

Will cotton recover in 2009?

By J.T. SMITH

THE U.S. cotton market may recover — but it will be a while yet. Carl Anderson, economist and professor emeritus, Texas A&M University, College Station, says for one thing, the export market is getting smaller.

“With China, India and other foreign countries improving yields, the expected deficit in foreign production versus consumption has narrowed considerably to 17.86 million bales,” Anderson notes.

That October 2008 foreign production deficit compared with 20.98 million bales only a month earlier in September.

Nevertheless, cotton’s cheap prices are likely to improve consumption, as well as reduce cotton production, as growers look at alternative crops, Anderson notes.

“The surplus of cotton could still disappear next season,” he says.

USDA projects increased world cotton production to 113.76 million bales, and global consumption of 122.31 million bales.

That would eat into some carry-over cotton surplus, but with little change in 2008-09 production, world carryover could still end up near the 61.5 million bales carried over from last year’s crop.

Anderson says the economic crisis could reduce world mill use by 4 million to 6 million bales.

Mississippi cotton-marketing economist O.A. Cleveland agrees on the economy.

“The world economic chaos has reached down to each and every farm gate, and suggests to growers that they should give serious consideration to planting crops that they both have confidence in — and understand the farm programs policies the best,” Cleveland says.

He emphasizes the economic crisis is global.

“It is correct to say ‘world’ economic disorder,” Cleveland assures. “I have noted the tendency of many outside the U.S. to suggest and feel that it is only the U.S. that is having problems,” Cleveland says. “We now know the chaos is just as severe in Europe, Russia, India and the subcontinent, South America, Southeast Asia, and the big dragon himself, China.”

Largely because of that, Cleveland doesn’t expect any real good news for cotton until some months from now in 2009.

“There is little reason to expect any positive demand news, specifically due to world economic disorder,” he notes.

Cleveland expects the cotton market to remain volatile, trading in a narrow range — perhaps between 46 and 52 cents. There could be upturns, but strong downturns are possible, too.

Key Points

- World cotton supply is still far more than ample to meet demand.
- Global economic chaos makes cotton market improvement slow.
- Cotton likely will trade in a narrow range for several more months.

Textile Organizations, American Cotton Shippers Association, American Cotton Producers and Amcot sent a letter to U.S. Agriculture Secretary Ed Schafer and were successful in ending the delay in publishing the necessary regulation to implement the cotton provisions of the Food, Conservation and Energy Act of 2008.



COTTON CHALLENGED: A plentiful world supply of cotton still exists.



There are some choices you'd just never make.



Farm law rules slow

As winter approached, the National Cotton Council, National Council of