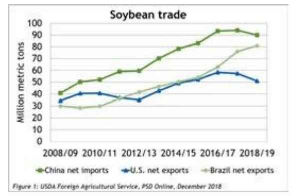
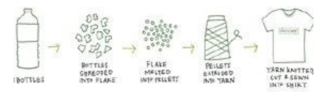
USDA QUALITY DIFFERENTIALS UNDERVALUE COTTON QUALITY

US 2019/20 EXPORT SALES FACE MAJOR COMPETION FROM BRAZIL



US/CHINA TALKS LINGER: ALL TALK AS EXPORT LOSSES EXPAND

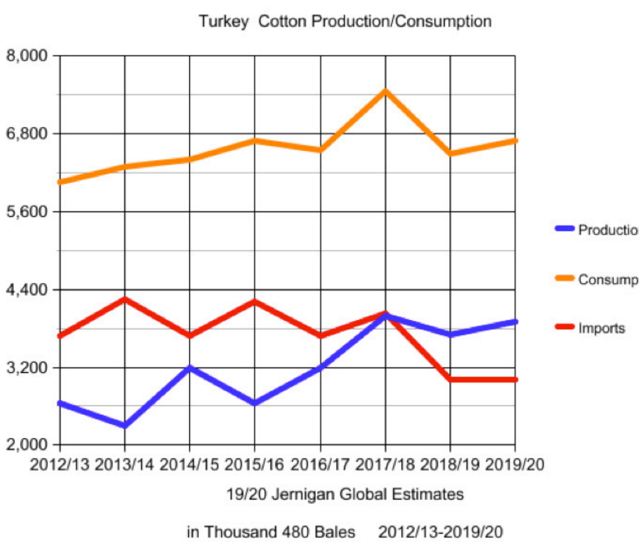


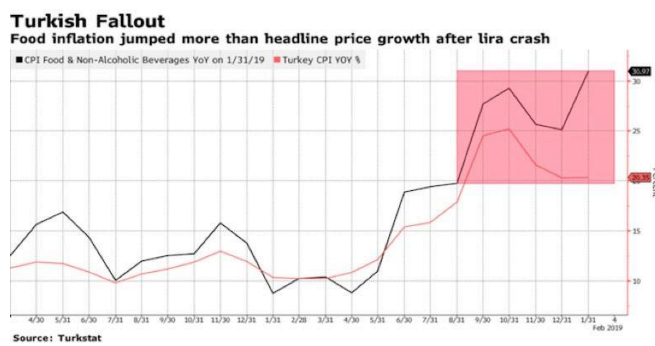
Recover Brands Recycling to Shirt Process

CRISIS IN COTTON LAND: INTRODUCING THE RL EARTH POLO

JERNIGAN GLOBAL
KNOWLEDGE IS THE NEW CAPITAL

TURKISH GROWERS BEGIN PLANTING AMID ECONOMIC RECESSION & UNCERTAINTY





Turkey is a very important part of the global cotton trade as it is one of the ten largest cotton importing countries, a major supplier of textiles and apparel to Europe with a GDP of more than 851 billion USD and a population of 80 million people. Never in recent years has the country faced such a combination of economic uncertainties. Sadly for the good people of Turkey, many of the crises can be laid at the feet of the government. For the cotton trade, it plays a significant role in export demand for US, Greek, and Brazilian cotton. Even more disappointing is the fact that this is a period of great opportunity for Turkey's textile and apparel industry, as it is a real alternative to sourcing in China, but is not being utilized because of the political risk. Turkey is also an important cotton grower that produced a high quality long staple machine picked crop. Their production has ranged from 2.3 to 4.0 million bales over the past several years, with expansion driven by new irrigated acreage coming online in the GAP region.

Turkish growers have started planting, and there is a debate over the expected acreage. The argument is being made that returns in 2018/2019 were good, despite the lower yields and weather issues. The government has not yet announced the seed cotton bonus. For the past five years, the government has provided a subsidy to growers who plant cotton. The seed cotton bonus in 2018/2019 was .80 Lira per kilogram of seed cotton, which was unchanged from 2017/2018 after a previous five years of steady increases. The sharp depreciation in the Lira/USD exchange rate has growers requesting a generous increase in the payment for 2019/2020. No decision has been announced. Supported by the subsidy, cotton acreage in Turkey has been expanding, increasing farm size, expansion of irrigated acreage in the GAP region, and the lower cost of harvest due to the widespread adoption of machine picking. Cotton acreage in 2016/2017 totaled 400,000 hectares, and increased to 525,000 by 2018/2019. Much of the growth has been in the GAP region where new irrigated acreage has become available. However, the expansion there has slowed dramatically following the outbreak of the Syrian war and the Lira financial crisis of 2018.

