



**Southern Cotton Growers, Inc.**

REPRESENTING COTTON GROWERS THROUGHOUT ALABAMA, FLORIDA, GEORGIA, NORTH CAROLINA, SOUTH CAROLINA, AND VIRGINIA

# COTTON MARKETING NEWS

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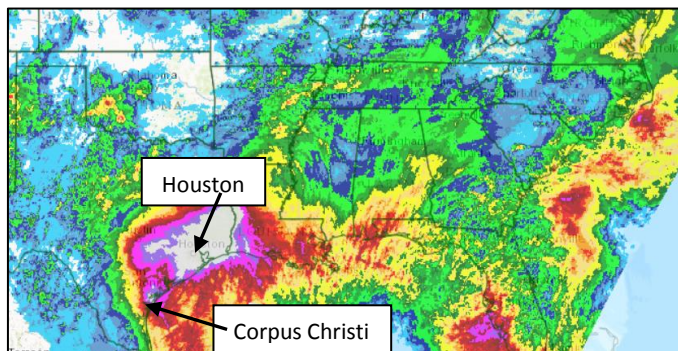
## Harvey, Irma, and Other Unknowns as We Move Into September

The human toll on life and property from Hurricane Harvey is horrific. Harvey is being tabbed as the worst natural disaster in our nation's history. The losses are still being determined and recovery could take years. It almost seems disrespectful to switch gears and talk about the agricultural impacts in light of all the human suffering—but ag is our business here.

The bottom line is, we don't yet know the full impacts and it may take a while. USDA's September crop production estimates come out on the 12<sup>th</sup>. The data collection period for the September estimates in Aug 29 – Sept 5. It is likely that the September report will not fully show the impacts of Hurricane Harvey as it is likely that most farmers in the hardest hit areas could be inaccessible during that time frame.

There are presently no plans to do any additional or supplemental data collection prior to what would be the normal period for the October report. It could be the October report before USDA-NASS numbers reflect the more immediate impacts—but of course, there already have been and will continue to be other observations and estimates of damage and loss and the market will react accordingly as it already has.

**Observed Rainfall, Last 7 Days Ending 8/31/17**  
SOURCE: NOAA

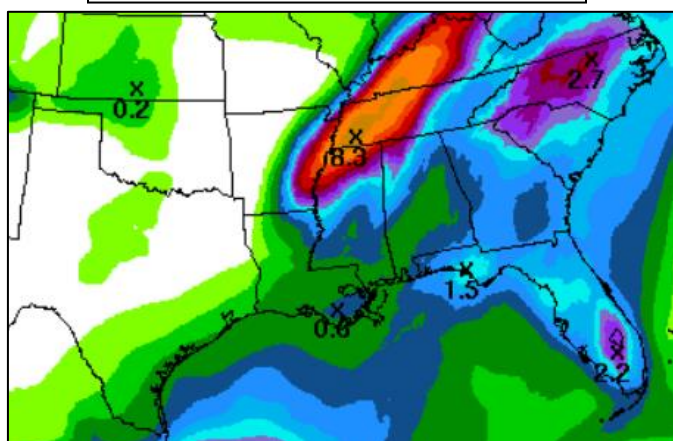


The Texas Gulf Coast area extending generally from the Brownsville area in the south, north through the Corpus Christi area then continuing northeast along the Gulf including counties southwest of Houston comprise the earliest harvested and some of the highest yielding and highest quality cotton in the country. The Brownsville and Corpus Christi areas escaped the very heaviest rainfall but cotton in the Richmond, Wharton, and Bay

City areas southwest of Houston did not. This would appear to be the main area affected.

The Texas crop is currently estimated at 8.83 million bales. Losses are thought to be 400,000 to 500,000 bales. Losses will include lost/damaged modules in addition to yield loss in the standing crop yet to be harvested. According to my friend and colleague John Robinson at Texas A&M, the Corpus Christi area crop was mostly if not completely harvested when Harvey hit. The main area affected was the upper coastal (Wharton area) crop which was reportedly about 35% harvested—65% still out there.

**Forecast Rainfall, Next 5 Days Ending 9/05/17**  
SOURCE: NOAA



The remnants of Hurricane/Tropical Storm Harvey now move into the Mid-South and will dump heavy rain over parts of the Louisiana, Mississippi, Arkansas, and Tennessee crops. Not necessarily entirely related to Harvey, but the Southeast also stands to get moderate rainfall over the next 5 to 7 days.

A question is will this rainfall be detrimental or helpful to the crop in the Mid-South and Southeast? If it will be helpful, how helpful and does this offset some of the losses in Texas. If it will result in further losses, how much? This wouldn't be reflected until USDA's October numbers. At this point in the season, if soil moisture is otherwise good, the best thing for cotton is plenty of sunshine to mature the crop on out and promote good harvest conditions and fiber quality.

Georgia conditions have been turning dry and rainfall could be helpful on a crop that was already estimated at only 52 lbs/acre short of our state record yield. The Georgia crop was 21% open as of Aug 27. Thinking about the rain now and projected in the Mid-South, as of Aug 27 the Louisiana crop was 43% open, Mississippi 23%, Arkansas 15%, and Tennessee 9%. Heavy rain (especially with winds) on open cotton can result in yield and fiber quality losses but sunny, drier weather afterwards can help.

Elsewhere in the Southeast, Alabama is 13% open, South Carolina 21%, North Carolina 11%, and Virginia 10%. Hurricane Irma has intensified into a Category 3 hurricane in the eastern Atlantic. Reports suggest it is far too early to speculate on eventual US impact although it could intensify to a Category 4 next week. Models are suggesting that Irma could track safely to the east of the US or track into the Gulf of Mexico.



Dec futures have moved back above 70 cents and currently stand in the 71-cent area. There will likely be resistance in this 71 to 72 cent area. There should now be support at around 68 cents. A range of 68 to 72 cents seems likely.

Over the next 2 weeks, the market will be watching the weather and more news and confirmation on losses due to Harvey. The market will be watching Irma's path. It's not sure what USDA's September numbers on the 12<sup>th</sup> will show or if we'll have to wait until October. There are losses from Harvey to be sure. The market is also aware, however, that the August report gave us surprise 20.55 million bale crop and, prior to Harvey, there seemed to be widespread belief that the crop might get even bigger. In other words, don't be too surprised if the number on the 12<sup>th</sup> is still a hefty one.

Our focus has been on Harvey and rightfully so. Other factors that will play into market direction include China production, use, and stocks; India production; World use; and projected US exports for this 2017 crop year.

This move back above 70 cents represents an opportunity to get caught up on contracts or some form of price protection if you feel you're not where you need to be.

*Alon Shunko*

Cotton Economist / Professor Emeritus of Cotton Economics



**Department of Agricultural and Applied Economics**  
 College of Agricultural & Environmental Sciences  
**UNIVERSITY OF GEORGIA**