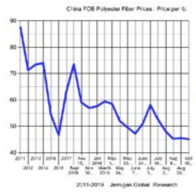


CHINA POLYESTER PRICES REMAIN NEAR LOWS

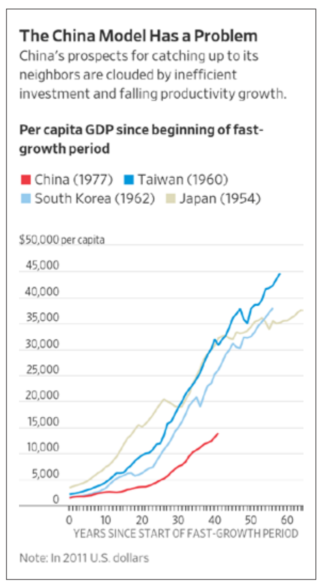
EXPORT TRADE REMAINS ACTIVE IN BRAZILIAN COTTON

US APPAREL PRICES REMAIN WEAK AT RETAIL

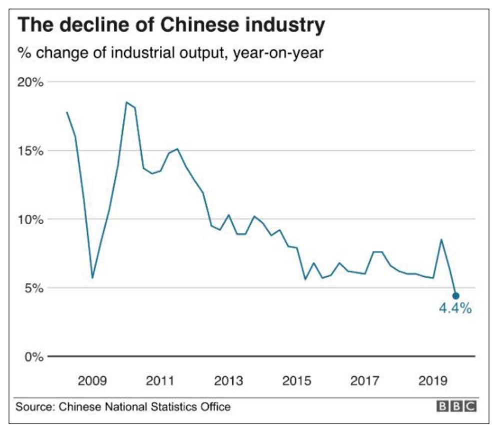
US IS CONTRIBUTING TO SURGE IN PLASTIC PRODUCTION CREATING A NEW THREAT TO COTTON

JERNIGAN GLOBAL
KNOWLEDGE IS THE NEW CAPITAL

# CHINA'S GROWTH IS SLOWEST IN 30+ YEARS; NEW DOUBTS ABOUT TRADE AGREEMENT TERMS

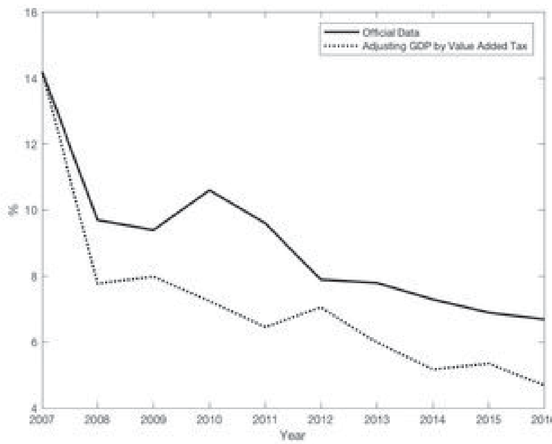



*China's growth model has a problem*

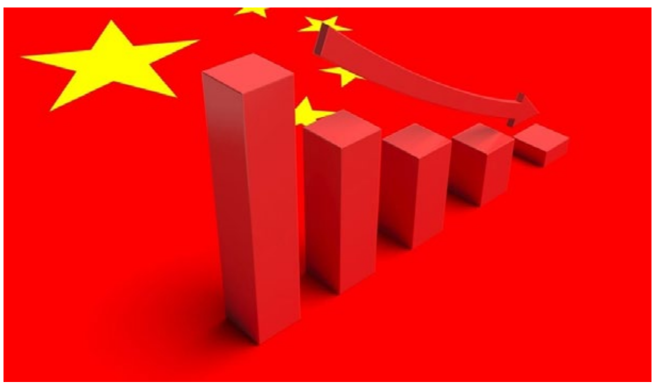



*Chinese industrial output*

China's official GDP grew at 6% in the third quarter of 2019, the slowest official rate since the 1980s, while private estimates of growth are much lower. Endo China, a well-respected China specialist, estimates actual growth at 3.7%, which is in line with a University of Chicago study that showed that between 2008 and 2016 China's official GDP was overestimated by 2% annually because of faulted Industrial Output and Investment data. Normura Investment Bank also said growth was much lower than the official data. Even the CNSB, which releases the estimates, said the economy was under mounting downward pressure. The CNSB data has been flawed for years; we have found large errors in its cotton production and textile production data. Errors are never admitted or discussed, and "double counting" and "adjustments for "political goals" are common problems regarding the accuracy of the data. The textile data we collect revealed a significant slowdown in domestic demand in May of this year. Xi Jinping changed China's economic model, designed by Deng Xiaoping, which revolutionized China's economy by stimulating record growth. Xi has assumed absolute power over the party and has moved to a Mao-designed, state-owned, company- and state-managed model that is proving a failure in creating jobs or improving the lives of Chinese citizens. Domestic apparel sales growth was predicted to grow unabated into 2022. Instead, Xi's change in economic model has diminished consumer spending power and caused apparel sales growth to end and turn negative.




