

The Market & More...

By: Jeff Thompson

AQCA Manager

March 15, 2018

Turnrow Talk

One can only marvel at this time of year, as just a touch of warmth awakens plants to new growth and promise. Almost overnight dismal wintry landscapes are illuminated with brilliant colors of spring. Those of us whose livelihood revolves around growing things suddenly become reenergized and excited at the prospects of another crop season. I'm reminded of how my recently departed dad began every prayer, "Lord, we thank you for all the blessings in life." Though truly blessed we so often fall prey to the hectic pace of everyday life and fail to reflect on the precious things bestowed upon us. Thankful to be stewards of the land and given the responsibility of clothing the world from a simple seed. Grateful to be in a profession whose members, though inherently independent, unselfishly will lend a helping hand to friends and neighbors without hesitation. Finally, a special thanks for your support and friendship over the years, and it's with pride and pleasure we look forward to working with you to make the 2018 crop a most successful one.

Cotton Variety Selection

A host of production decisions must be made throughout the growing season, many of which will be discussed in future Turnrow newsletters. None, however, are more important than your choice of cotton varieties to plant. There is no production practice available which can make up for a poor variety choice. Moreover, this decision has become difficult with the rapid introduction of new genetics and technological traits. Varieties today have a life span of only 4 or 5 years before becoming obsolete. This gives us limited performance data and field experience from which to base selection decisions.

Let me share a couple of thoughts to make the most of the information available to us. First, evaluate your fields as it relates to pest pressure from weeds and insects. This will determine the technological traits most needed. For instance, if fields are free of resistant weeds there may be no need for the newer herbicide technology. There are other herbicide options available at less cost that could suffice. As for insects, a word of caution, bollworm resistance to Bt cotton is becoming more widespread. In areas where this is prevalent, I would strongly recommend varieties that contain the 3-gene technology. Other locations may want to heed this warning, as well, for the spread of resistance is likely to grow.

When evaluating the performance data of individual varieties, consistency is the key. Choose from those delivering superior performance across a wide geographic area. Finally, though yield potential should be the primary selection criteria, the variety's fiber characteristics must not be overlooked. Fiber quality as it relates to staple length and strength are largely influenced by genetics, wherein micronaire and color are predominantly affected by weather. It's become rather obvious that quality premiums can greatly enhance the pricing of cotton. For this reason alone, choose varieties that can best deliver both yield and quality.

After careful study of University variety trial results, seed dealer data, and personal observations I have developed a 2018 recommended variety list for the Southeast. David Mullins, with his experience in the Southwest, has done the same for this region. Both can be found below. I've separated the Southeast list into three groups. The preferred list which includes varieties which excel in yield and quality. Note, I do have asterisks by two of these because their performance has lacked consistency. I included them, however, because

Southeast 2018 Recommended Cotton Variety List

Preferred	High Yielders	Watch
DP 1646 B2XF	DP 1538 B2RF	DP 1835 B3XF
DP 1555 B2XF	ST 6182 B2RF	DP 1845 B3XF
NG 5007 B2XF		NG 5711 B3XF
PHY 444 WRF		
PHY 333 WRF		
PHY 340 W3FE*		
PHY 330 W3FE*		

Southwest 2018 Recommended Cotton Variety List

Preferred	High Yielders	Watch
DP 1646 B2XF	FM 2334 GLT	NG 4689 B2XF
DP 1522 B2XF	PHY 490 W3FE	DP 1845 B3XF
NG 5007 B2XF		
NG 4545 B2XF		
FM 2334 GLT		
FM 1830 GLT		
FM 2007GLT		

they were extremely good in some locations and they carry the 3-gene technology. The high yielding group contains varieties that deliver high yields but lack significantly in quality. Finally, the third group, watch list, are new varieties currently in limited supply but have shown the capability of producing excellent yield and quality.

