



**MARCH 13, 2020**

## **MARKETS FALL HARD ON PANDEMIC UNCERTAINTIES**

- May Cotton Settles Below 60.00 Cents
- WASDE Shows Lower World Consumption
- Weekly Export Sales Reach Marketing Year High
- Spot Market Prices Fall

Prices fell this week in cotton and in other major markets. May Futures on Friday and Monday fell 214 points combined. Futures stabilized on Tuesday and Wednesday, both being positive days adding a total of 34 points to the May contract. On Thursday the sell-off resumed as May futures made a low of 59.35 cents per pound and closed at 59.70, down 185 points on the day. Open interest for the week increased to 212,792 for all contracts.

## **OUTSIDE MARKETS**

Coronavirus worries continued to dominate headlines. The stock market fell hard this week over fears of the virus and its impact on the world economy. On March 11, the World Health Organization labeled the coronavirus outbreak a pandemic. The last pandemic was the 2009 swine flu caused by the H1N1 virus.

## **WASDE REPORT**

USDA released the WASDE report on March 10 which showed a slowdown in world consumption that fell 850,000 bales compared to last month with China showing the largest drop off in consumption at 1 million bales. Production for the world rose slightly, and world ending stocks increased to 83.40 million bales from 82.12 million reported in February.

U.S. numbers were mainly unchanged from the February report with the exception of production that fell 300,000 bales to 19.80 million. This change in production reduced the U.S. ending stock projection to 5.10 million bales as compared to 5.40 million bales in the February report.

## **EXPORT SALES**

Net export sales of U.S. cotton in the week ended March 5 totaled 484,200 bales, a marketing year high. New sales totaled 501,200 bales of Upland cotton for delivery this marketing year, offset by 17,000 bales of cancellations, and 160,400 bales for delivery next marketing year. Cotton shipments for the week totaled 439,400 bales of Upland and Pima combined. China again showed up as a significant buyer last week with a net 108,900 bales of Upland and Pima combined. Only Pakistan, with 173,900 bales combined, and Mexico, with 115,800 bales combined, had purchased more on the week.

## **THE SEAM**

As of late Thursday afternoon, The Seam's G2B platform traded approximately 2,500 bales total during the past five trading days. The average price received by producers was 55.02 cents per pound, down 242 points from the previous week's average. The average premium over the CCC loan was 4.10 cents per pound, down 172 points from the previous week's average. G2B offers late Thursday stood at 209,000 bales.

## **IN THE WEEK AHEAD**

- Today at 2:30 p.m. Central – Commitments of Traders
- Thursday at 7:30 a.m. Central – Export Sales Report
- Thursday at 2:30 p.m. Central – Cotton-On-Call