*University of Chicago study Chinese economy, 2007-2016*

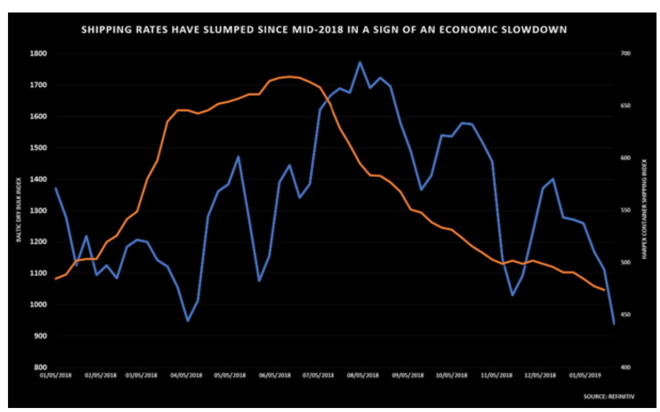


China's current account surplus has fallen to near zero, and new investment in the Belt & Road has declined by 50%. In 2019, only two major investments have occurred. The latest data suggests that capital flight remains a significant problem, with an estimated 131 billion USD moving out of the country so far in 2019 through back-door methods. The latest data in textiles and apparel from QIMA indicates the retreat of companies from China has escalated. The amount of quality inspections in China in the third quarter fell 17%. The inspection data shows a switch to Mexico, Peru, Guatemala, Haiti, North Africa, and the Middle East. It appears European companies are pulling out of China and moving to Turkey, Tunisia, and Morocco. The inspection data also showed a big jump in quality issues. For example, Cambodia experienced a 26% failure rate. In other Industries, Samsung, the world's largest Smartphone manufacturer, has now pulled its complete supply chain out of China.

*Chinese pork prices rise 69.3% in Sept 2019*

Food inflation in China is reducing consumer spending on apparel and other discretionary products. Meat price inflation in September increased by 46.9% from a year ago, led by a 69.3% increase in pork, 18.8% in beef, 15.9% in lamb, and 14.7% in poultry. This explains the continued buying spree in pork worldwide.

Conditions in China's textile industry do appear to have slightly improved, with cotton yarn import trade said to be showing some increase in demand for Vietnam and Pakistan yarns. Traders report a noted improvement in interest in Pakistan yarns, with purchases of open-end yarns along with carded knitting yarns and knitted air jet yarns. The reason for the interest in Pakistan yarns is the fact they are now duty free, the quality of yarns have increased since the move to use more US and Brazilian cotton, and the weak Rupee exchange rate. September textile and apparel exports from China fell 7.8% from a year ago to 24.52 billion USD, as European orders declined due to orders being switched to Morocco, Tunisia, Turkey, and other exporters.

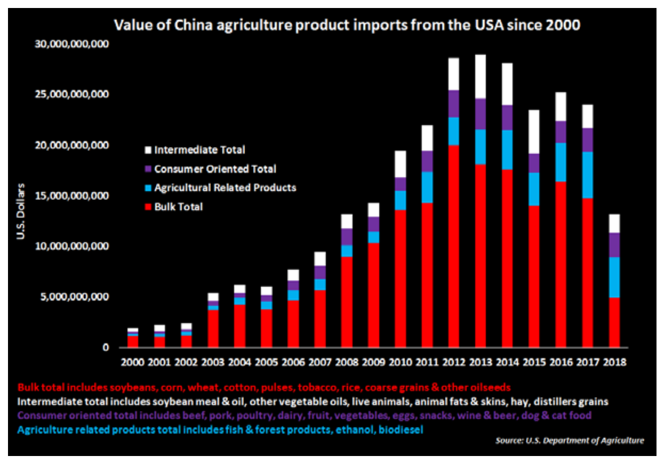



*Global shipping rates collapse since trade war started*

*Chinese consumer spending drops*

China's polyester fiber market was weak, with sellers lowering prices to generate business after returning from the National holidays. High inventory and cash flow needs were also a reason. New capacity is coming online this quarter, and the market fears additional pressure. As we will discuss later in this week's report, the US is contributing to the problem of overcapacity in the petrochemicals as new petrochemical plants come online as a result of the shale gas boom. Recycled PET chips for both plastic bottles and polyester fiber are now at a record premium to virgin polyester due to the new capacity and the stronger demand for recycled. As an indication of how crazy it has gotten, we have heard of plants taking new, never filled plastic bottles and melting them back into chips that are then remanufactured into another new plastic bottle and calling it recycled, which, technically, it is. It is more profitable to do this then to buy the recycled used bottles, clean, sort, and then produce the recycled polyester. The recycled polyester is not the eco answer that has been touted. It is simply the massive petrochemical complex of the US, Asia, and China that is flooding the world with the raw material for plastic, and the downstream companies are reacting by producing more raw materials.

