



DECEMBER 18, 2020

FUTURES MARKET MAKES GAINS AS HOLIDAYS APPROACH

- Futures Made Excellent Gains This Week
- U.S Dollar Index Falls
- China Returns as Major Buyer
- No Cotton Market Weekly Next Week

Futures markets made excellent gains over the past week. Fresh new highs were made each session as buying momentum from the bullish WASDE last Thursday continued to lift prices. It looked like prices would stall last Friday, which was the only session to close with a small loss, but last Friday's low at 74.00 cents per pound turned out to be the low for the week. March futures touched a high of 77.41 cents in Thursday's trading and settled at 77.19, up 293 points for the week. Open interest

surged 11,733 contracts to 224,052 as new buyers flooded into the market. Daily trading volumes were average until the release of Thursday's Export Sales Report, which fueled the last push higher.

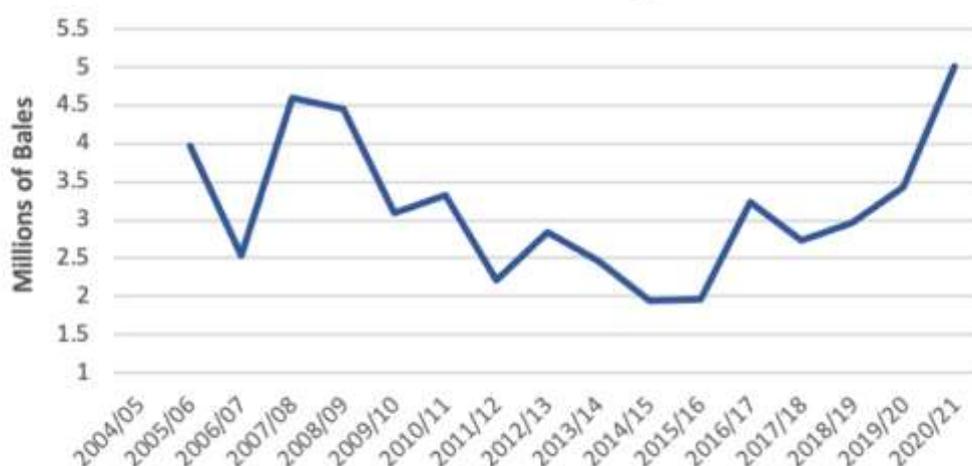
OUTSIDE MARKETS

The Federal Reserve reiterated its commitment to accommodative policy on Wednesday. The policy statement even loosened some language about bond buying to make sure that the market got the message. Stocks reacted positively by making fresh record highs. The U.S. Dollar also reacted as one would expect given the promise of continuing supply. The U.S. Dollar Index, which measures the value of the U.S. Dollar versus a basket of major trading partners, fell below 90 for the first time since April 2018. A weaker dollar is a nice tailwind for U.S. exporters as it reduces the relative cost of U.S. goods for other countries to import.

EXPORT SALES

Higher prices did not deter continuing sales of U.S. cotton to mills last week. Exporters were able to book another 420,900 bales of net new Upland sales and 7,500 bales of Pima. China was the biggest buyer at 225,800 bales, followed by Pakistan (93,400), and Vietnam (35,200). Sales continue to be fulfilled at record-setting pace. This week's combined Upland and Pima shipments totaled 274,400 bales, which leaves accumulated exports at 5.0 million bales so far, which is the highest level ever for this point in the marketing year. The return of China as a major buyer has helped keep export demand in exceptional territory this year.

Accumulated Exports 19th Week of Marketing Year



THE WEEK AHEAD

With Christmas next week, it is hard to argue that anything in the markets will capture traders' attention. Our readers should note that the weekly Export Sales Report will be released early next week. The report will be published at 7:30 a.m. Central time on Wednesday because President Trump has declared Christmas Eve a Federal Holiday this year. Cotton Market Weekly will not be published next week, and we hope all our readers enjoy the holiday with their loved ones. Merry Christmas!

IN THE WEEK AHEAD:

- Cotton Market Weekly will not be published in observance of Christmas.
- ***EARLY*** Wednesday at 7:30 a.m. Central – Export Sales Report
- Thursday at 2:30 p.m. Central – Cotton-On-Call
- ***DELAYED*** Monday the 28th at 2:30 p.m. Central – Commitments of Traders