Some in Turkey expect the government to increase the subsidy, but this remains to be seen. At this stage, acreage in the GAP region is estimated at 310,000 hectares, with growers having few alternatives to cotton. This represents about 48% of the total irrigated GAP acreage. The GAP is an irrigation and hydroelectric energy scheme developed on the Euphrates and Tigris rivers that has helped transform this region. The heart of the cotton belt is the Harran region near the Ataturk Dam, with 140,000 hectares of agriculture acreage. Besides cotton, farmers also grow wheat, barley, tomatoes, lentils, and other vegetables in the region. Some investment in textiles is now occurring in the region, as a large Turkish textile group that supplies major international brands announced a new plant in the Agri region near the Iran border.

Growers in the Aegean and Cukurova regions have alternative crops, so it remains to be seen if growers will plant the expected 130,000 ha in the Aegean region and 100,000 ha in the Cukurova region. The Aegean region traditionally produces the highest quality acreage in Turkey, with an average staple length of 1 5/32. Staple length in the GAP region is near an average of 1 1/8. Turkey has also been successful in boosting its seed sector, with over 90% of all seed provided to growers being certified seed.

Acreage estimates range from 475,000 to 540,000 hectares, with much of the higher range depending on the government's willingness to increase the subsidy by close to 100%. The government has also been fighting a battle with food inflation and may want to direct growers to increase the acreage devoted to the food crops instead of cotton. If acreage can be maintained near 520,000 ha, then production could increase back to 4.0 to 4.1 million bales. Consumption in Turkey is expected to be around 6.7 MB or more in 2019/2020, but concerns remain regarding the continued Lira exchange rate stability and the ability of the government to keep the credit flowing to companies. The private sector has a massive debt problem, which will have to be managed. Cotton imports will need to exceed 3 MB. This number will change based on the final planted acreage. Weather will play a key role in determining Turkey's final output. In 2017/2018, the country achieved record yields of 1,845 kg per hectare (8.47 bales a hectare), a significant reason why cotton has remained profitable.

Turkey is headed toward a major crisis with NATO, and President Erdogan has again said that Turkey's plan to buy a Russian missile defense system was a 'done deal.' This is viewed as a critical security threat to NATO and the US, as the Russian S-400 system can shoot down US and NATO planes. Moscow engineers will come with the system that will give them exposure to sensitive US technology. Turkey is also helping to build US F-35 Stealth fighters, which Russia will have access to. The US has already suspended F-35 part delivery to Turkey. The US had offered Turkey a Patriot missile defense system, which would avoid the need for the Russian system altogether. However, the purchase appears to be about Turkey demonstrating its independence from NATO and the US. The Russian deal is destined to create significant economic issues for Turkey if it leads to the US placing sanctions on Turkey. Several key members of Congress are calling for Turkey to be subject to CAATSA sanctions, which target the Russian defense system if it closes the Russian purchase. They also want the US to kick Turkey out of the F-35 program. Any attempt by Turkey to now back out of the purchases will risk problems with Russia in Syria, a serious trouble spot. This will be a risk for US cotton exporters in 2019/2020, and also damage the prospect of Turkish exporters expanding their market share in the US.

The Economist

The crisis accelerated as the week ended, when the Lira/USD exchange rate slid to 5.847 per USD following a *Financial Times* report that Turkey had used Swap Loans to boost its foreign exchange reserves by approximately 16 billion USD, causing great unease in financial circles. Turkish mills have not yet covered their import needs for May through October, and those needs are quite large. So, a new Lira crisis will obviously be terrible news for the spinners and the local bankers. The events in Turkey's financial markets over the next 60-90 days will be very important to the global cotton market.