The trade deal negotiations were in the headlines all last week, and the remarks from both sides appeared to contain a lot of posturing for position. On the US side, a battle appeared to be underway between the pro-Beijing Wall Street group lead by Blackrock and the hardliners that, lead by Peter Navarro, continue to want a strong, firm approach. The pro-Beijing group appears to be pushing the administration to except the China position that any agriculture purchase commitment is a soft target, with actual purchases based on market conditions and need to be determined by China's commercial buyers. Such a deal would have very limited benefit for the US. If this term is included, then an agreement will be viewed as a US failure and a win for China. China also is pushing for a roll back of tariffs in any Phase I agreement. The pro-Beijing lobby has also attempted to discredit Peter Navarro. At this stage of such international negotiations there is a high degree of uncertainty surrounding any potential deal. The battle for influence regarding this agreement is intense, and at the same time the geopolitical atmosphere is growing worse by the day. As last week ended, China arrested and took hostage two US English teachers. The Hong Kong Human Rights bill will soon be headed for the President Trump's desk, and conditions in Hong Kong continue to decline. A group of US Senators recently visited Hong Kong and came away calling it a police state. US Senator Rick Scott has launched an effort to prevent China from hosting the 2022 Winter Olympics. The move to ban Chinese companies from US stock exchanges is expanding following the collapse in the share price of Wanda Sports. Wanda Sports is a Chinese company that went public on NASDAQ July 29, 2019, and it is already being investigated for securities fraud. Its CEO has resigned, and the IPO price is down 51%.

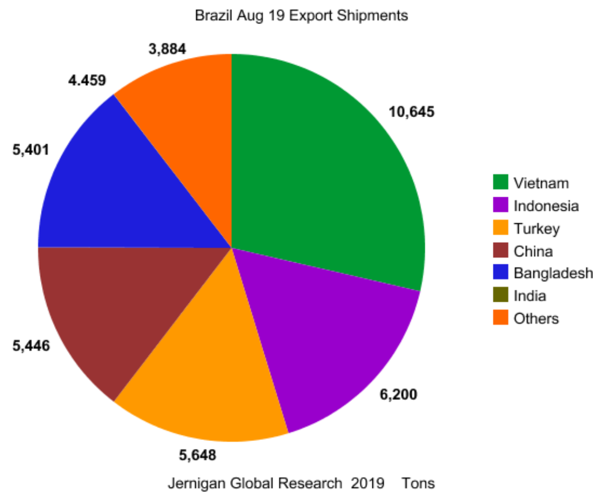


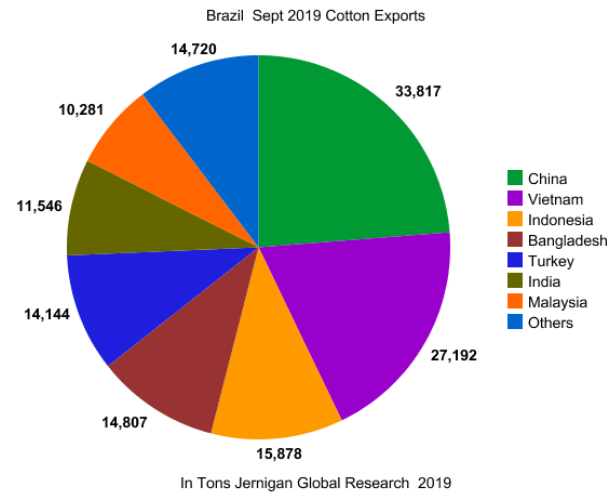

During the past 16 months we have continually warned that conditions were growing extremely difficult for the completion of a US/China trade deal, and we have been right. In spite of the darkening geopolitical conditions it appears the Chinese may now want a deal and are jockeying for the best terms, knowing that as we move into 2020 and the presidential election intensifies, it will be increasingly difficult for the Trump administration to conclude a deal. It has been many decades since both political parties have been this hostile on trade issues. The Democrats are even more hawkish, and it will be almost impossible to negotiate an agreement with a President Warren. The US Congress is not unified on anything except its willingness to confront China and support Hong Kong and human rights.

For Cotton, the importance of any trade deal will depend on the terms, and if the US caves and allows loose targets there will be limited benefits. If a firm agreement with specific commodity targets is agreed, then US cotton exports could benefit. However, a bit of caution even then is warranted. On October 15th, China made a statement regarding the volume of US agriculture products it had already purchased in 2019/2020. It announced it had already purchased 320,000 tons of cotton, which was a reference to almost all the 1,574,000 bales purchased by traders and mills for 2019/2020 shipment at much higher prices before the trade dispute broke out. As we all know, these sales have been and are still in doubt due to the 90-cent or higher CFR price plus the tariff. By including them in any agreement, China is suggesting it may force firms to honor the purchases and reduce any additional purchases. For example, they also announced they have already purchased 20 MMT of soybeans. If all the announced purchases are applied to the year one commitments, then the impact of even a solid agreement will be reduced.  Both sides have said they have set the November G-7 meeting in Chile as a target for the agreement.

