



COTTON MARKETING NEWS

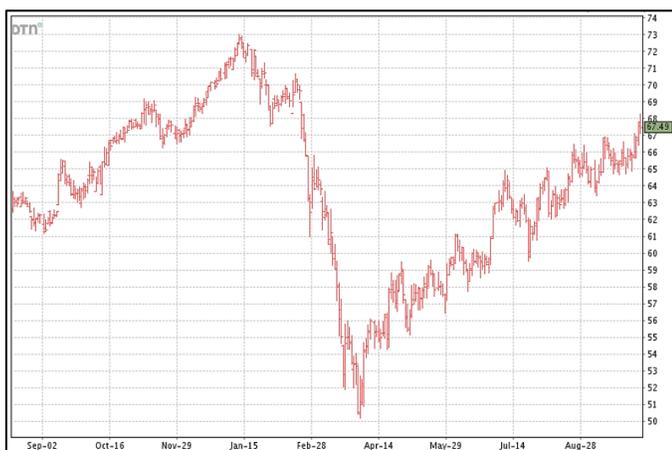
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The Long March to 68—Now What?

This week, cotton prices inched ever closer to the 68 cents area—breaking above the 65 to 67 cents range that prices have been in for the better part of last month. The move closer to 68 was made on expected crop damage from Hurricane Delta and anticipation that today's USDA projections for October would show an already reduced US crop compared to the September numbers.



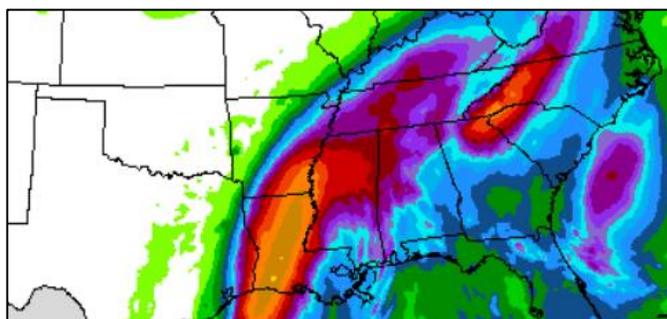
Futures markets move on expectations and then a potential secondary move based on how reality stacks up against what was expected. Today's USDA numbers should be supportive of this week's action but 1-Hurricane Delta weakened and tracked further west from expectations earlier in the week and 2-today's estimates show the crop still above most industry expectations.

In summary, today's USDA October estimates show:

- The US crop was reduced by only 15,000 bales from the September estimate.
- The projected US average price to be received by farmers for the 2020 crop was increased by 2 cents per lb.
- Yield was reduced in many states but was increased in Texas and Georgia—the 2 largest producing states.
- US exports for the 2020 crop year remain projected at 14.6 million bales—same as the September estimate, but notably almost 1 million bales less than last crop year.
- World production was reduced almost 1 million bales with most accounted for by Pakistan and Africa. Chinese production was unchanged from the September estimate.
- World Use (demand) was increased 1½ million bales—accounted for by increases in India and China.
- Projected stocks on-hand at the end of the 2020 crop marketing year were reduced 2.7 million bales from the September

estimate but are projected to still be a burdensome 101 million bales. Ending stocks for China were reduced ½ million bales.

Hurricane Delta is expected to produce its heaviest rainfall across most of LA, southeast AR, and central and northern MS where 3 to 6 inches or more is expected. The crop in these areas is over 90% open but mostly only about 20 to 30% harvested. Most of AL and GA are not expected to receive the heaviest rainfall.



Delta presents concerns over yield and fiber quality. The impact will show up in USDA November estimates. Dec futures closed today at 67.64 cents—off from the high for the day but up 1.82 cents for the week. Today's crop number was higher than expected and World supply/demand numbers mixed. But the market could remain supported on November expectations.

2020 Crop Marketing Year, Weekly Export Sales and Shipments



Yesterday's weekly export numbers were down as both sales and shipments have slowed.

Alon Shulsky
Cotton Economist-Retired
Professor Emeritus of Cotton Economics

