

## WEEKLY MARKET REPORT

June 10th, 2024

### NEW YORK COTTON FUTURES

From the close of the previous week, the July position lost 127 points last week, settling at 73.84 cents/lb, reaching a low of 73.16 at the close last Tuesday.

Attention has started to shift to the December contract, which is the main one based on the new crop. December futures settled at 72.89 cents/lb, with only 95 points of difference compared to July.

The market is supported by the fact that it is slightly oversold and speculators have moved positions forward. There are fears that prices may continue to fall.

Surveyed cotton exports totaled 1.21 million bales in April, down from 1.634 million in March and down 21.6% from April 2023. China and Pakistan were the month's largest importers.

The "Goldman Sachs Commodity Index Roll" has begun and July options are close to expire. Traders will be active until exiting their July positions and move them into December. July's "First Notice Day" is June 24th.

According to last week's USDA Crop Progress report, U.S. farmers have planted 70% of their intended acreage and are nearing completion of 9%. Precipitation concerns are increasing in parts of South Texas, and dryland planting is progressing rapidly in West Texas, Oklahoma and Kansas.

NEW YORK COTTON EXCHANGE - June 7th 2024 settlement - JULY 2024 position



### ECONOMICS AND FINANCE

In the **US**, US employers created 272,000 jobs in May, an unexpectedly high number given concerns about high interest rates and slowing consumer spending. However, the unemployment rate rose from 3.9% to 4.0%. Data released Wednesday suggests that wages may have grown at a much slower monthly pace on average last year than initially reported.

In **EUROPE**, as expected, the European Central Bank cuts rates for the first time since 2019. With a reduction of 25 points, it brought the rate on deposits from 4% to 3.75%, the rate on references from 4.50% to 4.25% and that on marginal loans from 4.75% to 4.50%.

## EURO/US DOLLAR EXCHANGE RATE

Last week, the dollar rose after data showed the U.S. economy created many more jobs than expected in May, suggesting the Federal Reserve may take its time before starting its rate-easing cycle this year.

After reaching a high of 1.091 last Tuesday, the EURO began to lose against the DOLLAR, settling at 1.081 last Friday.

## SEA FREIGHT

China-Italy container freight rates continue to skyrocket.

The latest update indicates an increase of 17% in the last seven days, such that on average the cost paid for shipping a 40' container from Shanghai to Genoa was 6,664 dollars, 971 more than on May 30.

## ENERGY

**NATURAL GAS** on the Amsterdam market, the TTF closed last week at 33.11 euros per MWh, compared to 34.69 the previous week

**BRENT** in London closed last week at USD 79.44 per barrel compared to 81.37 the previous week

**WTI** in New York closed last week at USD 75.38 per barrel compared to 77.18 the previous week

On oil, we saw a hit nearly four-month lows on Monday after OPEC+'s plan to increase the number of barrels on the market earlier than expected, raised concerns about oversupply.

## FIBER AND YARN PRICES

In **PAKISTAN**, cotton yarn is on the rise amid rising energy costs. It should be noted that also due to strong increases in sea freight from China to Pakistan and from Pakistan to Europe, the costs of fabrics, if you look at the current trend in the cost of raw cotton, are not falling as one might imagine. Furthermore, production times increase as many weavers have already committed especially the high looms for the next few months.

In **CHINA**, cotton fiber and yarn prices remained stable over the past week.

In **INDIA**, cotton fiber and yarn prices showed divergent trends last week.

## 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>