Almost as important as a trade agreement is a stabilization of the Chinese economy and a boost to demand. This appears to be a problem. Reports filled the financial media last week of local Chinese Governments simply running out of local infrastructure projects to fund, and of real estate projects that had turned negative. The efficiency of traditional new stimulus is now very low against the debt load being created. Even at areduced level, China's cotton consumption today will account for over 30% of all global consumption. Looking past the current excess nearby stocks, the reduced Reserve stocks mean that any expansion of the Production/Consumption deficit means more imports. Thus, a return to growth in China's apparel sales is very important to the global market. A study by the Ellen McArthur Foundation showed that Chinese consumers are now wearing a piece of apparel less times before it is replaced than the European buyer. The data showed the Chinese consumer is moving toward the same level as the US, which has major ramifications for consumption and increases the importance of the Chinese consumer.

# BRAZIL COTTON EXPORT SALES BRISK FOR FOURTH QUARTER SHIPMENT




A review of Brazil's cotton export shipments in September confirms that Brazilian cotton is being used by almost every major cotton importer. Shipments in September reached 142,385 tons, and China was the top market at 33,877 tons. Vietnam was the second largest market at 27,192 tons, and Indonesia, Turkey, and Bangladesh were also major markets. Brazilian cotton has been very popular in Pakistan, and a large volume was sold during the past two weeks. The most aggressive Brazilian CFR export offering basis levels for 2019 have increased as the result of the brisk export business in recent weeks, reducing inventories. SM 1 1/8 offers for October-December have increased 75-100 points out of the most aggressive sellers to 1050 points on Dec and Middling 1 1/8 at 950-975 points on. Brazil's largest challenge will be the logistics of moving a record volume of stocks to export during the next 12 months.

Grower enthusiasm for cotton in 2020 remains high, with some of the largest growers expanding acreage in Mato Grosso. Soybean expansion has been very limited, and corn acreage is being reduced. Many of the largest commercial farmers have indicated a sizeable increase in cotton and reduction in corn acreage for 2020. The two crops compete as a second crop after soybeans in Mato Grosso. Despite IMEA indicating a small increase in 2020 cotton acreage, some of the largest farmers have indicated they will increase second-crop cotton acreage by 10% or more. Mato Grosso state is heavily focused on agriculture and has a very difficult time with its budget, increasingly turning to taxes on its agriculture production. In February, the state introduced a new tax of 6% on each ton of corn that leaves the state. In addition, the poor infrastructure means that the local FOB basis for corn has also been weak. The poor local basis is stimulating local investment in ethanol production. Currently, six plants are operating, but by 2021 there will be 11 plants in operation. Thus, cotton acreage could exceed expectations.

*Rondonopolis, Mato Grosso*

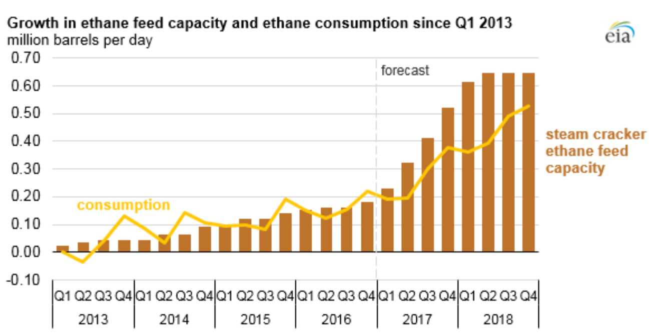
*Planting 2020 soybean crop, Mato Grosso*

In Mato Grosso, the soybean crop has now exceeded 20% of the intended acreage, which is behind last season due to the late arrival of the rains. Because the bulk of the acreage is second crop, the timing of the planting of soybeans is crucial to a successful cotton crop, which has a defined planting window. A survey reveals that an estimated 50% of the expected 2020 Mato Grosso cotton crop has already been forward contracted.

Argentina is also preparing to plant a record 2020 cotton crop. In 2019, approximately 380,000 hectares was planted to cotton, and, despite the problems incurred with weather, returns were good. Early indications are that growers will increase 2020 cotton acreage to 450-500,000 hectares, a new record. This would make a record 1.5 million-bale crop possible. The increase is coming as the agriculture sector faces a very uncertain election and a record low Peso/USD exchange rate. In the first eight months of 2019, Argentina exported 45,966 tons of cotton (211,190 bales). Exports are expected to be active the remainder of the year, with sales to Pakistan noted in the past month. Domestic consumption is very weak, but 2020 exports could exceed 500,000 bales. The quality of the Argentine crop has improved, and so has the export CFR basis. Currently a Middling 1 1/16 Argentine is offered at 500-600 on Dec CFR Asia.

The combination of record Brazilian and Argentine crops in 2020 is already pressuring the 2020 crop basis for October 2020 and beyond shipment. The spread between 2019 and 2020 CFR export offers is now inverted.