CHINA PLANS TO REDUCE COTTON ACREAGE SLIGHTLY

The latest BCO survey of planting intentions suggests China's cotton acreage in 2019/2020 will reach 2,937,667 million hectares (7.271 million acres). Production is estimated at 5,594,000 tons (25.7 million bales), and nearly 90% of all production is expected to come from Xinjiang. This slight reduction in total acreage of 3.1% is occurring as Xinjiang reaches its limit in water supplies, and the crop continues to disappear from Eastern China. Even in Xinjiang, the crop is not profitable without billions of USD in annual subsidies. Planting has begun, but there are delays due to weather issues. Moderate to heavy rainfall occurred last week across northern Xinjiang, along with dust storms in southern Xinjiang.

The cotton spinning industry in Xinjiang is continuing to expand. The AKSU prefecture in southern Xinjiang reported 437 textile and apparel companies operating in the region, and began 2019 with 4.5 million spindles. The government set a target of 6.5 million spindles to be operating by the end of 2019. If their goal is reached, it would only be a million spindles below the number of spindles operating in Turkey. The expansion of spinning capacity in the prefecture appears to be increasing ELS cotton consumption in China. Aksu is the home of ELS cotton production of Xinjiang. Local ELS prices have maintained a record premium to international PIMA and Egyptian prices, with the T137, the top grade, holding near 171-172 cents a lb. At the same time, China has maintained US Pima imports, even with the import duty. Both of these occurrences suggest exceptionally strong ELS demand in China, and also reflect a sharp reduction in the supply of Australian top grades, which are used for blending.

The massive debt of Chinese companies remains in the headlines, as the country's largest private investment group, China Minsheng Investment Group, has been brought into the spotlight for the default of 800 million USD in cross defaults bonds.

MERCHANTS BID FOR NEXT 4-5 CROP SEASONS IN AUSTRALIA

Murray Darling water scheme buybacks destroy farmers

On most days, Australian growers now have an option to forward sell the 2019 through 2023 crop seasons, thanks to the combination of weak forwards in the Aussie Dollar and a strong FOB basis is producing favorable prices for growers to start a hedging program. The issue is water, or lack of it. The crisis is being exacerbated by the government's proposed water buyback schemes and the lack of any new water infrastructures. Prices for the 2019 and 2020 crop are very attractive, but the 2019 crop is very well sold, and the 2020 crop faces serious water restrictions. The 2021, 2022, and 2023 crops appear to have support at 530-540 AUD a bale, and prices above 500 AUD a bale have normally triggered some hedging. The great unknown today is the lack of water and government's water buybacks that are being discussed. These would have a significant impact on some areas. The federal election will have a critical impact on production prospects, as a Labor victory would be viewed as quite negative for farmers' water rights.

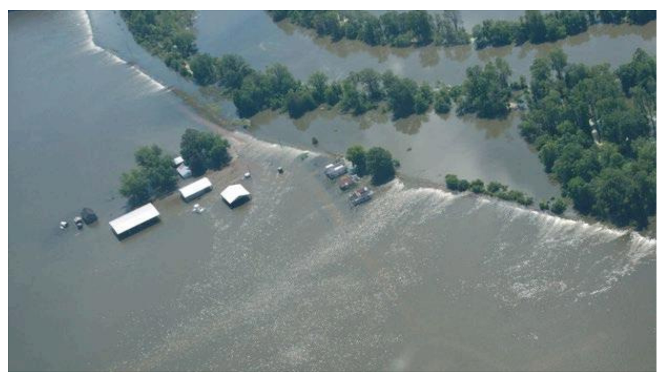
Darwin Port: now leased to a Chinese company

Both Australia and China are attempting to control the negative influences emerging from current disputes. China illustrated its hubris by issuing a complaint to the WTO regarding Australia's banning of Huawei from its 5G network. The controversy over the leasing of Darwin Port to a Chinese company by the Northern Territory government continues. Besides the issue of leasing of the port to China, the local government added fuel to the fire when it announced it was setting up Chinese surveillance equipment, including cameras, in the city to monitor cell phone and Internet traffic. Darwin is a small city of less than 125,000 people, and these measures appear to be extremely excessive. Darwin Port has a lot of historical importance, since it is the closest port to Asia and was invaded by Japan in WW II, and the lease to a Chinese company is viewed as a national security breach.

CFR Asia export offers remain firm, with no real changes noted.

