



SEPTEMBER 25, 2020

TRADING VOLUME LOW THIS WEEK AS PRICES CONFINED TO TIGHT RANGE

- Rough Week in Stock Market
- Net New Sales for the Week Totaled 92,700 Upland Bales
- Crop Progress Report Showed Modest Decline in Southeast Conditions

It was a rather dull trading week. Futures trading volume was relatively low and prices were confined to a relatively tight range from the Monday high of 66.23 cents per pound to Thursday's low of 64.65 cents. December futures settled at 65.46 cents on Thursday, down 39 points for the week. Open interest was nearly unchanged at 221,394, down 568 contracts.

OUTSIDE MARKETS

It was a rough week for the stock markets. Major indexes resumed their decline. Investors have a wide variety of risks in mind as we head into the next several weeks. Varying opinions about the election, economic recovery, and odds of second set of lockdowns in Europe have rattled the outlook. Perhaps more importantly, the U.S. legislature does not seem to be making progress on follow-up coronavirus support measures. On the back of bad headlines, this week's jobless claims data was worse than expected, which many read a sign of a slowing recovery. U.S. Treasury yields fell and the U.S. Dollar rallied versus major currencies as investors fled to safety.

EXPORT SALES

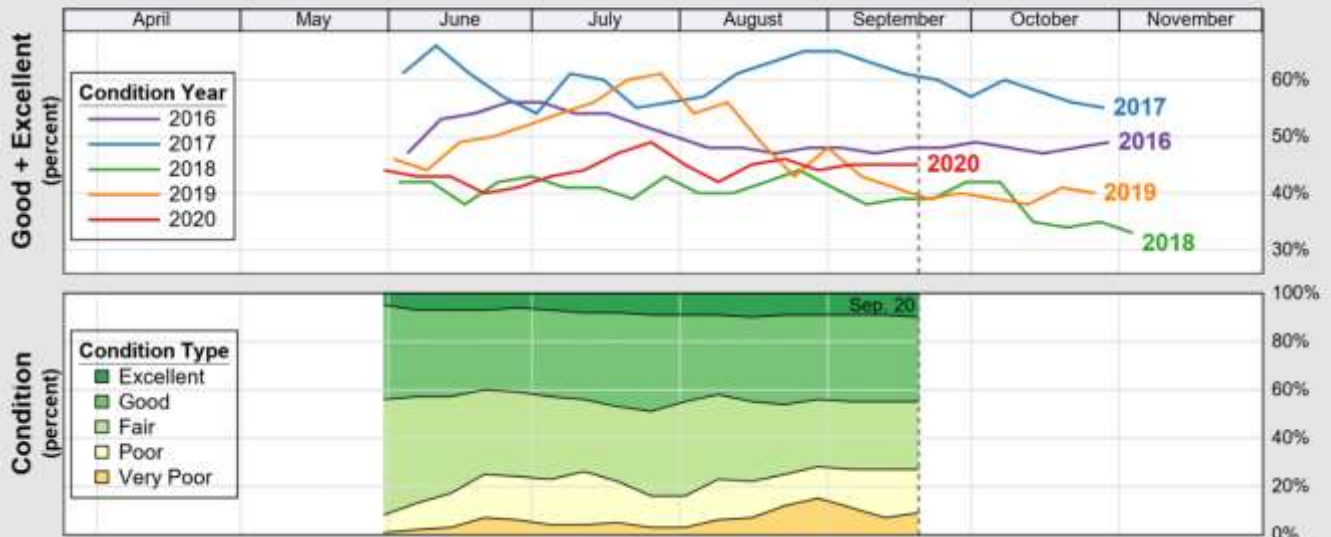
This week's export sales were a bit of a disappointment compared to totals last week when China showed up to more than 440,000 new orders. Net new sales for the week ending September 17 totaled 92,700 Upland Bales and 18,500 Pima. The largest Upland buyers were Vietnam (53,500 bales), China (39,500), Indonesia (26,200), and Hong Kong (13,200). Export shipments fulfilling open sales were the strong point this week. Shippers pushed out 281,900 bales of Upland and 12,900 bales of Pima, keeping accumulated exports by the seventh week of the marketing year at their highest level ever.

CROP CONDITIONS AND WEATHER

This week's Crop Progress and Condition Reports showed only a modest decline in Southeast conditions, despite recent weather. More declines are expected there this week given the heavy rains that continue to hit open cotton in that area. At the start of this week 74% of the Mid-South and 58% of the Southeast had open bolls under the unwelcome precipitation. Here in the Southwest harvest is just about to begin on what dryland remains, with irrigated fields likely to start in the next few weeks. 53% of the Texas crop was reported to have bolls opening and 20% (i.e. South and Central Texas) was harvested.

Crop Progress and Condition: Cotton in United States, 2020

Source: USDA NASS



THE WEEK AHEAD

Traders have not stopped watching the Atlantic, and likely won't stop until nearly all the cotton has been harvested. Weekly export sales will also be a focal point, but more attention is turning to the outside markets, too. Traders are nervous about election volatility, policy issues, and the growing risk of more lockdowns in Europe as coronavirus cases have begun to increase again. Headline risk is elevating.

IN THE WEEK AHEAD:

- Friday at 2:30 p.m. Central – Commitments of Traders
- Monday at 3:00 p.m. Central – Crop Progress Report
- Thursday at 7:30 a.m. Central – Export Sales Report
- Thursday at 2:30 p.m. Central – Cotton-On-Call