

# Cleveland on Cotton: Little Reason to be Bullish on Cotton, But Ample Reason to be Positive

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Finally, cotton gets a plus 70 cent close. The 67-cent mark held. The tooth pulling and gashing of teeth is over, but probably another test of the high 60s is not. Likely prices will slip back below the 70s but only temporarily. There is nothing on the demand side. All the price momentum will come from continued issues with crop production. Thus, there is little reason to be bullish, but ample reason to feel positive.

The possibility of higher prices, up to 78-80 cents, is revived. But as has been pointed out all year, the trek higher will be slow, tedious, fraught with missteps, and difficult to survive. Higher prices will be based solely on supply. Demand has not been a factor, other than a negative factor. The cotton industry no longer has any programs to promote demand or to name itself with the consumer, other than old, outdated, canned speeches of a once-successful strategy that current industry leaders dropped years ago.

Most all production advancements of the past 20 years have come from research-based efforts of commercial seed companies whose research has essentially carried the U.S. cotton grower since about 2005. Cotton prices will move higher. But until the cotton industry reinvents the fiber promotional arm of the marketing strategy it abandoned some 15-20 years ago, cotton will be just another fiber that loses consumer market share and sucks money from the producer's pocket.

Cotton was once known as The Fabric of Your Life. There is today a new generation whose tastes and preferences do not even list cotton as even an also-ran in their choice of fabrics. Cotton has lost its dominance – and even its presence – in market after market. Yet, the cotton industry sticks its head in the sand. You want higher prices, talk to your industry representative about demand and demand-based programs. There aren't any. If they don't buy into it, then hire another one.

The weekly export sales report was nothing to do about nothing. Net sales of upland totaled 93,000 bales with Pakistan, Bangladesh, India, and Mexico as the primary buyers. It is promising to see Bangladesh mills running again. As we noted a month or so ago when we discussed their problems, they are a major user of U.S. cotton. They have been back for some three weeks now. Expect their purchases of U.S. growths to increase again.

Purchases from Pakistan were expected due to crop problems. Too, it is expected that Pakistan will be a major buyer of U.S. throughout the year – principally due to major production problems. Pakistan is a major supplier of yarn to China, Vietnam, and other Southeast Asian countries, and that is a particularly important market for the U.S. cotton export market.

General economic uncertainty was highlighted in that only 4,900 bales were sold for the 2025-26 marketing year. Export shipments continued to disappoint for the ninth consecutive

month, as shipments totaled only 168,800 bales. Primary destinations were Vietnam, Pakistan, China, India, and Turkey. While it was refreshing to see sales made to 17 countries and shipments to 21, most sales and shipments were in limited volume.

It is noted that some are suggesting that an interest rate cut by the Fed will spur exports. Yet, that logic, based on historical accuracy, does not reflect the change in the world cotton marketing structure. Now that the U.S. has been supplanted as the world's principal exporter of cotton, U.S. growers must understand that Brazil has the economic wherewithal, qualities, grades, staples, marketing savvy, consumer respect, and, more importantly, production cost advantage to continue to take, hold, and keep what was once the sole provenance of the U.S. cotton industry. Do not listen to those saying Brazil is a competitor only for the short term. Brazil is as mighty as the U.S. was 15 years ago.

Competition from Brazil will only get tougher. The U.S. has done such an extraordinary poor job of promoting its cotton that Brazil has replaced the U.S. as the top outlet for not only cotton but is on the verge of supplanting the U.S. as the world's principal supplier of quality cotton (yes, Australia has some of the highest qualities of cotton in the world but cannot match the volume of good quality cotton produced in Brazil or the United States).

The cotton market is humming again, but new consumer marketing initiatives must occur at once. The market is begging. Pricing above 75 cents will likely not materialize until October. Yes, there is pent-up demand, but bamboo and acid-based polyester are cleaning cotton's plow. Yet, growers will get a shot at 75 cents in 2024 and higher prices basis, May and July 2025 futures.

Give a gift of cotton today.