US PLANTING DELAYED IN MID-SOUTH BY EXCESSIVE RAIN

Mississippi flooding, source: Clarion Ledger



Flooding over levee banks

The ideal planting window in the Mid-South is arriving, and any attempt to start earlier has been hindered by excessive rains in many areas. Backwater areas and land near the levies are flooded. Last weekend, heavy rains hit many areas, with flooding reported near Bayou Bartholomew, the largest bayou (a kind of very slow moving stream or river or marshy wetland) in the world, winding 364 miles through Arkansas and Louisiana. Due to the flooding, corn acreage has not been planted. In Arkansas, the bayou runs through a large portion of Ashley, Drew, Lincoln, Jefferson, and Chicot counties. These counties have about 70-75,000 acres of cotton and 125,000 acres of corn. Flash flooding was also reported in northeast Louisiana last weekend. The Mid-South region will receive an additional 2-7 inches of rainfall April 17-20. These rains will extend through the Southeast belt, where fields are less saturated. Additional flooding was reported, so most growers are out of the field for several weeks. Much of the flooded acreage will not be able to be planted until the second half of May. The Mid-South crop has experienced late planting during many seasons, and it did not preclude a perfect crop. However, the persistent nature of the extreme wetness that extends through much of the Mid-West corn belt is important to monitor.

The West Texas region received some beneficial rains last week of .25" to 2". The Panhandle region reported similar rainfall amounts late in the week from a separate system. Planting in the Coastal Bend is not yet complete, with additional rains recorded last week, with heavy amounts in the Upper Coastal Bend.

USDA SETS 2019/2020 LOAN DIFFERENTIALS; GROWER PREMIUMS FOR QUALITY REMAIN UNDERVALUED

The USDA announced the 2019/2020 crop loan differentials, which are determined not by some kind of assessment for providing growers with a real incentive for improving quality, but are based more on how the US spot market differences performed the previous season. This makes any kind of radical changes to these differentials difficult, because the spot market reporting system is flawed, due to the consolidation in the industry and USDA's difficulty in obtaining adequate trading data. The trading data consists of only domestic trade between growers and merchants, with a small influence by the shrinking domestic mills. The CCC loan is an important part of the remaining US cotton program, and almost every bale is affected by the loan. Growers receive an advance against the CCC loan values as soon as the ginning is complete, and the loan is repaid when the cotton moves to its final destination. Merchants and coops use the loan to finance inventories prior to shipment. When prices fall dramatically, cotton can be redeemed below the loan value to provide an incentive to move the cotton instead of storage. This role has made the CCC loan the focal point of US cotton trade.

The base grade for the CCC loan is a 41-4-34, even though very little of the US crop actually falls into this category. This means in normal years much of the crop moves at a premium. However, in years like 2018 growers faced substantial quality discounts. Because of the key function of the loan in grower to merchant trade, the loan differentials have taken on a much more important role than was ever intended. Most of the trade occurs at the base, with the loan premiums and discounts the only incentive for quality. The failure of the differentials to increase the premium for the longer staple, high grades has thus meant that growers receive inadequate premiums for these styles.

Let's look at the new 2019 schedule. A Green Card 31-2-36 carries a 370-point premium, down 10 points from the 2018 season, the premium for a 31-2-37 increases to 420 points, unchanged, and a 31-2-38 carries a 430-point premium, only 10 points above a 37 staple, and down 5 points from last year, while the grower receives no premium for a 39 and above staple. The premium of a 21-2, Strict Middling, 2 leaf is only 40-45-point premium to a 31-2, which is undervalued. Then there is no premium for a staple above 38. In the Mid-South, growers produced a larger volume of 39-41 staple the last two seasons due to the new seed varieties used. A Green Card 21-2-40, when it occurs, is a very valuable cotton. An Australian of this type would bring 2300 or more points on CFR, but US growers using the CCC loan differentials receive no significant reward for producing such a fine cotton, or for properly ginning it so it can be used in the 50 and 60 count yarns. In the current system, this cotton is sold discounted by hundreds of points below its fair value, which is reducing the incentive for growers and ginners to produce this cotton. Under the current system, it's all about ginning outturn and price.

