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Auburn Economist: Cotton Prices Probably at High Point

Southeast cotton producers have experienced an unpredictable season regarding market prices. The market plunged to 52 cents per pound not long after COVID-19 struck in mid-March. Over the next nine months, prices have surged back over 70 cents following this year's harvest season.

But will prices continue to increase? Adam Rabinowitz, Assistant Professor and Extension Economist at Auburn University, is hesitant to believe prices will climb much higher in the foreseeable future.

“Absolutely, it has rebounded quite a bit. I’m a little bit surprised about how high it has gotten. A lot of the rebound has been from some decrease in terms of production this year as well as just the opening of markets again as some of the initial restrictions from the pandemic have kind of eased and also some of the trade opportunities started to reopen,” Rabinowitz said.

“Where I’m seeing a little bit of the surprise, we’re looking at close to 75 cents per pound right now for cotton, and I think that’s probably hitting about a high point, unless we have some significant market changes in the next two months.”

Cotton Acres Next Season

The question also becomes what the 2021 acres will look like in Alabama, Florida and Georgia. A lot will depend on how farmers approach other commodities especially a resurgent soybean crop.

“I think we could see cotton acreage drop a little bit. There’s a lot of competing acres at this point. Soybean prices have really rebounded significantly. We’re going to see a lot more soybeans planted throughout the U.S. and probably in this region as well, if these prices hold,” Rabinowitz said.

“Also, in terms of where peanut prices are, I don’t think we’ll see a lot of movement there. But that certainly could compete for some acres. There’s still a good amount of production coming from this year, though.”