



DECEMBER 30, 2022

**MARCH FUTURES FACED DOWNWARD PRESSURE
MOST OF THE WEEK**

- **STOCKS FINISHED UP AFTER MIXED WEEK**
- **EXPORT SALES REPORT HELD NET SALES OF 82,300
UPLAND BALES**

After last week's gains in cotton prices, the holiday-shortened week put downward pressure on March futures. March closed higher going into the weekend, with the outside market influencing prices to gain ground after last week's shockingly bad Export Sales Report. Once the market opened on Tuesday, cotton prices traded in narrow ranges, but closed lower each day as the week progressed. Cotton specific news was light this

week, with most of the pressure coming from outside macro sources. For the week ending December 29, March futures closed at 82.64 cents per pound, down 166 points. Total open interest continued to decrease, with a reduction of 3,340 contracts to finish at 190,988.

Outside Markets

Outside markets typically tend to perform well the last week of the year, but that has not necessarily been the case this week. Personal income was reported higher than anticipated at 0.4%, U.S. Retail Inventory figures had a fourth consecutive decrease and fell 0.3%, and pending home sales came in at the second lowest reading in 20 years, hinting at a more bearish tone for the economy. However, stocks rallied on Thursday to finish the week with gains before the last trading session of the year. Jobless claims came in at 225,000, which is a 10-month high and helped stocks gain some ground. Covid cases in China have been surging, but the reopening of the country has helped markets find support recently. The U.S. Dollar Index was also under pressure again this week, with many saying the Dollar's strength has now run its course. Although stocks rallied to close out the week, with only one trading session left in 2022, this year is set to be the worst on record since the 2008 financial crisis.

Export Sales

For the week ending December 22, the Export Sales Report looked a lot more promising compared to the week prior. Net sales of 82,300 Upland bales were made for the 2022/23 crop year, with the biggest buyers being South Korea (17,800 bales), China (15,400 bales), and Turkey (15,200 bales). The 2023/24 crop year had sales of 3,500 bales. Shipments stayed in the area that has become the norm recently with 140,300 bales

exported. To reach the current export estimate, the U.S. needs to be shipping around 255,000 bales each week. Net sales of Pima for this crop year totaled 5,600 bales with 4,300 bales shipped.

The Week Ahead

Next week will be another shortened trading week due to the New Year's holiday, meaning the Export Sales Report will be delayed. Besides the impact of export sales, traders will also start focusing on this year's Index rebalancing and what the continued influence China's reopening will have on cotton demand.

We wish our readers a happy and prosperous 2023!

- Friday (December 30) at 2:30 p.m. Central – Commitments of Traders
- Thursday (January 5) at 2:30 p.m. Central – Cotton On-Call
- Friday (January 6) at 7:30 a.m. Central – Export Sales Report