



CHOICE COTTON

Your Cotton, Your Choice.

Market Briefs

Week ending June 24, 2015

Contract Month	June 12th Close	June 24th Close	Week's G/L
Dec 15	64.64	64.59	- 5

Current LDP **1.79** cents

After the previous week's wild roller coaster ride, market action these past few days has been rather subdued, some might say even boring. Traders have completed their position adjustments prior to the July contract's expiration. Most everyone's nerves have settled down from China's annual announcement of changes in their cotton reserve policy. World macroeconomic news has been somewhat uneventful. Export sales report for the week was not mind blowing but bested the previous week, nonetheless. Sales and shipments are still on pace to significantly exceed the USDA export projection of 10.7 million bales. All this said, the market has traded in a very tight range and will continue to do so until it can better size up the 2015 crop. Two upcoming USDA releases, the annual acreage report on June 30th and the July 12th WSDE report, will provide the first meaningful glimpse of what we might be able to expect. These reports will be studied closely by the trade because they're compiled using actual numbers rather than estimates thus carry more weight.

Expectations are high these reports will be favorable. Of course, betting on the USDA to do what's expected will send you to the poor house. It is believed, and I would agree, U.S. planted acres should come in lower than previously estimated. The effect of less than ideal planting conditions in Texas and a greater shift to peanuts in the Southeast ought to be reflected in the June 30 report. Moreover, the USDA cannot continue to sit on their US export estimate of 10.7 million bales. Sales and shipments already exceed this number with 4 weeks remaining in the marketing year. So, forgoing any major cancellations in the next month the actual export number will exceed 11 million bales.

Now some would argue that with planting completed, our production potential could easily offset any reduction in acres. I would counter with hardly a growing season goes by that we don't encounter one or more weather scares along the way. Even today the Southeast is experiencing oppressive temperatures and lack of moisture, exacting a toll on young cotton. The take home here is not to expect much out of the market prior to the reports, watch for its reaction following, and then keep a close eye on domestic and world crop conditions for any resulting pricing opportunities.

Until next time,

 **AUTAUGA**
QUALITY COTTON