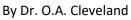
## Cleveland on Cotton: Current Cotton Trading Range Akin to "Watching Paint Dry"

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Enough of this bearishness. Enough of the declining demand. I dare use the word "bullish" for what it could imply to some. Yet, there must be some optimism, although I admit it is difficult to find.

Friends and acquaintances alike suggest the new crop December futures contract is headed higher. They are smarter than me, so they'd better be right.

As Nike says, "Let's Do It."

That said, both the old crop July contract and the new crop December are flat. The past month has seen a 300-point trading range in the July contract and a 200-point range in December trading. Unfortunately, more of the same is coming, at least into July and likely into August.

A new set of world supply fundamentals will be released by USDA on June 12. Yet little added information is expected until

at least the July 11 report is released, when northern hemisphere plantings are better defined. Only a weather shock or a geopolitical shock will move the market. A weather-based production shock would advance prices, while the Iranian/Russian calamity would force prices lower. Thus, the trading range will be more of "watching paint dry."

This is not fun!

Bullish price momentum can be found in the questionable Chinese crop and Pakistani crops, but that has become normal. However, there is still more than adequate time for full crop development. Additionally, U.S. moisture conditions have improved dramatically. However, the excessive moisture in the Mid-South and Southeast have reduced plantings in those regions.

We must remember, without demand there cannot be a bull market. The consumer drives demand, and until the consumer returns to the retail shelf and asks for cotton, cotton prices will remain behind the eight ball. World consumer income has improved in highly developed countries, yet the decade old problem of cotton losing market share continues. Cotton appears to attack niche markets with marginal success, and there are several very commendable efforts under way to define the consumer benefits of cotton. But lost share will continue to keep a lid on prices until the industry can get the demand ball rolling.

Textile mills are buying cotton but continue to defer pricing their purchases. Their market strategy is to continue delaying the pricing decision as the available world supply versus the farmer's need to price cotton is working in their favor. Unfortunately, all available data suggests that prices will remain below the U.S. cost of production. Mills suggest that they risk prices moving only 200 points higher, while they feel their potential reward for delaying pricing could net them as much as 500-600 cents. Many mills feel that they can price cotton for as little as 61-63 cents.

Growers are strongly advised to price old crop at the 68-cent level as the risk of falling as low as 62-65 cents remains very possible. Too, continue to delay any pricing activity of new crop. Yes, demand appears to be worsening, however the potential for a declining world crop is also mounting. New crop is destined to move above 70 cents, but the 75 cents I promised is very much in doubt.

The Cotton Roundtable Group will discuss the June supply demand report on Thursday, June 12, at 1:30 P.M. Central time (here's how you can listen in and participate). World consumption is expected to be lowered in the report.

Give a gift of cotton today.