

NEW YORK COTTON STOCK EXCHANGE

Throughout last week, quotes were weak and last Friday the price of the December position settled at 82.40 cents/lb.

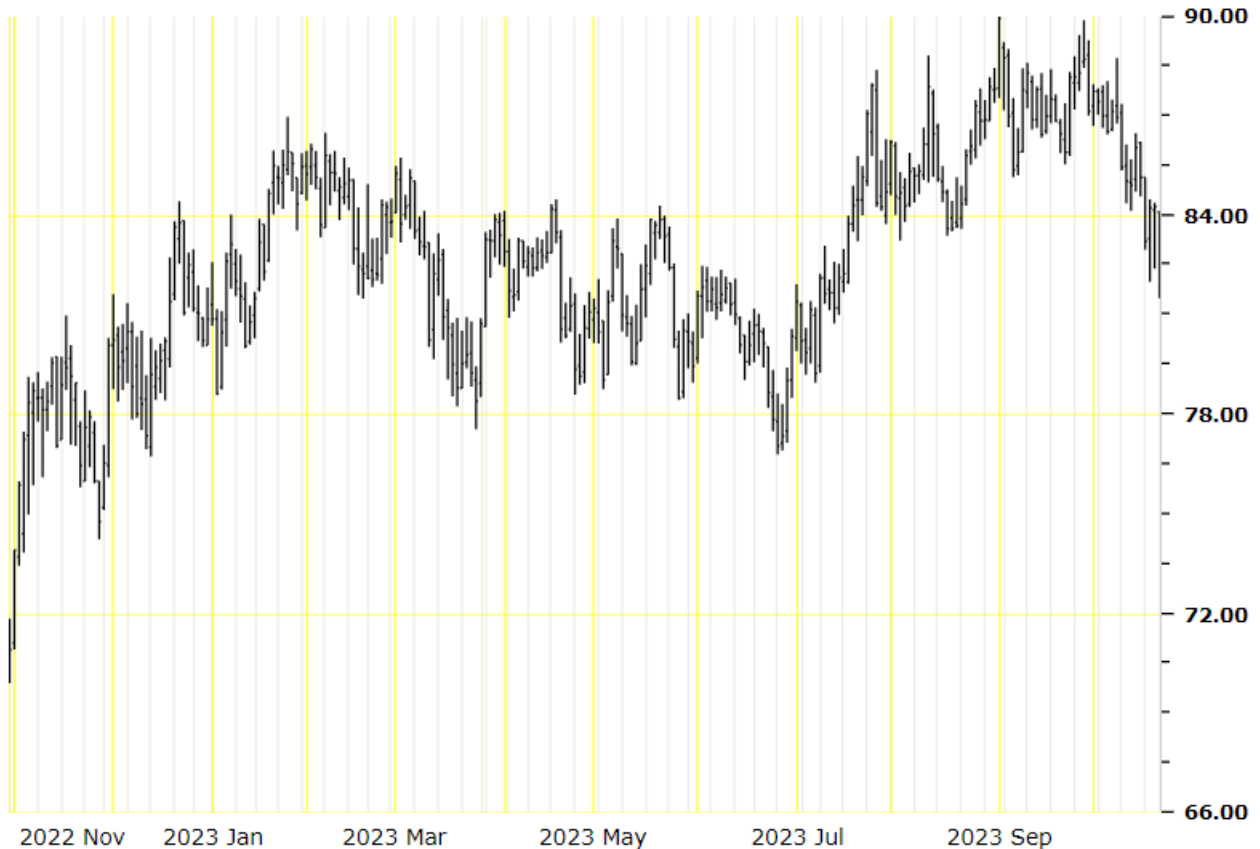
The northern hemisphere is entering the period of greater availability of cotton and therefore it is normal that in this period of the year there is greater supply pressure but the current main reasons for this decline are:

- 1 – When a negative trend occurs, operators close their "long" positions and move into a "short" position (essentially liquidating the positions purchased previously)
- 2 – A strong dollar affecting US cotton exports
- 3 – Persistent weak demand, particularly from China which has always been the main buyer of US cotton.
- 4 – Uncertainty regarding the application of new probable interest rate increases by the FED which causes high financing costs.
- 5 – Increases in energy costs, which raises transformation costs.

Last Monday afternoon, the USDA Statistics Center estimated that 87% of U.S. cotton acreage had open cotton bolls, 1% lower than the average rate. Harvest advanced 8% on the week to 33% completion.

The chart below indicates the trend from the end of October 2022, when the price had reached its minimum at approximately 70.00 cents/lb, until the close of Friday 20 October 2023.

NEW YORK COTTON STOCK EXCHANGE – October 20th, 2023 settlement - December position 2023



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ECONOMY/FINANCE and EURO/US DOLLAR EXCHANGE

In the US, the FED rattles markets as Fed Chair Jerome Powell, in his speech to the Economic Club of New York last week, said that while the option for a further rate hike remains open, a prudent approach and attentiveness will be the guiding principle.

Market operators interpreted these words as a probable further increase in interest rates and consequently we saw all the stock market indices close in negative.

In Europe, Eurostat confirmed that the consumer price index rate in the euro area in September stood at 4.3%. The figure is down from 5.2% in August and far from the rate of a year earlier, when inflation reached 9.9%.

After this data, at the next ECB meeting in Athens, the Governing Council could decide to keep the three key interest rates unchanged at current levels.

As regards the EURO/US DOLLAR exchange rate, we have seen weak volatility throughout the last week with the price of the euro recovering slightly against the US dollar. In fact, on Friday 13 October it closed the week at 1.054 and the latter last at around 1.06.

The analysis of the short-term chart highlights an easing of the bearish phase and could move towards the first resistance area seen at 1.062. Support is found at 1.055. Any positive elements support the possible achievement of a new top seen in the 1.069 area.

EURO/US DOLLAR EXCHANGE – October 20th, 2023 settlement



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TREND OF THE PAKISTANI RUPEE against the US DOLLAR

The RUPIE's strength against the US DOLLAR continues to plague exports, as the government's crackdown on illegal dollar trading has helped reverse the trend.

The PKR currency is expected to strengthen further, given the continuation of repression and enforcement of state policy, causing export prices to rise.



TREND OF THE TURKISH LIRA against the US DOLLAR

The reason for the rapid decline in the value of the Turkish currency is accusations that the government recently decided to stop protecting its rate. As a result, according to economists, the lira could weaken by a further 20% against the dollar in the coming months.



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QUOTES AND FORECAST on CRUDE OIL and GAS

Very negative sessions for crude oil, which lost ground, showing a decline of 2.06%. Last week was subdued which marked a first price at 88.46 dollars a barrel.

The short-term trend of oil is strengthening with a resistance area seen at 90.17, while the most immediate support can be seen at 86.89. A continuation of the rise towards 93.45 is expected.

Over the past week, the price of gas rose in Amsterdam, recording an increase of 4.8%, reaching 52.6 euros per megawatt hour, before settling at 50 euros at last Friday's close.

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TREND OF FIBER AND YARN PRICES

In **CHINA** the gradual recovery was confirmed by September data and optimism now prevails over the threats of deflation; However, cotton and polyester prices have declined over the past seven days.

In **PAKISTAN** in the last seven days, after a significant previous increase, the domestic prices of fibers and yarns have started to fall due to the new rise of the rupee, to maintain the pace of export sales.

In **INDIA** in the last week the prices of cotton and polyester fibers and yarns have decreased, following the trend of oil and cotton prices in New York.

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The text was translated with GOOGLE TRANSLATE, therefore the translation may not give a perfect meaning

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October 23rd, 2023