

WEEKLY MARKET REPORT

WEEK ENDING MARCH 22ND



Throughout weeks of mounting negative influences, May futures found support at 93 cents despite repeated challenges. That was until last week when spec liquidation, a defiant export market, and continued weak demand sent prices lower. Losing 241 points, May closed Friday at 91.53 its lowest settlement since November 2023. Conversely, new crop prices had another uneventful week while awaiting Thursday's USDA prospective plantings report. Trading in a very narrow range of 130 points December futures advanced 27 points to close at 83.95.

Export sales remain a challenge with foreign basis coming under pressure. Net current crop sales totaled 92,600 bales last week with Turkey, Peru, and Vietnam primary buyers. New crop sales were 40,500 bales with Bangladesh, Turkey, and Pakistan major buyers. Worth noting China was absent from the market. Shipments were very strong at 397,300 bales, a marketing year high. Despite these shipments, total sales commitments of 11.7 million bales are now below the five year average. Some are beginning to question USDA's 12.3 million bale export estimate with only 19 weeks remaining in the marketing year.

Managed funds were net sellers for the third consecutive week. The most recent CFTC report showed 2,630 contracts were sold through Tuesday reducing their net long position to 8.95 million bale equivalent. Prices fell 189 points over this reporting period so with the week's further decline its likely their position even lower. Also, the inherently long Index traders were sellers lowering their net long position to 6.9 million bales.

The Federal Reserve delivered some good news last week. Despite data over the past two months reflecting a stronger economy, the Fed left interest rates unchanged. Optimistically, Fed Chair Powell kept the door open for multiple interest rate reductions later this year. The Dollar responded accordingly. It is quite a tightrope they are walking with inflation still present and interest rates at record levels while the job market remains red hot, and consumers maintain their resiliency.

Where to from here? Traders will be focused on Thursday's USDA prospective plantings report. Projections range from 10.4 million planted acres to 13 million. No doubt it will exceed earlier estimates from Cotton Grower magazine and NCC, of 10.1 and 9.85, respectively. The consensus is for it to come in slightly above 11 million acres. Whatever the number an average yield and abandonment rate will be applied to get our first unofficial 2024 production estimate. At that time December futures will begin to stand on its own and the fun begins. At the risk of sounding like a broken record, with all the negatives surrounding this market expect firm resistance at 85 cents so consider pricing a portion of this year's crop just shy.

Until next week,
Jeff Thompson

May Futures Chart



Dec Futures Chart



		22-Mar Weekly Change	
May 24 Cotton	91.53	-2.41	-2.57%
Dec 24 Cotton	83.95	0.27	0.32%
Sep 24 Corn	4.61	0.03	0.82%
Nov 24 Soybeans	12.04	0.17	1.45%

Week Ahead

Thursday- Export Sales @ 7:30 am

Thursday- Prospective Plantings @ 11 am

Friday- Market Closed