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Editorial...

David Dowling, Editor



In my editorial for the most recent issue, I noted that cotton prices were holding strongly at over \$700 a bale. Well, \$800 is the new \$700 these days and who knows what it may be by the time you read this?

That is a fantastic price for anyone with cotton still to sell this year and a good finish to the season, which puts a few more bales through the gin, could be very attractive windfall. And with forward prices for next season well over \$600 a bale, and plenty of water available in most regions, things are looking very rosy for the cotton industry.

Back in 2011, a squeeze on cotton futures markets produced a spike in prices to over \$1000 a bale. I can't recall exactly how long this lasted, but there were very few bales sold for \$1000 or anything approaching it. Apparently, some growers have framed contracts for a couple of bales at that price hanging on their walls, although I haven't seen any.

The current price spike is longer lasting and seems to have more "legs" than a decade ago. But these are very strange times that we live in. While not being an expert on commodity markets (who is?), it seems that current prices have been fuelled by more factors than just the production and consumption of cotton. Anyone trying to buy a new car, a RAT test or even some toilet paper will realise that it is not enough to just produce a product – you must also be able to deliver it to the customer. So, a lot of the price spikes and product shortages we are seeing relate to logistic problems – the lack of ships, pallets, trucks and truck drivers to get products from A to B. And Chinese trade wars don't help either, of course.

The second factor at work seems to be a squeeze on cotton futures markets. Again, I'm no expert on the games played between spinning mills, merchants and speculators, but it seems sensible to treat the resulting price spikes as a windfall and take advantage of them while they are there. Because gravity affects markets the same as anything else and they don't stay up for ever.

The Covid pandemic has kept us huddled in our houses and on our farms for the past two years. Hopefully, 2022 will be better and we can all get together at the Cotton Conference at the Gold Coast in August!

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