



CHOICE COTTON

Your Cotton, Your Choice.

Market Briefs

Week ending March 20, 2015

Contract Mo.	Weekly Trading Range	Mar. 20 close	Week's G/L
May 15	59.83 – 63.55	62.82	+287
July 15	60.50 – 63.93	63.40	+260
Dec 15	61.95 – 64.20	64.06	+154

Current LDP: **5.65** cents

Led by strengthening fundamental and technical data, last week the market was able to reclaim most of the previous week's losses. An increase in export sales lessened demand concerns following a report that showed over 289,000 bales were purchased by foreign textile mills. In addition, shipments continued on their record pace. It's expected similar numbers will be seen this week. The market appears to have found a solid floor with prices near 60 cents stimulating mill demand from a host of various countries. The market received another push as the dollar weakened. News from last week's Fed meeting was viewed as favorable in that they down played any immediate plans to raise interest rates. Other positive fundamentals working in our favor at present include a shortage of cert stocks, tight supplies of quality fiber, and rumors China is contemplating increasing import quotas. On the technical side, this week's reversal broke several short term moving averages to the upside, which is a bullish indicator likely to promote further speculative buying. All things considered, a retracement by the front month futures (May and July) to the mid to upper 60's is very possible. If you still have old crop cotton to sale this would be an attractive level to price. Despite current bullish sentiment, there are factors in play that would suggest this could be the top end of the trading range.

New crop price has been drug along with old crop in this latest advance, up 154 points for the week, closing today (Mar. 23) at 64.55. Next week's release of USDA's 2015 planting intentions survey results will finally give the DEC contract a life of its own. The biggest influence from that point forward will be the health of this crop and subsequent growing conditions. On the heels of a reduction in planted acreage, any sign of problems both domestically and abroad that would limit production would certainly favor a market rally providing an excellent entry point to begin pricing.

I encourage each of you to set realistic targets when pricing your 2015 crop, all the while considering production costs and desired rates of return. Hold to these targets as the market provides pricing opportunities throughout the season. Developing and closely following a marketing plan helps prevent irrational pricing decisions brought on by emotions and outside influences. We look forward to assisting you with this as you prepare for another crop year.

Again, as a reminder, we now have several forward contracts available each having various specific terms. All of which, however, contain a very competitive basis and premiums for quality never before available. If you plan to forward contract a portion of your crop, I would strongly recommend at least locking in a basis, for these will likely not get any better. Please call our office to further discuss specific contract terms.

Until next week,

