

◀ 48...US BELTWISE MARKET PREDICTIONS

“The historic base, SLM 1¹/₁₆” cotton, should become a discount grade in the loan schedule, just as it is in the world market,” he said. “Growers can help themselves through this by aggressively voicing their support for a premium being paid for quality.” This is necessary, said Cleveland, to reorient marketing toward an export-dominated paradigm.

Without changes in the loan schedule, there is little incentive for the US to move to quality cotton production. Merchants and co-ops offer only scant rewards for quality cotton, preferring to spread quality gains over all growers. “It’s a system that the current generation of middlemen inherited, and it hasn’t been changed in nearly half a century,” Cleveland added. “Growers also have been largely complacent about the system.”

China continues to be the future of cotton. Globecot — which Cleveland said has had the best track record for predicting Chinese consumption over the past three years — estimates that Chinese consumption will climb to 45 million bales this season. It might even hit 46 million bales.

“Taking consumption at this level, we must realise that China and the Indian subcontinent (India, Pakistan) account for 80 million bales of cotton consumption every year,” Cleveland specified. “But in that group of countries, only China is a major importer of US cotton.”

Uzbekistan is a major unknown, he added. The Central Asian nation is in political turmoil and has come under pressure from both the US House and Senate over political repression. “This is a hot spot that could rock the world cotton industry any day and lead to as much as a 10-cent move to the upside before pausing for a reality check.”

The Farm Bill debate is the “greatest challenge” for US growers in the coming 18 to 24 months. The administration is intent on cutting support for US agriculture in general and singling out cotton specifically. The cotton industry must take a unified approach in any debate, Cleveland emphasised. 🌱

Professional, independent classing

After successfully completing its inaugural cotton classing season with what can only be described as an outstanding first year result, ProClass plans to build on these results and its reputation as being a professional, efficient, independent cotton classing company.

Based at Goondiwindi, Proclass offers growers and merchants a centralised, independent cotton classing service.

ProClass was set up in response to cotton growers and merchants wanting a truly independent cotton classing service.

The shareholding structure of ProClass is drawn from several industry sectors. They are:

- Cotton growers represented by a group of six growers from six cotton regions from Emerald to the Macquarie Valley.
- Cotton merchants represented by Dunavant Enterprises and Macquarie Cotton.
- An independent international cotton controller and classing firm — Wakefield International Classing Services — which has existing interests in cotton classing in many other countries.
- Stuart Thompson — independent classer and General Manager.

No other independent classing organisation can boast this structure, making ProClass a truly independent entity.

The structure of the company is specifically designed such that no one shareholder or shareholder group has a controlling stake in the business.

ProClass has invested in the most efficient HVI classing technology and established a team of expert classers with long term domestic and global experience.

The service is open to all growers and merchants. 🌱