Under the current CCC schedule, growers are also underpaid for strength, the premium for a 32 is 40 points for 2019, down 5 points from 2018, and only 50 points for a 33 and above. Strength is very important in yarn quality, and for the top upland cotton to be used in the 50s and 60s and above counts a 32-33 strength is needed. The value this creates is sizeable. A SJV Acala, for example, has the same staple length as Mississippi upland today. However, the Acala will have a 33 or higher strength, which means it is suitable for much higher count yarns than the MS cotton, which may have a strength of 30-31. The result is that, even as the Acala crop has shrunk and has not received the latest investment in seed technology, it remains the highest priced upland in the world. If the CCC loan schedule provided the incentive, the entire US crop would move up in strength, and this would be reflected in the general basis.

The CCC loan differentials need a serious revision in order to keep US cotton competitive against the Australian and Brazilian crops. Presently, the Australian basis is at a record premium to the US basis. Part of this is the smaller crop and the Chinese tariff on US cotton. However, the Australian industry has done an excellent job at focusing on the improvement of cotton quality, while the total focus on the CCC loan differentials and the premium to the loan which is received is doing great damage to the US cotton industry and quality. Growers need the correct premium incentive to produce and gin a Strict Middling 1-2 leaf cotton that is free of bark, and that has not been over ginned. The recent record high quality US crops have moved to export, with only limited premium. When premiums were achieved, they seldom went to the grower. The lack of any premium being paid to growers meant that this cotton was largely sold undervalued, and this explained why the US experienced record demand, as spinners realized that a 21/31-3-40 was moving to export at a record discount to Australian of the same quality.

To address these problems, it will take a major effort. As long as the CCC schedule provides no premium all buyers have to pay, there will always be someone willing to sell this cotton at no premium, which will undercut the efforts of others.

US 2019/2020 EXPORT SALES FACE SIGNIFICANT COMPETITION FROM AGGRESSIVE BRAZILIAN BASIS OFFERS

As we discussed last week, the record 2019 Brazilian cotton crop will present the country with a major infrastructure challenge. Moreover, Brazil must move this crop in a timely manner, since it has no modern warehouse system capable of storing crops for long periods of time. For growers in Mato Grosso and other locations, it's agriculture 24/7/365, with no real fallow period. The large farmers must get cotton out of the field, and the next soybean crop planted. While on-farm storage has advanced rapidly in grain, it has not for cotton. Growers want to turn the crop into cash as quickly as possible. Merchants typically forward contract a large percentage of the crop, with barter trade very popular to finance input cost. Merchants have allocated more and more credit, as the crop has rapidly increased. As the basis long position is extended, the merchants will, at some point, begin to turn aggressive on basis levels to reduce exposure and get the crop moving. The size of the projected 2019 crop has steadily increased, causing the general CFR Asia offering basis to weaken from near 1100 points on a base Middling 1 1/8 to 800-850 points, reflecting a 50-100 point drop last week. The dramatically better quality improvement of the Brazilian crop during the past 2-3 years has made it easy for merchants to offer US/Brazilian at the seller's option, or to interchange with US sales. The introduction of 2019/2020 crop Memphis/Eastern Middling 1 1/8 at 1100 points on and E/MOT at 1050 points on Dec is overpriced against Brazilian. This was reflected in the near disappearance of US 2019/2020 sales in last week's export sales report.

Merchants have not yet started to match the Brazilian basis for US offers, but this may occur soon, as the pressure builds to advance sales. Yield prospects for the 2019 crop are very good, which is adding to the nervous outlook. Cotton acreage in Mato Grosso has reached the point where a small increase in average yield quickly translates to bales. The quality improvement has resulted in the new crop-offering catalog now extending up to a Strict Middling 1 5/32. With no resolution of the US/China trade dispute and some uncertainly over which tariffs will be lifted in an agreement, Chinese mills have been buyers of Brazilian 2019 crop in volume, and even extended that to include the 2020 crop.

