

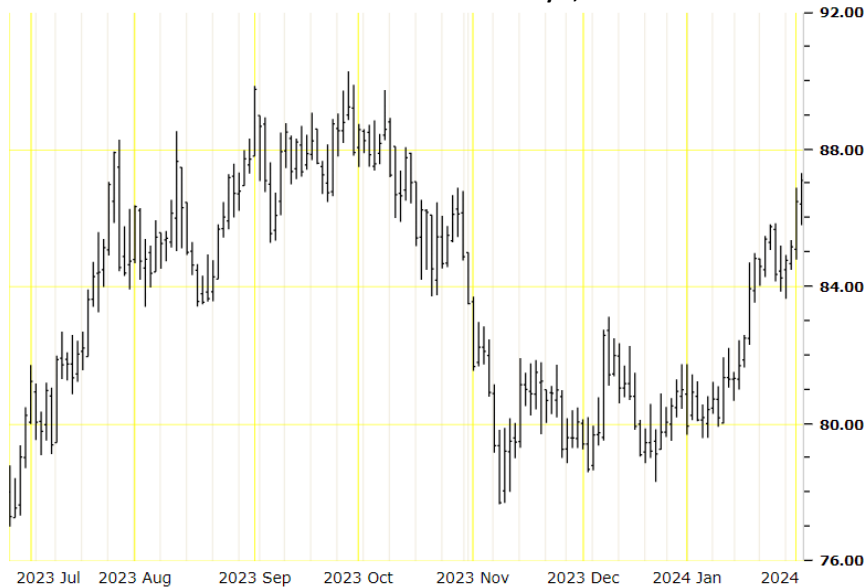
## NEW YORK COTTON STOCK EXCHANGE

After a slight decline earlier in the week, cotton prices closed at their highest level since early October and the MARCH position ended the week at 87.11 cents/lb.

Robust export sales/shipments and strong technical signals caused prices to rise on Thursday as US cotton contract fixings totaled 349,400 bales for the week ending 01/25. This was an increase of 69% for the week, driven by sales in China and shipments stood at almost 400,000 bales exported during the week.

Total commitments for old crops stand at 9.86 million bales, which remains 4.3% ahead of last year's pace.

NEW YORK COTTON STOCK EXCHANGE – Close February 2, 2024 – Position MARCH 2024



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## ECONOMY and FINANCE

In the **USA** we have seen that inflation continues to lose ground and the prospect of sustained economic and employment growth remains, consequently, the FED has respected expectations and left interest rates unchanged for the fourth consecutive meeting between 5.25 % and 5.5%. Investors expect the start of an interest cut but Jerome Powell stressed that the next cut will most likely not happen in March.

In the **EUROZONE**, inflation drops to 2.8% and takes another step towards 2% but the ECB wants to be sure that the cost of living will not rise again due to wages, but starting cuts in April would allow more gradual maneuvers on rates.

Another positive signal comes from the January manufacturing PMI which grows as expected. The data showed an increase in the EUROZONE to 46.6 compared to the previous 44.4, meeting expectations.

In **ITALY**, according to PMI indices, conditions in the manufacturing sector improved in January, as the indicator rose to 48.5 compared to 45.3 in December 2023.

**CHINA**, on the other hand, is in gray, with an economy that shows signs of maturity due to the transition from a society linked to manufacturing, increasingly in crisis, to one based on services, with all that follows.

China's official manufacturing PMI stood at 49.2 in January 2024, meeting market forecasts and rising from December's six-month low (49.0). However, it was the fourth consecutive month of contraction in industrial activity, as Beijing is struggling to stimulate economic recovery amid deflationary pressures, weak demand and persistent weakness in the real estate sector, consequently the stock market indices continue to be all negative.

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## EURO/US DOLLAR EXCHANGE RATE

The dollar remains strong against the euro after Federal Reserve Chairman Jerome Powell dampened hopes of an imminent interest rate cut, so the euro ended the week at \$1.0788, the lowest since December 13th. The single currency was penalized by expectations of a greater resilience of the US economy compared to that of the euro zone.

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## ENERGY

Return to low levels for OIL but with upward prospects.

BRENT in London closed the week at 77.67 USD per barrel

WTI CRUDE OIL in New York closed the week at USD 72.41 per barrel

The GAS TTF in Amsterdam is in slight recovery + 1.76% with weekly closing at 29,500 euros/MWh

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## RED SEA CRISIS

The Red Sea crisis, among the many effects generated on the transport of goods, also brought with it a predictable and clear decline in the punctuality of container ships. According to Sea-Intelligence, in December the share of ships arriving 'on time' fell to 56.8%, reaching the lowest point reached during the year and proving to be only 0.4 higher than that of the same month of 2022.

But there is also good news. In the last seven days, freight rates for shipments from Shanghai to Genoa have decreased by 8% (after the 1% drop a week earlier), returning below six thousand dollars and precisely to 5,848.

No positive news about a military or diplomatic resolution but it is estimated that this will not be a long-term situation.

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## TREND OF FIBERS AND YARN PRICES IN THE MAIN PRODUCTION COUNTRIES

In **PAKISTAN**, cotton yarn prices continued to rise last week, reflecting lower operating rates in spinning mills due to higher cotton prices. In particular, the Ne 30/1 stock has reached extremely high prices also due to longer operating difficulties and higher freight rates due to the situations in the Red Sea, which compromise imports from **TURKEY** and **CENTRAL ASIA** (Uzbekistan etc...)

In **INDIA**, cotton yarn production has increased from historically low levels, due to increased yarn exports.

In **CHINA** the prices of fibers and yarns are increasing everywhere.

In **TURKEY**, yarn prices continued to rise, reflecting growing demand, particularly from Europe, which poured into Turkey due to difficulties importing from the Far East.

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February 5th, 2024