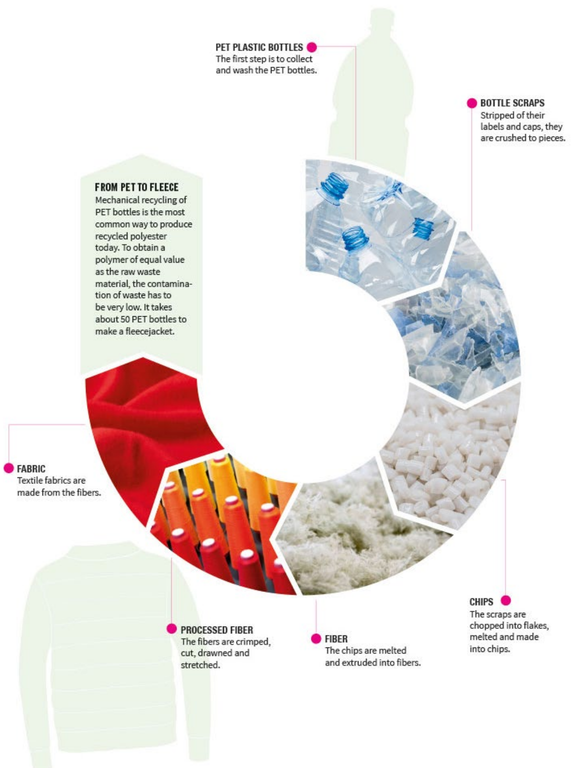
# THE PLASTIC/POLYESTER PROBLEM IS MUCH MORE THAN CHINA




*Ethane capacity*

For all the progress being made in the war against plastic, the world's largest oil companies are continuing to expand refining and petrochemical capacity around the world, including in the USA. In a surprise the growth in PET, the raw material for both plastic and polyester fiber, production is not being driven by just China. The boom in US Shale oil and gas production that has made the US energy independent also has a dark side – an explosion in investment in petrochemical production. The two raw materials in polyester fiber production are MEG-Ethylene Glycol and PTA. The Ethylene Glycol is made from Ethylene, which is made from Ethane. Ethane can be produced from coal, natural gas, and crude oil refining process. The US has seen an explosion in Ethane production as a result of the shale gas boom. The US in 2013 produced about 900,000 barrels a day of natural gas based Ethane while today it is 2.3 million barrels and growing. Ethane or Naphtha is used to make Ethylene, which in turn is used to make polyethylene and PET, which can be used for plastic and polyester fiber.

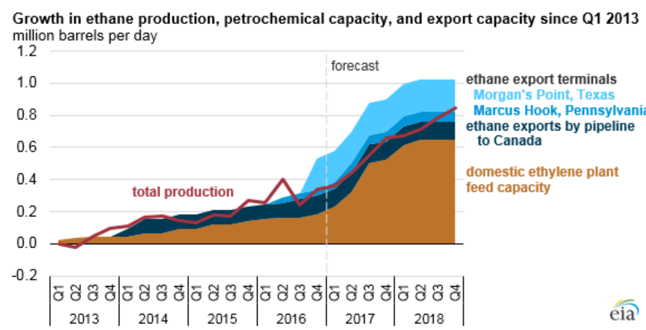
The shale gas boom has resulted in 14 new Ethane cracker plants being either operational or under construction in the USA (a cracker plant can use Ethane or Naphtha. Since Ethane is much cheaper, it is now the raw material of choice). These new plants will add 18.5 MMT of new Ethane capacity in the USA. Another new 28 Polyethylene plants are planned or are starting up in the USA, which will add 13.67 MMT of new capacity. These PE plants will make the raw material for plastic bags, some bottles, containers, and boxes, but not polyester fibers. The companies behind the plants are the largest chemical companies in the world, as well as oil refiners. There is one new PET plant coming online in Corpus Christi, Texas that will produce 1.1 MMT of PET. PET is polyethylene terephthalate, which can be used to make plastic bottles or polyester fiber. The Corpus Christi plant will be the largest PET plant in the world and will also produce 1.3 MMT of PTA annually. 86% of all Ethane Glycol is used to make PET, 8% is used to make Anti-Freeze, and 6% is for other uses. In Canada, Indorama and Canada Corp will open a new plant in the first quarter of 2020 to perpetually recycle PET and Polyester Fiber.