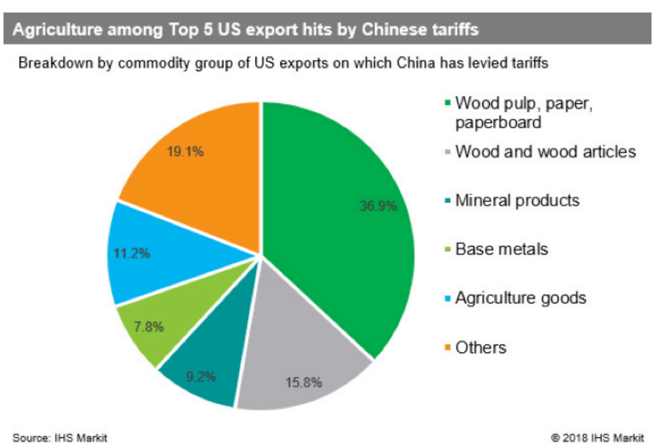
The aggressive nature of the Brazilian 2019 crop offers has triggered memories of past seasons, but the extremely aggressive basis levels of the past occurred when the stimulus was both quantity and also a sharp decline in the quality of the Brazilian crop. Brazil has overcome most of the problems with quality, which created the last basis crisis that saw CFR levels fall to 550-600 points on in order to induce sales. Today's crop has very little in common with that crop, thanks in large part to a vast improvement in seed quality. For 2019, the pressure is simply driven by the sheer size of the 2019 crop and the need to move it to export in a defined 12-month period, which will tax the infrastructure. The issues of this season may give way to the large commercial groups establishing commercial warehouses, which would facilitate the storage of cotton. Insurance concerns and security issues will have to be addressed.

The movement of the 2019 Brazilian crop will present challenges for US exports, since Brazilian cotton has now become popular in all the major markets of China, Vietnam, Bangladesh, Turkey, and many others. Under almost any of the likely production possibilities, the US will need to export a record volume of cotton in 2019/2020, and this means major competition with Brazilian cotton and unfettered access to the Chinese market.

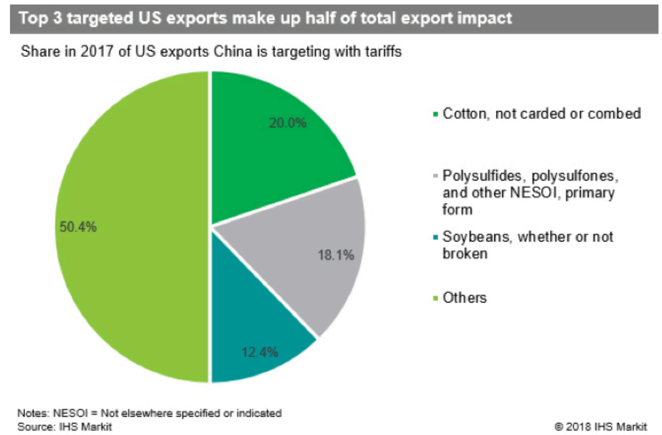
US/CHINA TRADE DEAL REMAINS ELUSIVE FOR GROWERS

The Chinese have made famous the strategy of using ongoing negotiations to wear an opponent down, and they have been especially effective using this against Western countries' need for quick, clear political fixes. Adding to the current drama in the US/China talks are the two forces at play on the US side. It has been clear from the beginning that on the US side there is a group lead by US Secretary Mnuchin that are known for having a Wall Street viewpoint. This group views everything in commercial terms and sees the outsourcing of the entire US supply chains to China as necessary. They believe it is best to return commerce to the pre-trade dispute levels as soon as possible.

This group appears ready to quickly attempt to move the China talks to a close, with limited gain for the US. Then, in the other camp, you have the hard-liners who are attempting to achieve real reform with an effective enforcement mechanism. Against this backdrop you have President Trump, who will ultimately decide how any final deal will be crafted.



Last week, some additional details became public that were unsettling for the agriculture trade. In the discussions, it was revealed that the US wants to leave the current duties on Chinese imports that were placed there in June 2018 after an agreement to force



compliance with duties lifted over a set period of compliance. Well, it appears as part of the agreement the Chinese have wanted to leave its duties in place, including the 25% duty on US agriculture imports. This was shocking. It was assumed in the agreement by China to buy 30 billion in agriculture products above the pre-trade war levels, that such duties were dropped. With these duties in place, only state companies could purchase US product. It was revealed that the US has asked China to switch the 25% duties to non-agriculture products, as part of an agreement to leave current duties in place as part of the compliance.

