



# Arkansas Cotton Update



August 8, 2008

Tom Barber - Editor

Number 15

Special Interest Articles: - [Cotton Status](#) - [Cotton Verification](#) - [Market Update](#)

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## **Cotton Status, (Tom Barber - Cotton Specialist)**

The Arkansas Statistical service indicated that as of Sunday, August 04 the majority of the cotton crop (60%) is in good to excellent condition, 34% fair, 5% poor and 1% in very poor condition. The progress report also indicated that 100% of the crop was squaring and 98% was setting bolls. This is only slightly behind the five year average of 96%, so it appears we have made up some ground throughout the season.

Our earlier fields reached cutout a couple of weeks ago, while our late-May planted fields should reach cutout this week (see the Verification report by Frank Groves for a more detailed summary of crop maturity). Assuming 25 heat units per day, it would take 14 days to reach 350 heat units beyond cutout. Therefore, our earlier fields should be at or near the point of insecticide termination for plant bugs and bollworms/budworms. The next milestone should occur in about four days when we reach 450 heat units and no longer have to be concerned with economical damage from stink bugs. Irrigation termination is not quite as well defined. The supplemental water requirement of a plant is a function of soil moisture, fruit load and transpiration. All of these factors vary from season to season and complicate termination decisions. Previous research indicates growers in north, central and south Arkansas should consider terminating irrigation at 350, 450 and 550 heat units beyond cutout, respectively. However, these findings should be used as a guide and an additional irrigation may be warranted. If you want to compare "cracked boll" stage to heat unit accumulation, generally we will see cracked bolls around 500-550 heat units beyond cutout.

The last couple of weeks have been hot humid and dry. Nighttime temperatures were 80 degrees or more several days in a row with high humidity. During this time heat unit or DD60 accumulation was high, >25 DD60's per day. There has been some questions about high DD60 accumulation and if high accumulations should count towards insect and irrigation termination. There is no doubt that when nighttime temperatures rise above 80 degrees efficiency decreases as well as the ability for cotton plants to cool, thus reducing transpiration and photosynthesis. Because of decreased efficiency during these periods, DD60 or heat unit accumulation should be capped at 25 heat units. If high temperatures return in the next week, a 25 DD60 maximum per day should be used for accumulation counts.

## **Verification Program Update - (Frank Groves – Area Agronomist)**

All but one of the CRVP fields have reached physiological cutout (Table 1) or the point at which the nodes above the first position white flower equaled five (NAWF=5). The identification of this date is critical because all of the COTMAN termination recommendations are based upon it. Once a plant has reached NAWF=5, a grower should begin calculating heat units or DD60's. The DD60 calculation is simply the daily low temperature subtracted from the daily high temperature. This number should be divided by two then have 60 subtracted from it. For example a high temperature of 100 and a low temperature of 80 would give a median temperature of 90 and provide 30 DD60's.

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Table 1. CRVP crop progression

County	Grower	NAWF	Date	DD60's
Drew	Appleberry	4.9	July 24	353
Greene	Reddick	5.0	July 31	209
Lee	Parten	4.9	July 30	214
Lincoln	Keeter	5.0	July 31	188
Mississippi	Edwards	5.0	July 28	284
Monroe	Hall	5.0	August 05	66
Phillips	Jackson	5.9	August 05	N/A
St. Francis	McDaniel	5.0	July 24	356

Increased insect pressure and physiological shed have been observed throughout the state the last couple of weeks. Applications of acephate (0.5 lbs/A) or Bidrin (8 oz/A) combined with an older generation pyrethroid (5.125 oz/A) have provided good control of plant bugs. Fall armyworm pressure was observed in multiple fields, with the larvae in the top of the plant feeding on flower parts and small bolls. An application of Diamond at 6 oz/A combined with Mustang Max at 3.7 oz/A was applied to the Monroe County field for plant bugs and fall armyworms.

The cloudy weather of last couple of weeks has encouraged the shed of small bolls about the diameter of a dime. The shed has been moderate to this point, about two bolls per foot (Fig 1), but is still occurring. The timing should not affect the “money bolls” of the crop. With fields at cutout, bolls of this size will be about 6 nodes down from the top or in outer positions.



Figure 1. Monroe County physiological shed

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### Market update - (Scott Stiles – Extension Economist)

**Cotton:** Commodity hedge funds have made tremendous profits over the past few years in long positions. But, things change and July contained some of the worst losses seen for commodity hedge funds in 35 years. As of this writing, crude oil and soybeans have both fell over 20% from their July peaks. Is it possible to be happy and sad at the same time? The U.S. Dollar is on its way to a fourth consecutive week of higher closes. Interesting days are ahead as it becomes apparent that the flow of capital into commodities is slowing down. Upcoming decisions by the CFTC on how to police hedge funds will be of interest. A forced and immediate exit of futures positions could spell disaster for producers.




Cotton has been largely spared from the meltdown seen in corn, soybeans, and the energy complex. The upcoming August 12 USDA supply and demand report will guide the cotton market in the near term. The August 12 report will report the estimated crop size based on conditions as of August 1. Depending on what next Tuesday's monthly supply and demand report reveals, cotton could move back up to the mid 70-cent range on bullish news.

As mentioned many times already, the December 2009 contract holds promise for significantly higher cotton prices (currently trading at 82 cents). Whether this materializes depends in part on future production and trade decisions by India and China. The Indian textile industry has been demanding a ban on cotton exports due to rising domestic cotton prices. So far, the government has ruled out the possibility of imposing an export ban. The Indian government did recently remove import duties and export incentives on cotton to help control prices.

Signs are also beginning to show that China will focus more on grain production. At a recent regional conference on agriculture in China, plans were revealed that the largest cotton producing region in China would expand wheat and corn production while reducing cotton. Link to story below:

### [CHINA'S XINJIANG PLANS TO EXPAND WHEAT, CORN PLANTING AREAS](#)

 **Fuel:** It's encouraging that fuel prices have fallen while irrigation has been in full swing. How much further will crude fall? Agreeing with many other analysts, crude oil could fall to \$110 to \$111 and find some technical support as well. Goldman Sachs analysts seem to think the drop in crude oil is temporary and will return to \$145 by year-end. Crude oil is more likely to rebound than pull back much further. The China machine has slowed down a lot this summer in order to clean up the air for the Olympics. When that event is over later this month, manufacturing there will most likely return to normal. Sanctions on Iran are being discussed and any flare-ups in the Middle East always provide a boost to oil prices. As mentioned earlier, it's possible too much investment money flowed into commodities. This means that the crude oil market will be less volatile and more methodical on its next move up. Cotton producers should monitor this market closely during August to cover harvest fuel needs.

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**Fertilizer:** News reports continue to be bullish for potash prices. Fertecon Ltd. (a fertilizer economic and market consultancy firm) recently indicated that the spot potash price will continue to rise from \$625/ton in 2008 up to \$1350/ton by 2011.

Demand for potash is surging around the world. Producers in China, India, and Brazil have historically under-applied potash. Some estimates indicate that if potash was applied in these countries at research recommended levels, the demand of potash from these three countries would double from 21 million to 50 million tons in the next 15 to 20 years. There is no substitute for potash. Canada, Russia, and Belarus hold 85% of the known world potash reserves.

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