*PET recycling into fabric, source: Suston magazine*

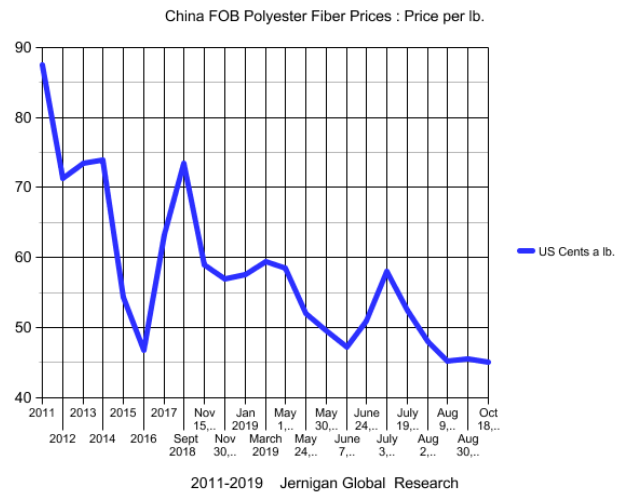

*PET*

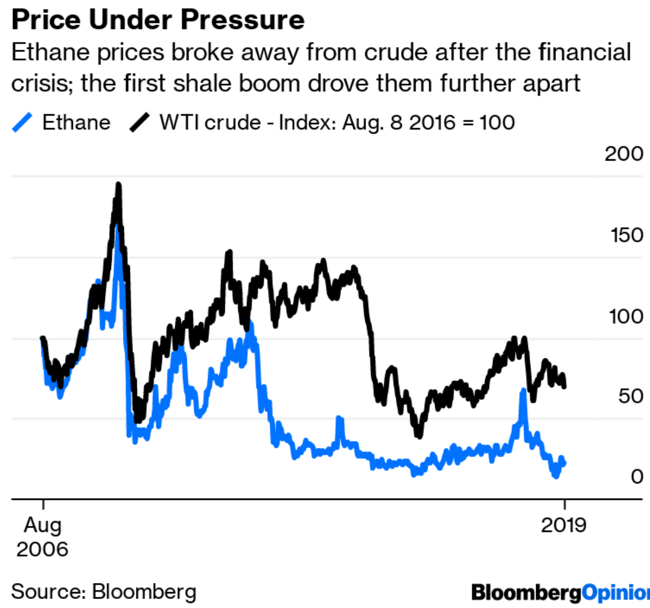
As a result of the explosion in US Ethane production, the price of manufacturing PET and Polyester Fiber is collapsing if natural gas produced MEG is used. Virgin PET is now cheaper than recycled PET. From 2010 to 2019, recycled PET was 100-500 USD a ton cheaper than virgin PET. However, for the first time in over 10 years, the price of virgin PET is 100 USD a ton discount to be recycled. There is simply an excess supply of virgin PET and increased demand for recycled as companies make pledges to switch to recycled product. In northern Europe, the price of virgin PET is 40.80 cents a lb. vs. 45.36 cents for recycled. We are told that normally, on a commercial basis, recycled PET needs to be at a 100 USD a ton discount to virgin to account for the machines to be adjusted to run recycled. Thus, the incentive has now been created for companies to cheat, postpone recycling targets, or ignore it when a supplier re-melts new plastic bottles and remanufactures the plastic bottles in order to capture the premium.





The collapse in the natural gas based Ethane prices to a quarter of their level in 2010 means that in the Southern Hemisphere and Europe one of the key raw materials for PET (raw material for both plastic and polyester fiber) is now cheaper than the subsidized Chinese polyester. For the moment, the focus has not been on polyester fiber but on the commercial uses for plastic. The huge increase in the US is focused on commercial use and not fiber grade PET. However, as overcapacity grows and the war on the plastic bags expands, the capacity could be easily adjusted to provide a new textile and apparel supply chain in the Americas with cheap raw material. Thus, the war in plastic and crude oil derivatives is truly global and pits the natural fibers and the environment against the world's largest energy companies. The new economics means that the war will have to be won on merits and environmental concerns, not on the price per lb.




## SIZE OF US CROP IN DEBATE AS WEST TEXAS DRYLAND YIELDS DECLINE

The US harvest continued to move rapidly forward last week, as 1,037,573 running bales were classed through Thursday and with quality remaining excellent. A total of 2,974,783 bales have been classed. The quality on the cotton remaining in the field is being impacted by a variety of weather events. In the Mid-South and Southeast, rain events and cooler temperatures have occurred. Tropical Cyclone 16 will move inland over the weekend, affecting Georgia and much of the Southeastern belt before it moves back out to sea. Another low-pressure system is expected to bring heavy rains across the Mid-South on Monday and later in the week to the Southeast. The Mid-South region will be about 75% picked by Monday, and the Southeast will be 40-50% picked when the Cyclone moves through. A decline in 21 color grades had already started to be noticed. The West Texas region will be dry. As harvest expands in West Texas, yields on the dryland acreage appear to be disappointing, with some areas being forced to be abandoned. Yields in the Mid-South and Southeast appear to be exceeding estimates.

