



NOVEMBER 27, 2020

RELATIVELY LIGHT TRADING VOLUME IN HOLIDAY-SHORTENED WEEK

- Continuing Surge of COVID-19 Infections
- Dow Jones Industrial Average Made a New All-Time High
- Demand Strong in Export Sales Report
- Texas Harvest Pace Ahead of 5-Year Average

It was an exciting, holiday-shortened week. Cotton futures surged higher Friday and Monday, with March futures touching 74.27 cents per pound, a 20-month high. Unfortunately, prices gave back some gains on Tuesday and Wednesday, which limited the price advance for the week. March futures settled at 72.36 cents Wednesday, for a gain of 69 points since last Thursday's close. Trading volumes were relatively light considering the new high in the market. Although open interest

had fallen by last Friday, new positions accompanied the rallies for a net gain of 517 contracts to 219,548.

OUTSIDE MARKETS

The continuing surge in global COVID-19 infections, especially in the U.S., has led many government officials to increase restraints on gatherings and certain kinds of business. The deterioration of conditions was visible on the weekly jobless claims report, which showed higher than expected new jobless claims Wednesday. New claims increased 30,000 to 778,000, but continuing claims fell nearly 300,000 to 6.07 million. But things were not all bad news this week. Markets rallied on news of good results from another vaccine, one that is easily distributed and already has the most contracts to supply countries across the world. On the back of such good news, the Dow Jones Industrial Average made a new all-time high, crossing over 30,000 for the first time ever.

EXPORT SALES

Lower prices seem to have drawn back mill interest for U.S. cotton. U.S. exporters reported net new sales of 354,700 bales of Upland and 26,900 bales of Pima in the week ending November 19th. Demand was strong from a number of different destinations, but the countries with the largest net purchases were Vietnam (169,500 bales), Bangladesh (89,400), Turkey (28,700), and China (28,000). China also contracted 37,000 bales for delivery next marketing year. Shipments remain very strong for this time of year at 204,700 bales for Upland and Pima combined. At 4.17 million bales, total accumulated exports are the highest ever for the 16th week of the marketing year.

WEATHER AND HARVEST

According to Monday's Crop Progress report, Texas was 74% harvested versus a five-year average of 60%. Clearer weather in the Mid-South helped many of those states catch up last week, but the majority are still behind. With the Southwest pulling the

average up, the 2020 crop is now 77% harvested, six points ahead of the five-year average. Moisture and some light precipitation slowed things down a bit this week. There is slight moisture in the forecast for the southwest this weekend, and rains early next week may keep growers from getting to the last bits of the Mid-South and Southeast crop for several more days. Another few clear days and this year's harvest will be over in most parts of the country.

LOOKING AHEAD

As attention turns back to the market next week, traders will begin looking ahead to the December WASDE report, which will be released on Thursday December 10 at 11 a.m. In the meantime, weekly export sales will give traders a key look into whether demand has continued with prices at new highs.

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