million bales and ending stocks to increase to 83.01 million bales.

For the 2023/24 crop, US production decreased by 30,000 bales to 12.07 million bales. US ending inventories decreased by 100,000 bales to 2.4 million bales. Exports, however, remained stable at 12.3 million bales.

Global usage in 2023/24 increased by 540,000 bales to 113.36 million bales while ending stocks decreased by 2.6 million bales to a total of 80.48 million bales.

About the new crop, across the US, cotton is now 24% grown.

NEW YORK COTTON EXCHANGE - May 10th, 2024 settlement - JULY 2024 position



ECONOMICS AND FINANCE

In the **US**, initial claims for unemployment benefits were higher than expected, supporting hopes of interest rate cuts this year.

This week will be a little livelier in the external markets. The Consumer Price Index (CPI) and Producer Price Index (PPI) will be released, providing another look at inflation.

In **EUROPE** it was a week of comeback for the stock markets, with Frankfurt in the lead (+4.2%). This optimism is because a cut in interest rates in June is considered plausible, if further data confirm the inflation prospects indicated in the latest forecasts.

EURO/US DOLLAR EXCHANGE RATE

The US dollar weakened slightly due to falling Treasury yields and rising jobless claims rates.

On Friday 10th, the EURO closed at 1.0774 against the US dollar

SEA FREIGHT

The strong recovery in demand for shipments from China is causing the value of container freight to rise quickly. The latest report indicates a 16% increase recorded in the last week for the rates related to sending 40' boxes from Shanghai to Genoa (to \$4,295).

ENERGY

NATURAL GAS on the Amsterdam market the TTF is currently at 30,029 euros per MWh. (stable compared to last week)

BRENT in London closed last week at USD 82.78 per barrel (stable compared to last week)

WTI in New York closed last week at USD 78.20 per barrel (up slightly from last week)

FIBER AND YARN PRICES

In **CHINA**, cotton yarn prices are expected to fall further, in line with the recent decline on the New York Cotton Stock Exchange.

In **PAKISTAN**, cotton yarn prices continued to decline over the past week due to lower raw material costs. We underline the fact that 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 domestic cotton harvest, expected at the beginning of June.

In **INDIA**, cotton yarn prices have remained stable in recent weeks, offering spinners better profit margins.

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>