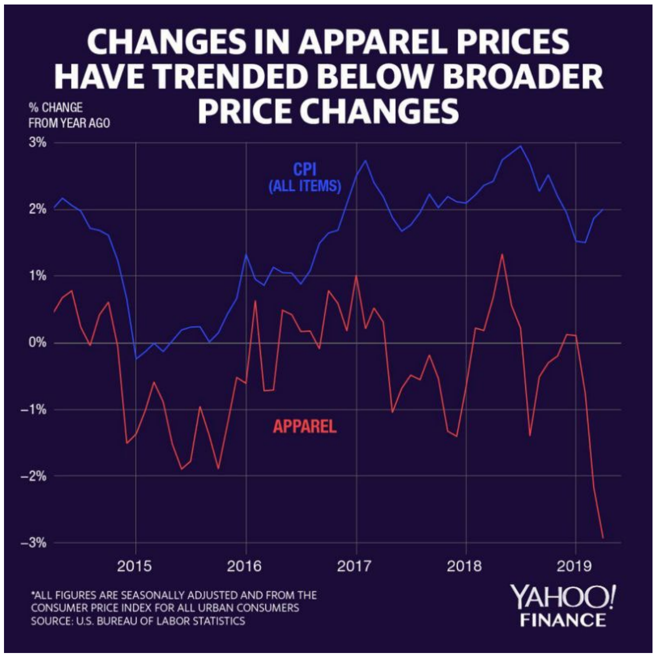
## AUSTRALIAN COTTON BELT EXPERIENCES SOME LIMITED RAINS

The amounts were not large, but over the past two weeks a few storms have moved across the barren cotton-producing valleys of New South Wales and Queensland. Last week, a few violent storms moved through the Darling Downs and central Queensland. Through October 18th, Queensland Biloela received 23 mm, Gladestone 53-83 mm, Beardy Junction 20 mm, Coolmunda Dam 18 mm, Oakey 10 mm, and Toowoomba 15 mm. In NSW, Pindari Dam reported 27 mm, Tamworth 29 mm, Quirindi 26 mm, Moree 7 mm, Narrabri 5 mm, Wee Waa 11 mm, and 1-5 mm across the Southern Valleys. Planting is underway on the small, irrigated acreage that will be planted. The government has announced a one billion Australian Dollar, 680 million USD, water infrastructure spending which will include a new Dungowan Dam near Tamworth in NSW and an upgrade to the Wyangala Dam.

Australia shipped 59,111 tons of cotton in September, with 39,658 tons going to China. Demand was noted last week for Australian cotton from Chinese mills out of the bonded warehouse stocks. CFR basis levels on the remaining 2019 crop remain firm, with a GM 1 3/16 holding at 2300-2550 points on futures. The CFR basis has held well considering the poor level of Chinese demand.

## US RETAIL DEMAND FOR APPAREL SHOWING WEAKNESS

Friday was a bad day for US retail, as share prices of several major retail groups fell sharply, and demand weakness and disruption continues to accelerate. Several months ago we discussed a trend in the US of price deflation in retail apparel led by aggressive competition for the consumer dollar and a continued move to online. The winners at that time were Amazon, Costco, Target, and Walmart. These same four companies are continuing to increase their market share, and the competition is damaging the traditional mall-based retailers. The competition is intense, with one story appearing last week that Walmart was subsidizing some suppliers in order to compete with Amazon. On Friday, shares of L Brands fell 9.5%, Macys 4.18%, and Gap 3.93%. The price deflation is making retailers very price conscious, and it is being felt throughout the supply chain. On Friday, evidence was also noted that weakness in overall consumer demand for some apparel was appearing in the US for the first time. One of the largest fully integrated textile and apparel groups in the Americas, with the largest market share in the Americas in blank t-shirts, both cotton, cotton blends, man-made, and other fibers, reported poor sales. This group's share price plunged 34% as it issued lower guidance on earnings. It cited weakness in demand in the US, Europe, and China.




These results follow studies that indicate apparel is beginning to experience weaker demand from Millennials who are turning from the throw-away fashion due to environmental concerns. Overall, global cotton demand appears to have stabilized for the moment in China, but has turned weaker in the US for the first time. Given that the US is a 40-million bales consumption market for fibers, this will have a further negative impact on total cotton usage unless market share can be recovered. The weakness in man-made fiber prices appears set to continue and increase. Thus, the market share will not be won on price, but instead on innovation and desire to switch to natural fibers, which is evident. However, the flow of cheap polyester apparel from China aids the most aggressive discount chains in the US in keeping prices always lower. When the current US battle for market share ends, there will be a sharply reduced number of traditional retailers. Reports on Friday forecast additional record store closings in 2020 that will surpass the record of 2019.

One feature that is evident in the current demand weakness is that it is global with the US, prior to today the only market of strength. Unlike any other downturn in apparel demand in over 30 years, China is leading the weakness, followed by other major Asian markets. Europe is very weak, and Latin America is barely holding on.

# GLOBAL COTTON MARKET ENJOYS SOME STABILITY

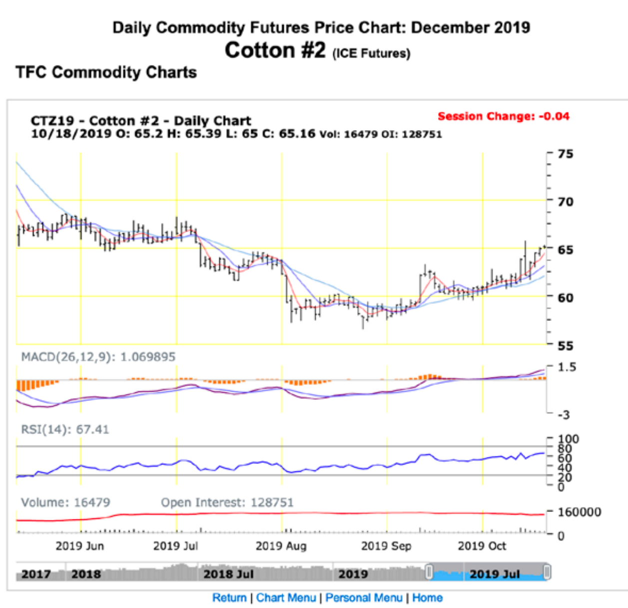
Last week saw a solid level of export offtake, and Brazilian and US styles dominated trade, with Pakistan very active, as was several other markets. Chinese mills also increased their interest, with purchases of bonded warehouse Australian and Brazilian styles, and also inquired for some fresh import offtake.

