

WEEKLY MARKET REPORT

WEEK ENDING OCTOBER 22



There was a lot of movement in the market last week, only to end up right back where it started. After a week of ups and downs, the December contract settled at 108.26 on Friday while March 22 closed at 106.19, up two cents from its previous close but well within its 104- 113 cent trading range.

Net current crop sales were 415,740 running bales. Net current crop PLUS new crop sales were 479,640 running bales. Shipments were 122,840 running bales, which was 73 percent of the expected seasonally adjusted pace. Current PLUS new crop sales were up 193 percent from last week and up 34 percent from the four-week average.

Cotton export sales received a healthy boost thanks to China's return from holiday. China accounted for two-thirds of total sales with 275,000 running bales of current year plus 50,000 bales of next market year. While China's purchases were their second-best week of the year, Turkey had their best week with 77,000 current year and 13,200 nest year. India had significant volume – 17,000 bales Pima and 900 Upland.

The gap in sales year-to-date would be much larger if not for Pakistan and Turkey. Shipments continue to lag seasonal norms, but this is not a "normal" year as we say every week. Shipments are likely to trail for next several weeks as new crop cotton enters the pipeline and shipping difficulties worsen throughout the world.

The seven days reported in the most recent Export Report – October 8 through October 14 – are the highest futures market prices since July 2011. The December 21 contract high was posted on October 8 at \$1.16. The low for the week was \$1.035 on October 13.

Last week, the managed funds cut their net-long position by 9,298 contracts and December 21 was down 2.55 cents. This week ending Tuesday, October 19, the funds cut their net-long by another 6,018 contracts, but the market gained 1.45 cents.

Where to from here? As we mentioned last week, firm support is being developed as the market finds a new trading range. As if the now five to one on-call sales versus on-call purchases ratio is not supportive enough on its own, it currently has the help of demand as China continues to buy U.S. cotton for its reserves. Thursday's sell off shows to be another healthy correction as the market has regained almost all of what was lost at the time of writing.

AWP

- AWP = 92.80

DECEMBER 2021 FUTURES



THE WEEK AHEAD

October 28, 7:30 a.m. - Export Report