The US agriculture sector was thrown into the China/US trade war on the opening volley when the Chinese attacked the sector with particular vengeance. They also showed a total lack of fear of the US taking them to the WTO, or any aspect of the WTO, when it applied the 25% duty to US cotton imports. This was thought to be protected under the general WTO-mandated annual quota. Overall, the US has taken a very timid approach to protecting agriculture trade, despite the support provided by farmers. No significant action has been undertaken at the WTO on the violation of the mandated cotton quota. Even though such action would be slow, it would send a very strong signal that the US would stand up for cotton and its farmers. The US either was foolish and over-hyped what was agreed to in the first talks in December, or has allowed China to provide a generally weak set of US agriculture purchases, with the exception of pork, which was out of necessity. At the end of the first talks, China was to immediately start large purchases of US agriculture products, and this simply did not happen. Both sides were silent on this, and no one ever challenged China on the lack of purchases.

This was followed by President Trump's request that China drop the tariffs on US agriculture products. This request has been ignored, and there has been no comment from either the US or China. This has raised the fear that China does not fear the US will take aggressive action. The general thought is that the talks are in their final phase and should be concluded with an agreement in May. External forces are not working in favor of an agreement, and fears are increasing that even an agreement could fall apart amid increased tensions. China has not shown any modification of its aggressive challenges to the West. The placement of Uyghurs in Xinjiang internment camps has continued with no slow down evident, and the persecution of Chinese Christians remains in full force going into the Holy Easter period. In spite of all the objections, the US approved the sale of new fighter jets to Taiwan. China is also pushing to expand the Belt and Road project in the Caribbean, a region where US influence is historically strong, with Jamaica signing a MOU following similar moves by Barbados, Suriname, Trinidad, Tobago, and Guyana. All these countries, while in the backyard of the US, have failed to draw any significant US support for a fresh economic initiative.

Amid these conditions, US farmers and agriculture exports are paying the price for the lack of action. The one-year anniversary of the start of the trade war is nearing, and the US agriculture sector has suffered mightily. The failure to prepare US farmers for a protracted trade war has cost grower millions. Because of the tariffs, record Mid-West, on-farm storage of soybeans, and recent mega-floods, millions of tons of soybeans and corn were lost, with no US program to deal with the loss. For cotton, over a billion USD in sales have been lost, and Chinese mills were again buyers of 2018, 2019, and 2020 Brazilian crops this week, as it has resumed the role of top supplier. After nearly a year of talk and no action, the market's confidence in a reliable deal is fading.

ICE FUTURES ENCOUNTER MAJOR RESISTANCE NEAR 80 CENTS

ICE futures experienced bizarre price behavior as last week opened, which led to a lot of 'contrived causation' stories attempting to explain why prices dropped nearly 300 points in July and over 200 points in December, within a very short time frame Monday morning. This wave of trading appeared linked to abuse of the electronic trading system. A study by Cornell Tech and other universities found that special arbitrage bots are being used to anticipate and front run commercial orders. These bots know when a large order is placed above or below the market, at which point the bots attempt to get in front of the commercial orders that have been placed, to force the execution of the order after the bot has already placed its orders. This allows the bots to cover their position when the commercial order is executed. These moves cause flash crashes. In January, global headlines drew attention to the currency market when the Australian Dollar fell 8% and the Turkish Lira 10% in seconds against the Japanese Yen. In Monday's case, the move cost some trader or traders millions, as thousands of contracts were triggered to sell in July cotton in a short period. When the selling wave was complete, prices began to recover, and by Tuesday, all of Monday's losses were reversed. Monday's cotton volume was 63,109 contracts in futures, and 29, 298 contracts of it in July. The winners were the Algo bots and the exchange. All of these practices were illegal before 2008.

Overall, a couple of fundamental developments emerged from last week. First, the market is simply not confident in what a final US/China trade deal would look like for cotton, and whether the administration is really willing to focus on the agriculture trade and play tough for access. Second, the US faces significant competition from Brazil for 2019. The US is priced out of major sales unless a more aggressive basis position is taken, and even then it is likely to be undercut. Third, futures in July face key resistance in the 79/80 area, and Dec in the 77/78 area. The Dec 2019 crop faces additional hedging of the US and Brazilian, along with other growths. For now, demand appears unwilling to follow the market through these levels, but this can change.

