

Source The Eagle , Nov 1 2021

Cotton prices rally amid speculative buying

Cotton prices are much higher than this time last year and could present good selling opportunities for producers.

Cotton futures rose rapidly over recent weeks as speculators began buying for potentially big profits based on expectations that prices would go up, according to a Texas A&M AgriLife Extension Service expert.

The rally has been good for Texas cotton growers who have negotiated prices during the rally or who still have cotton to sell, said John Robinson, AgriLife Extension cotton marketing economist, Bryan-College Station. But he suspects the spike in buying and climbing prices is nearing the end.

Factors weighing on cotton prices

Robinson said the cotton price rally started several weeks ago when it became clear prices would be up and the number of futures contracts held by long speculators were targeting cotton. The speculative buying pushed prices higher, but he said it is unclear what negative cropping and production factors were pushing futures purchases.

Issues pushing the price increase could be rain in the U.S. Cotton Belt or problems with cotton crops in India or production issues in China, including import bans for cotton produced by Uyghur minorities in slave labor camps in northwestern parts of the country.

But those factors alone should not be enough to cause the 25-cent per pound price jump over the three weeks from the 80-cent to 90-cent per pound range to \$1.14 per pound for December futures. Robinson said conditions are bullish for cotton with strong demand, but the supply side and what is creating the strong demand are less clear.