



NOVEMBER 26, 2021

MARCH FUTURES NOW CENTRAL FOCUS

- **JOBLESS CLAIMS FELL BELOW 200,000 FOR FIRST TIME SINCE 1969**
- **DEMAND FOR U.S. COTTON REMAINED HEALTHY**
- **EXPORT SALES REPORT COMING NEXT WEEK**

December cotton futures are all but gone, with just 326 contracts of open interest at the end of this week. March futures are now the central focus and they finished the holiday-shortened trading week at 115.78 cents per pound, up 64 points from last Thursday. Trading activity was very light as many traders have taken the entire week off. Open interest also continued to drift lower, losing another 8,296 contracts to finish the week at 261,005.

Outside Markets

Ironically, crude oil rallied on the official announcement of releases from the U.S. Strategic Petroleum Reserve. The move is part of President Biden's coordinated efforts with several other major importers to ease world oil prices. Unfortunately, markets are somewhat skeptical that importers can outweigh OPEC, which vowed to reconsider production increases if nations began releasing supplies.

Economic data was also very positive this week. Initial jobless claims fell below 200,000 for the first time since 1969, while October's personal income and real personal spending were above expectations. Unfortunately, signs of inflation are still running rather hot. Wednesday also saw the release of the Federal Open Market Committee's meeting notes, which noted a growing willingness from several members to increase the rate at which the Federal Reserve winds down its bond purchasing program and to raise interest rates if inflation continued to run at a higher rate. With higher interest rates increasingly likely and the economy looking ever-stronger, the U.S. Dollar rallied to another weekly high.

Export Sales

Demand for U.S. cotton remained healthy despite higher prices in the week ending November 18th. Exporters were able to book 196,600 bales of Upland net new sales and 18,100 bales of Pima. Major Upland buyers were China (58,500 bales), Vietnam (44,500), Pakistan (34,200) and Turkey (20,100). China also purchased 10,100 of Pima. If the USDA has Pima supplies estimated correctly, the U.S. can only supply about seven more weeks' worth of sales at the current rate. Exports of both Upland and Pima were lower than expected, but within the normal range for years that have started with similarly tight supplies.

The Week Ahead

Attention will soon be turning to December WASDE report expectations, but traders will be focused on their physical trading and execution for a few weeks before that. Classing, receiving, and the weekly Export Sales Report are key focal points for the next week.

We hope all our readers enjoyed the holiday with heartfelt thanks, good food, and great fellowship.

In the Week Ahead:

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