



PLAINS COTTON  
COOPERATIVE ASSOCIATION

A photograph of a cotton field with green leaves and a dirt path. The text 'Cotton Market Weekly' is overlaid in white.

# Cotton Market Weekly

**JANUARY 20, 2023**

## **COTTON FUTURES TRADED HIGHER FOR THREE OF FOUR TRADING SESSIONS**

- **OUTSIDE MARKETS WEIGHED DOWN BY RECESSION WOES**
- **EXPORT SALES REPORT SHOWED INCREASED DEMAND**

Cotton futures traded higher for three of the four trading sessions during the shortened trading week. March futures started the week trading sideways before rallying and recovering some of the losses seen after last week's bearish WASDE report. The main driver for the rally was talk of increased demand stemming from positive price moves in China. The upward momentum was short-lived, however, and prices fell back to stay in the price range that's become the norm recently. For the week ending

January 19, March futures closed at 83.39 cents per pound, up 135 points from the prior week. Total open interest was relatively unchanged compared to last week, decreasing 118 contracts to close the week at 202,359.

## **Outside Markets**

While cotton prices were on the upside, stocks were opposite and had a string of losses for the week. Equities tumbled on Wednesday after U.S. Retail Sales for December was reported at -1.1% month-over-month and U.S. manufacturing fell -1.3% month-over-month. The losses continued Thursday when U.S. Initial Jobless Claims fell to 190,000 claims, a sign of a strong labor market, and news broke that the U.S. hit its debt ceiling, forcing the U.S. Treasury to take measures to ensure the government can pay its bills. The U.S. Dollar fell to its lowest level in over seven months from economic concerns and has weakened compared to other currencies. The mixed macroeconomic data has left an air of uncertainty, leaving many wondering whether a “soft landing” is possible with the continued talks of rate hikes and mixed economic data.

## **Export Sales**

The talk of increased demand proved to be true on the Export Sales Report for the week ending January 12. For the current crop year, net sales of 209,400 Upland bales were booked, up substantially from what has recently been reported. China was back in the action, booking 55,100 Upland bales, followed by Pakistan booking 43,600 bales, Vietnam with 42,500 bales, and Turkey with 25,600 bales. Shipments also improved, with 183,100 bales shipped for the week. For the 2023/24 crop year, 26,900 bales were sold. Pima sales were down compared to last

week, with 2,500 bales contracted. Shipments were about the same with 6,300 Pima bales shipped for the week.

## **The Week Ahead**

With not much of the cotton crop left to class in the U.S., attention will begin to shift to execution and shipping of the cotton. As far as the market is concerned, the weekly Export Sales Report and Commitment of Traders data will be a focal point, along with observing data from outside markets. With the Southwest having received little moisture lately, monitoring of upcoming weather will be vital when making decisions pertaining to next year's crop, amongst other variables.

- Friday 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