



**OCTOBER 11, 2019**

## **MARKET CAUTIOUS AHEAD OF REPORTS**

- Latest Export Report Positive
- Little Reaction to WASDE Report
- Market Watching Numerous Developments
- Spot Market Sales Decline

Prices rallied Friday, Oct. 4, setting 62.91 cents per pound as the weekly high before slipping back to 61.60 cents at the close. Prices spent the rest of the week bouncing between 60.79 and 62.47 cents as traders anxiously evaluated every comment in the news regarding trade negotiations, middle eastern politics, and WASDE projections. December futures settled at 61.42 Thursday, 18 points lower on the week. Average daily volume was low. Open interest increased 1,833 contracts to 236,128.

## **EXPORT SALES**

Net new Upland sales were 188,800 bales for the week ended Oct. 3. Pakistan topped the list of buyers again with 137,300 bales. Vietnam came in second with 36,800 bales. Shipments totaled 149,100 bales. Outstanding (unshipped) sales total 7.024 million bales which is still less than last year's 7.52 million bales at this point in the marketing year but remains high by historical standards. Export sales data for the time are still on track for USDA's current 16.5 million bale export forecast for the 2019-20 marketing year.

## OCTOBER WASDE REPORT

The market's response to USDA's October WASDE report was muted as there was very little change in projections. USDA's crop estimate slipped 150,000 bales with lower estimates in Texas (down 200,000) and higher estimates in Oklahoma (up 60,000) accounting for most of the change. Lower production with help from an adjustment to the loss column resulted in a 200,000 bale reduction in ending stocks to 7.0 million bales.

### United States

	Beg Stocks	Production	Imports	Total Supply	Domestic Use	Exports	Total Use	Loss	Ending Stocks	Stocks to Use
Sep-19	4.85	21.86	0.01	26.72	3.00	16.50	19.50	0.02	7.20	36.92%
Oct-19	4.85	21.71	0.01	26.57	3.00	16.50	19.50	0.06	7.00	35.90%
Change	0.00	(0.15)	0.00	(0.15)	0.00	0.00	0.00	0.04	(0.20)	-1.0%

### World

	Beg Stocks	Production	Imports	Total Supply	Domestic Use	Exports	Loss	Ending Stocks	Stocks to Use
Sep-19	80.80	124.90	43.28	248.98	121.74	43.34	0.15	83.75	68.8%
Oct-19	80.73	124.77	42.90	248.40	121.61	42.91	0.19	83.69	68.8%
Change	(0.07)	(0.13)	(0.38)	(0.58)	(0.13)	(0.43)	0.04	(0.06)	0.0%

## OTHER NEWS

In case the cotton market didn't provide enough excitement this week, there were a few other concerns such as: reports of human-rights abuses in western China, U.S. blacklisting of Chinese tech companies, the 18th consecutive week of Hong Kong demonstrations, China's spat with the NBA and Apple, U.S.-China trade war tensions, the U.S. military withdrawal from Syria, Turkish military action against Kurdish positions, and the on-going theatrics of Washington politics. Frankly, one would expect to see more uncertainty in financial markets. To the contrary, the

Dow-Jones finished 295.63 higher for the week while the S&P was up 27.5 points, and light crude oil finished \$1.10 higher. It's possible with all of this noise, traders are beginning to develop tinnitus. On the other hand, maybe they have popped some corn, grabbed a beverage, and settled-in to decide if we are all watching a situational comedy or a disaster movie.

## **THE SEAM**

The Seam's G2B platform traded 7,482 bales for the week, a decrease of 5,399 bales compared to the previous week. The average price at 56.91 cents per pound was 143 points higher than the previous week's average. The average premium over the CCC loan was 3.71 cents and 50 points higher than the previous week. Bales offered for sale by growers stood at approximately 89,000 bales late Thursday (roughly 37,000 bales of 2019-20 crop were offered).

## **COTTON CLASSINGS**

All classing offices across the U.S. were active this past week as total classings now have reached approximately 2 million bales. Qualities overall remain excellent throughout the Cotton Belt as harvest conditions have remained good. Although the offices in Abilene, Lamesa, and Lubbock are just getting underway, the Corpus Christi classing office has gone over 1.1 million bales and qualities remain good overall.

## **IN THE WEEK AHEAD:**

- Monday @ 3:00 p.m. Central – Crop Progress and Conditions
- Thursday @ 7:30 a.m. Central – Export Sales Report
- Thursday @ 2:30 p.m. Central – Cotton On-Call
- Friday @ 2:30 p.m. Central – Commitments of Traders