



## AGRICULTURAL ECONOMICS SERIES

# TIMELY INFORMATION

## Agriculture & Natural Resources

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Cotton Market Update: Stating the Obvious

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I had a Great Aunt who recently died at 90. She was born early in the last century, the youngest child and somewhat sickly. She never left home or married and lived with my Great-grandmother until she died. After that, Aunt Florine moved in with my Grandmother, Vivian, who lived just down the street from their other sister, Maybeth, in Birmingham. The three sisters got along very well, and even after my Grandmother died about 10 years ago, the two remaining sisters lived together and even went into an assisted-living facility together just a few years ago. Aunt Florine just died last week, and she has been on my mind lately. She was always kind of a hypochondriac. She always thought she had some terrible disease. And she did have some real health problems. She had several major surgeries throughout her life.

Some time during the mid 1980's Aunt Florine became convinced that she had the AIDS. She was so sure that she had all the symptoms that she called her doctor, Dr. Berryman, on the telephone to find out. My Grandmother and their other sister, Maybeth, both about 80 years old, were sitting in the porch swing while all this was going on, and pretty soon Aunt Florine came in to report on her conversation with the doctor's office. She reported that she didn't get to talk to Dr. Berryman directly, but that the nurse had told her that to have the AIDS she would have to have had either a major operation or sexual intercourse with a man some time in the last six years. My Grandmother then asked her: "Well, did you?" and Aunt Florine replied – thinking I'm sure of her hip surgery - "sister, you know I did". To which my Grandmother instantly replied "which one"?

The point of all this is that sometimes it's best to go ahead and state the obvious, even if we don't really think it's necessary. The obvious point about the current cotton situation is that the market is still providing farmers with an excellent opportunity to price cotton, and I hope you are all taking the best advantage of it that you can. It's hard to sell something for less today than you could have gotten yesterday but good marketing means you have to stand back and look at the big picture. I don't see much downside potential right now, but I don't see how the market can sustain the high prices of last week either. To accept the risk of lower prices, you have to expect a chance for higher ones later, and I'm just not sure that's likely right now. I would get some protection at least, even if you do limit the upside a little.

One interesting note on the world market is that some experts believe that China will ultimately import more cotton from us than we spin domestically. That is sure a sad commentary on the health of the once-great US cotton industry. Things always go in cycles and I hope this marks the low point for domestic cotton users. The domestic industry is the base for stability and profitability in the US cotton market, in my opinion. The US farmer, as well as the US citizen, will ultimately lose if the domestic industry fails due to unfair foreign competition.

USDA has crop harvest progress continuing to lag the 5-year average, with just over half the cotton picked. Alabama is way ahead of Georgia and Tennessee at this point. I guess that's because Alabama farmers work harder. Maybe not, maybe it's just because the Alabama farmers don't have to spend much time thinking about and watching football this year. However, we are way behind Mississippi and Louisiana and there is nothing wrong with their football teams, so I guess that theory must be wrong. USDA says Alabama is about two-thirds done, and that's probably pretty close. The crop reports from Alabama that I have heard are real promising, in the bale and a half to two-bale range. USDA forecasts the Alabama crop at 753 pounds per acre, and I hope the state average ends up even higher than that. The record year is 1985 where we averaged 795 pounds over a lot fewer acres. It would sure be something to top that, but I doubt the USDA is that far off.

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