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MARKETSCOMMODITIES

Drought Devastates U.S. Cotton Harvest

Farmers, particularly in Texas, are abandoning failed crops in droves, and cotton prices are rising



By *Ryan Dezember* [Follow](#)

Updated Aug. 16, 2022 2:55 pm ET

Southwestern cotton growers are abandoning millions of parched acres that they planted in spring, prompting forecasts for the weakest U.S. harvest in more than a decade and sending prices sharply higher.

U.S. agricultural forecasters expect drought-struck farmers to walk away from more than 40% of the 12.5 million acres they sowed with cotton and harvest the smallest area since Reconstruction. Back then, in 1868, yields per acre were less than a fifth of what they are today, but the market for cotton was vastly smaller too.

December cotton futures, the most-traded contract, rose Tuesday for the sixth straight trading session to close at \$1.169 a pound. Last week, futures gained about 13%, the sharpest weekly climb since March 2011, when prices were on their way to a record of \$2.141 a pound.

Cotton was among the commodities that shot up in price earlier this year. Like other raw materials, it was lifted by hedge funds and other speculators piling into futures markets to blunt the effect of inflation elsewhere in their portfolios.

But cotton also gained from surging oil prices, which raised the price of petroleum-based fibers such as spandex, polyester and nylon. When synthetic fibers like those get more expensive, demand increases for natural fibers like wool and cotton, and their prices rise too.

Cotton futures prices peaked in early May at more than \$1.50, a level reached rarely, and then they collapsed. When oil prices came

down from the shock of Russia's invasion of Ukraine, cotton futures lost nearly half their value and speculators exited agricultural-futures markets, taking profits and closing out inflation trades.

Lately, the severity of the Western drought and the toll it has taken on the cotton crop have sent prices climbing anew. They have broken from their lockstep with oil, which has continued to slide amid recession fears and waning consumption.

The U.S. Department of Agriculture on Friday slashed its forecast for the domestic cotton crop to 12.6 million bales, which are about 480 pounds apiece. That would be down 28% from last year, and the smallest crop since the meager 2009 harvest that helped set the stage for record prices. The USDA also predicted some of the lowest end-of season inventories in decades.

A severe drought and some of the hottest weather on record have scorched fields and driven a historically high level of abandonment in the Southwest, the USDA said. Farmers abandon crops when so little grows that it isn't worth the trouble to harvest.

Texas, the top cotton-producing state, has been especially hard hit. The USDA predicts a record low ratio of harvested-to-planted acres there and the state's lowest output since 1986, said Lance Honig, chief of the department's crops branch.

In the high plains of the Texas panhandle, Brent Nelson has given up on all but about 280 of his 5,000 acres. Farmers in his area can usually count on 17 to 18 inches of rain annually, but he said his fields have received only about 3 inches since last August.

"Thank goodness we have federal crop insurance," he said. "It's nothing like making a crop, but it will keep the farmers in business."

Val Stephens, who grows cotton on 1,500 acres south of Lubbock, Texas, was forced to collect insurance on his failed crop and has scuttled plans to plant winter wheat this autumn for lack of moisture. He estimates that 90% of the cotton fields have been abandoned in his parched part of Texas, and there hasn't been measurable rainfall since July 2021.

"As dry as it is, unless you've got some irrigation, it's fruitless," Mr. Stephens said.

Even irrigated fields are mustering mostly puny plants, said Kody Bessent, chief executive of Plains Cotton Growers, a producer group whose members typically grow about a third of the U.S. crop.

Irrigated plants that would normally be up to a typical person's waist by now and bursting with bolls are just knee-high this year, he said. Consecutive years of bone-dry weather and stretches of triple-digit heat left little

of the subsoil moisture that usually builds up over winter and sustains cotton plants when rain is sparse.

Though farmers have insurance to fall back on, the economic pain from the failed crop risks spreading throughout the region, to the gins that separate seeds from the cotton, the warehouses that store the bales, the mills that press cottonseed oil and the county-seat restaurants that feed farmers.

“A year like this has an astronomical impact on us,” Mr. Bessent said.

—*Kirk Maltais contributed to this article.*

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Appeared in the August 17, 2022, print edition as 'Drought Devastates Cotton Harvest In the U.S.'