2018 Cotton Program

Once thought unimaginable, cotton is once again considered a program commodity crop eligible for PLC and ARC payments for the 2018 crop year. Through the hard work and efforts of many within our industry a unique program was crafted that takes into account both lint and cottonseed. The uniqueness of the program makes it appear intimidating and difficult to comprehend at first glance. Most likely many of you came away from the NCC sponsored webinar sessions where program provisions were discussed with even more questions. The first order of business will be to convert your generic base acres back to program acres by selecting from various options. Comparative evaluations on a farm by farm basis is helpful to insure the best option is chosen.

Don Shirley, a colleague of mine who is becoming the guru of the new farm program, has developed a software program to serve as an aid in making these evaluations. Here is the link to



this tool <http://www.caes.uga.edu/departments/ag-econ/extension/policy.html>.

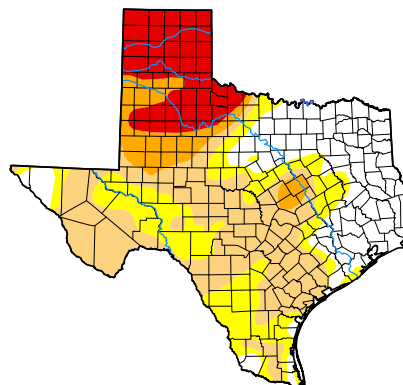
Once on the website page look under “Tools and Decision Aids.”

AQCA News

As ginning in Texas and Oklahoma nears completion, the pool will soon be receiving the final bales from the 2017 crop. We have been steady sellers of inventory as its received taking advantage of favorable prices. Currently, there remains only a few hundred bales in stock. A progress payment announcement can be expected by the end of the month. In addition, shortly after the last bale is received we will begin preparations to provide our accountants the necessary information to begin the audit which will lead to a final settlement determination. If all goes according to plan, it should be sometime early summer.

U.S. Drought Monitor Texas

March 13, 2018
(Released Thursday, Mar. 15, 2018)
Valid 8 a.m. EDT



Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:

Richard Tinker
CPC/NOAA/NWS/NCEP



<http://droughtmonitor.unl.edu/>

Market Report

Sound the trumpets and beat the gong, the market rally continues. May futures extended its retracement above 80 cents, closing today at 83.53. New crop December futures, which now has everyone's attention, maintained its slow steady uptrend, settling today at 78.19. Cotton fundamentals, the most supportive we've seen in years, is fueling this rally. As a result, there appears to be minimal downside risk to December futures, at the moment. Globally, cotton consumption will once again exceed cotton production. As a result, world ending stocks will decline by six million bales to 82.7 million. This would be the lowest ending stocks level since the 2011/2012 marketing year. Need I mention how high prices got that year. Better yet, the U.S. share of the world trade is increasing significantly due in large part to our superior quality and reliability. Case in point, we've seen successive weeks of exports sales surpassing 320,000 bales. It's been apparent for some time that we were on pace to exceed export sales estimate; however, the looming question and concern has been - can we ship that much cotton in a year. Over the last two weeks almost one million bales have been shipped, so it's apparent we can logistically export 16 million bales.

As for new crop, 199,000 bales were sold last week bringing total new crop sales to just shy of 2.5 million bales to date. The last time sale volume reached this level at this time of year was the 2011/2012 marketing year. The Southwest has received little or no rain over the past several months. All eyes will be on this region in the upcoming weeks. Even with a May planting rain, the crop will have to be spoon-fed all year, which poses a huge risk. Its possible abandonment may exceed historical levels and the increase in planted acres may not translate into bales. Technically, the specs are long the market but have money in hand to increase their position. They may be encouraged to do so with mills having 7.5 million bales of on call sales still to price. Even though these sales are equally based on May and July futures, December would most certainly be drug along.

Anyone reading between lines can easily tell we are cautiously bullish, for now. However, that's not to say one shouldn't take advantage of current prices by fixing a portion of your crop. Keep in mind, fundamentals aren't the only market influence. You never know what type firestorm might erupt from a late-night tweet out of the White House. Choice Cotton has a host of marketing alternatives from which you can choose: a pool, Rule 5 contracts, equity contracts and acre contracts. In addition, we are also available to advise on fixation levels and discuss ever changing market conditions. As a producer owned marketing company we are here to serve the needs of U.S. cotton growers.

Until next time,

