

AGW DTN Closing Cotton

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Cotton Quietly Holds Bullish

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The cotton market continued to maintain some semblance of a bull market Tuesday, despite its herky-jerky action. In recent days, the market will notably rally early, only to correct lower, but then stage a respectable comeback. Some traders feel that the market lacks real substantive fundamentals, implying that the majority of the two-sided trading is being done by certain trend-following speculators.

After Tuesday's higher-than-expected CPI data, traders are awaiting additional inflationary-centered reports. On Thursday, there will be new Retail Sales numbers, as well as fresh PPI data. Then on Friday, government tabulators will issue Capacity Utilization and Industrial Production. The data points of these various releases could influence the Federal Reserve at its meeting next week as it ponders the futures of U.S. interest rates.

Also on Thursday, USDA will issue its weekly export sales report. The last two weeks have seen sales below the 100,000-bale mark. Moreover, China has been a weak participant.

Crude oil traded higher today, in light of OPEC's demand outlook for 2024. The cartel held to its annual forecast that oil demand will grow by 2.2 million barrels per day. Numerically, OPEC's forecast implies an oil deficit this year unless the cartel unwinds production cuts of 2.2 million barrels per day. Those cuts will remain in place at least through the second quarter.

For Tuesday, May cotton closed at 95.23 cents, up 0.17 cent, July was 94.59 cents, up 0.25 cent, and December 24 finished at 83.67 cents, 0.40 cent higher. Tuesday's estimated volume was 44,509 contracts.

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