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### **Out of the Office**

I have to apologize for this newsletter being so late. We have been on the road lately, having winter production meetings around the state. Last night we had 70 in Shorter for a combined cotton and soybean meeting. It was the largest attendance of the year, but our extension meetings have all been well above average in attendance so far. Perhaps this is a result of the numerous large uncertainties surrounding crop production for 2010.

### **The Market**

Stan McMickle from Staplcotn was in Shorter last night, and I sat with him during the meal. He had no explanation for the current state of the futures market regarding cotton price. He seemed to feel, and I agree with him, that the fundamentals would tend to support prices at least a dime above where we are now. At least cotton is not alone. Soybean, corn, and wheat futures are also depressed. Peanut contracts of over \$400 are rumored but not substantiated to my knowledge yet. It has been a tough January to say the least.

### **Cotton Outlook**

As I mentioned, we have been out and about, and I have been asking farmers about their intentions. In most of Alabama, the figure that is most often used to describe where interest in cotton might pick up is 80 cents. Earlier this year I had a discussion along these lines with Ron Smith, our famous cotton entomologist. (I understand our other cotton entomologist left to work for Monsanto some time ago, which I didn't find out until yesterday) Anyway, until this market fiasco we both were of the opinion that cotton acreage would recover this year. I think that was pretty much the consensus around the belt, with all the ten-million acre talk. Now, I don't know. Sure cotton price on the futures is down but so is corn, so are beans. As Dale Monks says, "it's not how pretty you are but who you stand next to". I've been thinking and figuring on this, looking at costs and returns and running the budget numbers, and if I were a farmer I just don't know. We have a little time, not much. But I am doubtful at this point regarding any cotton acreage expansion in Alabama for 2010.

### **Market Advice for the 2010 Crop**

If you decide to plant cotton (or any crop really, they are all in the same boat), you have to think about marketing all the time. You might get a shot at a decent price, but it might not last long. Remember the one-day marketing opportunity from last year. Look at the chart for the March contract. There was a blip at \$1, one day only. I know a farmer who got some of that, but only one. He just happened to be there, saw it and pulled the trigger. He got lucky. Who is to say it won't happen again. So right now, knowing ahead of time that things change and this advice may change at any moment. My marketing advice for farmers is right now, do nothing. If at some time, hopefully sooner rather than later, you are offered a "decent" price, take it. Take it for a large hunk of your expected production. But, if you feel lucky, hold on to some bales. The fundamentals might take over again, and there might be a situation late this year where cotton will bring what its worth.

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