

AGW DTN Closing Cotton  
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Cotton Falls, WASDE, Grower Selling

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Keith Brown

DTN Contributing Cotton Analyst

The cotton market was lower Friday as an influx of producer selling and a somewhat bearish December WASDE leaned on prices. In addition, the jobs report buoyed the U.S. Dollar Index higher.

From USDA's website, the supply-demand tables were updated: "This month's 2023-24 U.S. cotton forecasts include lower production, mill use, and ending stocks. Production is reduced 314,000 bales to 12.8 million largely due to a 500,000-bale decrease in the Texas crop. U.S. mill use is reduced 150,000 bales as spinning activity continues to lag, and at 1.9 million bales, is expected to be its lowest WASDE-643-5 since 1884. Ending stocks are now projected 100,000 bales lower than in November at 3.1 million bales, or 22% of disappearance. The projected upland cotton season average farm price is unchanged at 77 cents per pound. The global December 2023-24 cotton balance sheet includes lower consumption and higher ending stocks than last month. World consumption is projected 1.6 million bales lower, largely due to a 1.0-million-bale reduction in China. Turkey's consumption forecast is 400,000 bales lower, and the United States and Mexico are also down, while Bangladesh is up 100,000 bales. Global production is forecast 540,000 bales lower than in November as reductions for the United States, Turkey, and Mexico more than offset a 200,000-bale increase for Pakistan. World trade is down only slightly as larger expected imports by China -- up 500,000 bales -- nearly offset reductions in Turkey, Pakistan, and Bangladesh. Larger expected exports by Turkey are more than offset by a 300,000-bale reduction for Brazil and smaller reductions elsewhere. World 2023-24 ending stocks are forecast 900,000 bales higher this month, with China's projected stocks up 1.5 million bales. Total projected global stocks of 82.4 million bales are 72% of use."

The U.S. Dollar Index was higher Friday after the jobs report showed growth accelerated in November and the unemployment rate dropped to 3.7%. The employment report suggested that expectations that the Federal Reserve could pivot to cutting rates as soon as the first quarter of 2024 were premature.

Heading into the weekend, March cotton was up 2.25 cents on the week, up 1.38 cents on the month and up 0.42 cent on the year.

For Friday, March cotton closed at 81.44 cents, off 1.15 cents, July was 82.48 cents, minus 0.84 cent and December 2024 finished at 78.55 cents, down 0.65 cent. Estimated volume was 43,210 contracts.

Keith Brown can be reached at [commodityconsults@gmail.com](mailto:commodityconsults@gmail.com)  
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