



CHOICE COTTON

Your Cotton, Your Choice.

Market Briefs

Week ending **May 15**, 2015

Contract Month	May 8th Close	May 15th Close	Week's G/L
July 15	66.16	66.84	+ 68
Dec 15	65.94	66.82	+ 88

Current LDP **0.16** cent

Despite a rather neutral USDA Supply/Demand report released last Tuesday, the market was able to hold on to some small gains for the week. This is a rather good indication that fundamentals aren't currently driving this market. Instead, its technical trading by managed funds and specs that are most responsible for steering this market. Their actions have provided support to the upward trending trading range we've been in for months. Currently they are long the market to the equivalent of 5 million bales. A sizeable position but nowhere near their historical limits. Most encouraging has been their reluctance to run even on market breaks. Continued support from the non-commercial side will certainly be needed to provide momentum if we are to break out of the high side of this trading range.

As mentioned, Tuesday's Supply/Demand report was not loaded with bullish numbers. Most disappointing was USDA's refusal to increase U.S. cotton exports even though current sales and shipments have us exceeding this number with 5 weeks still remaining in the marketing year. Their failure to do so kept our predicted ending stocks at 4.4 million bales, the highest in 6 years. Long term, however, there was some good news. The report indicated for the 2015/2016 marketing year, global consumption would exceed production for the first time since 2009, thereby reducing world ending stocks by 3 million bales. This, coupled with ever tightening supplies of quality cotton, should favor better new crop prices.

What does the week ahead hold in store? That's a very tough question to answer, especially with both July and December contract months down over 150 points in early trading this morning (May 18th). With a great deal of cotton still to be sold, this most likely was the commercial trade selling into the recent return to the upper end of the trading range. It's expected the 64 to 65 cent floor will hold. If so, barring any unfavorable economic news, we should experience the same song second verse as this market rebounds to, once again, test the higher 60's.

Until next time,