The 2019 US harvest progressed rapidly last week, with a few rain events interrupting progress and a new threat of a gulf tropical storm. Strong demand was reported for the high-grade Memphis Territory being produced, with a Memphis 21-2-37+, 32 Strength, premium mike selling at near 500-point premium over the base. Pakistan mills remained in the market, with Pakistan local prices for high-grades hitting a new seasonal high amid the lower crop. The debate over the size of the Indian crop remains a hot topic that is still an unknown after a record monsoon and a record late withdrawal. US and Brazilian growers remain light sellers, and have not yet shown a great concern over the unsold volume. Brazilian export shipments in September reached 142,385 tons and are expected to again be very heavy in October, November, and December. A large amount of new export business has been completed in recent weeks for shipment through the end of the year.

We have said this many times, but it is worth repeating: The cotton world changed in June 2018, as did the China-centric textile and apparel sourcing model, and it will never be the same again. If the verbally agreed to trade deal between China and the US can be put into a signed agreement, it will not create new demand from the commercial sector for cotton. China complained last week in the state media that to meet the discussed targets regarding US agriculture purchases it will require purchases by the state trading companies and Reserve companies. The positive for cotton is that these supplies would be removed from the rest of the world supply and become a domestic Chinese affair. However, they will impact future import demand. The decoupling of the US and a Xi Jinping-ruled China is underway and will only accelerate. The US House passed the Hong Kong Human Rights bill unanimously, and it is important to understand how big of a deal that is. The US House has some of its most radical Democrat members in history, and they are completely preoccupied with opposition to President Trump and the pursuit of a host of very socialist ideas. For the extreme left and the Republicans to unite for such a bill means the policy on China is for strong action on human rights and trade. Both the House and Senate appear to be ready to take up the mantle in areas where Trump may be weak or uninterested. Regardless of the election outcome, what comes after Trump will be more pro human rights, which will be linked to trade. China media was upset over the passage of the Hong Kong bill, but they are likely to be upset by a lot of measures making progress through these legislative bodies. The many policy papers of leading presidential candidate Elizabeth Warren make Trump look timid. The strongest remaining Chinese allies on Wall Street are also targets of the opposition.

As the title of Bob Dylan's famous folk song states, "The Times They Are A-Changin'," and the cotton textile and apparel supply chain will change dramatically over the next five years. In addition to geopolitical risk, brands and retailers will face major new hurdles in sourcing and will have to deal with inherent supply chain risk. Just last week the headlines highlighted two major companies that are committed to treating their workers well while delivering value and quality to their customers, that experienced a damaging public relations issue. One issue involved problems in Bangladesh with worker treatment, and another concerning sourcing from Chinese companies using Xinjiang slave labor. In Australia, two large retailers announced they were ending all sourcing textiles and apparel from Chinese companies operating in Xinjiang. One of the retailers is a global firm, which means this will affect Chinese exports.

As it relates to the agriculture purchases, it remains to be seen what the details of the Chinese/US trade agreement will be, since the details have not been confirmed. The positive development is that China's state media confirmed the general details as outlined by the US, but again the details relating to agriculture purchases were not specified. Dec ICE cotton futures closed near its highs



for the week. As we discussed last week, technically the market looks steady and the Managed Funds are going back long. Last week we discussed a test of the 67.50 level for Dec, or perhaps even a run at 70 cents. This remains a possibility. Several weeks ago, we wrote that after falling more than 40 cents a lb., the cotton market has discounted most of the negative news and much of the impact of the decoupling of China and the US.

However, the fact is that total global demand is turning weaker, and a large US, Brazilian, and West African crop must move. The Indian crop is beginning to move, and pries are weakening. The CFR Export basis is also beginning to be competitive with West African in such markets as Bangladesh. The Trade gambled and won. They avoided a panic earlier and now appear to have an opportunity to market and hedge a large portion of the crop into price strength as the Funds go back long and there is some optimism for an agriculture deal between the US and China. We continue to fear price pressure will return as the pipelines are filled. However, in the near-term, the Managed Funds hold the key, since it is a question of just how far they are willing to extend their net long position.

The new supplies of polyester fiber and record low prices remain a problem. One interesting feature to the ICE trade was that the December 2020 contract saw increased volume and posted 147 points gains for the week, which was greater than December 2019, which gained 128 points. This suggests some mill activity in the forwards. The Brazilian 2020 crop moved and provided some selling. That strength was a bit encouraging. Today might not be the right moment, but if one is able to look past the chaos of current conditions and the record low market share of Natural Fibers, we might just be at a reflection point. In Andy Grove's book, "Only the Paranoid Survive," he discussed the concept of a strategic inflection point, which was described as a point in a business when the fundamentals are about to change. To us, we appear to be at the early stages of just such an inflection point in the turn from Natural Gas and Crude Oil derivative-based apparel and textiles. Is cotton ready for both the challenge and opportunity this will bring?



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