

# Shurley on Cotton: Is The Market Tapped Out?

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Cotton prices are once again looking vulnerable and on an uncertain path to who knows where. Dec futures closed down 97 points today after pretty much trading water last week thanks to a good day on Friday. The market all of a sudden looks to have lost some of its upward steam. But, this is the repeating choppy pattern of the past 5 months — make a run then retreat a bit, make another run then retreat a bit, make another run then retreat a bit.

Growers seem to be waiting for a run at 68 cents. But the market for now still seems tapped out at the 65 to 66 cents level. This market appears to have “support” at 61 to 62 cents.

So, growers are risking about 4 cents while waiting/hoping on a 3-cent increase. Below 60 to 61, the LDP/MLG will kick in to protect you if we get to that point.

Today's decline, after what was a pretty "neutral" week last week, is said to be due to new trade and economic tensions between the U.S. and China and decline and uncertainty in the U.S. stock market.

While this could be pre-election posturing, President Trump said yesterday he intends to "decouple" from the U.S. reliance on China. The administration is also expected to institute bans on U.S. imports from China's Xinjiang province, alleging products are produced with forced labor. The ban would include textile products — some of which most likely are made from imported U.S. cotton.

Last week's export report was "so-so". Sales for the week ending August 27th were 153,260 bales — down 12% from a week earlier. Sales included a net 66,850 bales to China (there were 27,190 bales in previous purchases cancelled). Shipments were 294,580 bales, down slightly from a week earlier. Shipments included 136,170 bales to China.

Today's weekly crop progress and condition report, for the first time in a while, showed overall no further deterioration in the crop. As of September 6, the crop is 27% poor to very poor and 45% good to excellent. This compares to 28% and 44%, respectively, a week earlier. As of September 6, the Texas crop is 42% poor to very poor and 29% good to excellent, the same as a week earlier.

U.S.DA's crop production and supply/demand estimates for September will be out on Friday this week. The market will key on any changes in the projected U.S. crop, U.S. exports, and World Use/demand. A smaller U.S. crop, increased exports, and/or improved Use is needed to support another run.