

Cotton Marketing Weekly  
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Cotton is a Calling

The 87-88 cent level held, and cotton settled higher on the week at 87.71 cents. The prospect for to a move to 93 cents and beyond looms large as the market is finding more and more fundamental support. Cotton fundamentals issued a call for higher prices as on-call sales turned more bullish, exports were good and exports shipments were very strong. Crop prospects continue to teeter-totter between slightly improving to deteriorating.

The market is now anticipating USDA's July supply demand report. It will be issued Monday, July 12, at 11 AM central time. The report is expected to be slightly friendly. However, the crop estimates will be subjective estimates compiled by USDA professionals as of July 1, and not objective field estimates. World stocks are expected to be slightly lower. The report will be discussed on the Ag Market Network Teleconference at 1:30 p.m. central time that day. Speakers include Dr. John Robinson, Kip Butts, Jarral Neeper, President of TruCott Commodities, Dr. OA Cleveland, and Pat McClatchy. To listen, call 605-313-5148 and when prompted enter code 571052#. An archived recording will be available at [www.agmarketnetwork.com](http://www.agmarketnetwork.com), Facebook, and Twitter.

I stand to be corrected, but I believe the year was 1991, Ed Jernigan and I drove through the Delta and saw what we thought was a disaster. Most of the crop was only slightly more than ankle high, waterlogged and weed infested. However, a very late fall allowed Mississippi to harvest a record yield. The lesson, tomorrow's weather is much more important than today's. at least during the growing season. Likewise, this year's crop is only ankle high, but the important measure of "degree-days" is behind the 1991 mark. Much of the crop is two weeks behind with some three weeks behind and other as much as a month behind. Very likely the two-week late portion of the crop will fare well, but prospects are questionable for the other. Yet, time is on its side. We will have to see if Mother nature is.

World textile mill business remains very strong in the wake of more and more coronavirus talk. Hopefully, the disease can continue to be controlled such that consumer demand will continue to expand. It is very encouraging that cotton's share of the textile spinning system has shown limited improvement as the industry recovers from Covid. Certainly, the Chinese textile industry has recovered, but the Bangladesh, Indonesian and Indian textile sectors remain impacted. Nevertheless, the consumer's appetite for cotton clothing has led the way. Typically, the world consumer is the catalyst for bullish markets. U.S. export sales have exceeded expectations. Weekly sales of old crop cotton were a net of 58,600 bales of Upland and 5,400 bales of Pima.

New crop sales of Upland totaled 177,000 bales. Exports totaled an impressive 314,000 bales, with Upland shipments totaling 294,800 bales.

On-call sales for December now total 58,812 contracts compared to only 23,696 contracts for the offsetting on-call purchases. Thus, the derived demand for on-call cotton remains very bullish and becomes more so with each passing week. Further, the market remains above all important moving average trend lines. Just how soon the market moves above 90 cents is unknown, but the barrier will be broken.

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