



**NOVEMBER 29, 2019**

## **FUTURES PRICES MOVE HIGHER IN HOLIDAY-SHORTENED TRADING**

- Spot Market Also Higher
- Weekly Export Sales Stronger
- Possible Retaliation for U.S. Support of Hong Kong
- U.S. Harvest Ahead of Pace

March futures have traded within a fairly tight range from 63.95 to 66.10 cents per pound. Wednesday's settlement price was 65.81 cents, up 180 points for the holiday-shortened week. Open interest continued its decline, ending the week down 7,218 contracts to 199,012.

First notice day for December futures was November 22. Since then, 758 notices of delivery have been issued by Term Commodities, and SG Americas Securities, LLC, has been the stopper.

## **SPOT MARKET ACTIVITY**

The Seam's G2B platform traded more than 40,000 bales during the shortened trading week. The average price received by producers was 58.91 cents per pound, up 86 points from the previous week's average. The average premium over the CCC loan was 6.29 cents per pound, 24 points more than the previous week. Bales offered for sale by growers stood at 186,000.

## **EXPORT SALES AND SHIPMENTS**

Export sales continued stronger during the week ended November 21 with net sales of 281,500 bales, up 24 percent from the previous week. Total new sales of 379,000 bales of Upland for the 2019-20 marketing year were offset by cancellations of 97,500 bales (29,900 by China and 67,500 by Mexico). An additional 23,800 Upland bales were sold for the 2020-21 marketing year. This week's biggest buyers of Upland included Vietnam (73,600 bales), China (69,500 bales) and Turkey (67,800 bales). Shipments were better this week at 184,400 bales of Upland and 11,200 bales of Pima.

## **POSSIBLE RETALIATION BY CHINA**

Positive indications for a "Phase 1" trade deal propelled both the Dow-Jones Industrial Average and S&P 500 indexes to new all-time highs, and all-time high closes on Wednesday, November 27 prior to the Thanksgiving holiday. However, news that President Trump signed the Hong Kong human rights act in support of protesters after markets closed opens the door for retaliatory actions from China.

Traders will continue scanning for any positive and/or negative news of a "Phase 1" trade deal between the U.S. and China. In addition, participants' predictions for the December 10 WASDE report will begin to leak into the market.

## **CROP PROGRESS**

Harvesting across the U.S. continued ahead of pace at 78 percent versus the 5-year average of 74 percent as reported as of November 24 by NASS. The Southwest and Eastern regions of the U.S. remain ahead of schedule while parts of the Mid-south continue slightly behind their 5-year average. Many areas in West Texas and Oklahoma experienced cold, wet weather during the last few days. Sunny skies forecast for the coming week will help producers with unharvested crops return to the field.

## **COTTON CLASSINGS**

Upland and Pima classings for the U.S. are just over 11.5 million bales for the season ending this week. Classings for the season are at 55 percent for the projected U.S. crop of 20.8 million bales. For the season, the U.S. crop is 82.6 percent tenderable for delivery on the ICE No. 2 contracts.

## **IN THE WEEK AHEAD**

- Monday @ 2:30 p.m. Central – Commitments of Traders
- Monday @ 3:00 p.m. Central – Crop Progress
- 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