Indian domestic cotton prices are nearing a breach of 86 cents level for the first time all season, and 2018/2019 crop arrivals have fallen to the lowest levels of the year. Indian import demand has continued and is expected to remain a market feature until October. The problems with yields are beginning to show up in early estimates of 2019/2020 production. In Brazil, the weakness in domestic consumption and the pending record 2019 crop is increasing the discount of local prices to international values, which is accelerating export sales of both 2018 and 2019 crops. The spot price of a 41-4-35 landed Sao Paulo ended the week at 74.45, for a loss of near 50 points for the week. The Real/USD exchange rate was weaker at 3.9278. The selling pressure on the remains of the 2018 crop and the 2019 crops are clearly a market feature.

Outside of India, demand seems reluctant to follow prices through the recent highs. China is taking up Brazilian on basis considerations. Turkey appears to have large pent up import demand, but geopolitical developments have everyone nervous. It will take a considerable commitment by the Managed Funds to build their position back to near a 50,000 contract net long for new highs to occur. Strong support in July is expected in the 75 area on any set back. All of this suggests additional consolidation without a major new stimulus.

CRISIS IN COTTON LAND: RISE UP AND TAKE ACTION

There is a huge crisis in the Land of Cotton, whether that is in Texas, Tennessee, the Carolinas, the Pima fields of California, Moree, Australia, Mato Grosso, Brazil, or Gujarat, India. When the most iconic brand in the world led by the number one designer in the world, with a legendary founder, a brand we have all worn for years, strays from cotton in its signature product, you know the industry is in trouble. Ralph Lauren has just introduced the Earth Polo, which brought home to us the current crisis. On this Easter weekend, when many in the world are decked out in new outfits for Easter, RL's new fashion offering is a polo shirt made from 12 recycled plastic bottles. The concept is not new. The product is nothing but recycled polyester. However, the campaign has struck at the heart of the global fashion industry. We are not talking about some fringe brand attempting to stand out. We're talking about a brand that has stood the test of time. We wore RL products in college, and we remember the pride of being able to afford the RL Polo Shirt. Each Ralph Lauren product could always be depended on for its quality, great fit, and long lasting wear. Anything he designed had the same elegance, style, and quality.

All Earth Polo photos are from: https://www.ralphlauren.com/brands

The launch of the Earth Polo indicates just how much cotton has lost the message. The Earth Polo line comes in four colors – Stuart Green, White, Baby Blue and Navy Blue. The dye is done using no water. The campaign says that each polo is made from 12 recycled plastic bottles. RL has committed to recycling 170 million plastic bottles by 2025, which equals 14.166 million polo shirts, replacing approximately 38,000 bales of cotton. Nowhere is there any discussion of the pollution created by the use of the plastic bottles – the microfibers released into the oceans, or the pollution created each time the shirt is worn, or the pollution created in the production of polyester. There is no discussion over the energy and resources used to break the plastic bottles back into pellets to be melted down into polyester fiber. This entire cycle is one of the most unnatural processes on earth. A study to debunk the myth of green polyester should be done, comparing a 12-plastic-bottle polo to a 100% cotton polo made from a sustainable farm in the US, Australia, or Brazil, where pesticide use is down by more than 80% during the past ten years, green house gas emissions have been sharply reduced, and the end product is all natural and will biodegrade back to nature.

Global cotton produced in a sustainable and responsible manner simply has the winning story and the facts to back it up. It is crucial for the health of the environment. The fact that this brand has chosen to attempt to help clean up the plastic contamination that is destroying the earth is quite admirable. However, for the cotton industry it is a clear call for bold, aggressive action. We will be reaching out to you for your help in this effort in the future, or you can email us now to let us know you are ready to take action. All conditions are perfect. Several major brands and groups are taking action to clean up the plastic pollution, but it is cotton's job to take the lead and tell our story, the facts, and the truth. If not now, when? We cannot afford to sit idly by and do nothing. Will we look back years from now and say, "If only we had taken action?" Will we be asking ourselves why cotton's market share in apparel had fallen to 25%?

Ralph Lauren's Newest Polo Shirts Are Made From Recycled Plastic Bottles

Meet the Earth Polo, the first product born from the brand's new commitment to sustainability.

ROBB Report

Ralph Lauren Steps Boldly Into the Sustainability Game With the Earth Polo

Esquire Magazine

Ralph Lauren debuts Polo shirts made from recycled plastic bottles

Fox News

The Earth Polo from Ralph Lauren Is Made from 100% Recycled Plastic Bottles

Daily Beast

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