



Arkansas Cotton Update



May 28, 2008

Tom Barber - Editor

Number 7

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Cotton Status (Tom Barber – Cotton Specialist)

Cotton producers across Arkansas finished up planting, replanting and re-replanting by the first of the week. The Arkansas Agricultural Statistics service reported that 90% of the cotton acres across the state were planted, which puts us back on track with last year and the five-year average. Cotton ranges from not up to 5- to 6-leaf in the earlier fields planted. Some fields have yet to be planted, and some are still awaiting a final decision to keep. These fields, if planted past this week, will likely be planted to soybean, so our final cotton acreage could potentially be less than the initial estimate of 650,000 acres. September weather will make or break the 2008 cotton crop in Arkansas. Hopefully, warm weather will extend into September and allow enough heat units to mature this crop out. An early cool spell, especially a frost, could be devastating to yield potentials of this later cotton. One of the concerns I have for this crop is that because of the wet/cool weather, the planting season was compressed in many areas to about one week when most of it went in the ground. Why is this a concern? Cotton requires approximately 130 days minimum from planting to harvest. This means that the majority of our cotton crop will be picked around the first to second week of October, and most of it will be ready about the same time. September will definitely be the million dollar month. I remember my predecessor Will McCarty at Mississippi State University used to say—and it fits well with our situation this year, “You can never count on a cotton crop, but you can never count it out either.”



Hail damaged cotton

Market Update (Scott Stiles – Extension Economist)

Cotton:

Cotton futures closed sharply lower Tuesday due to speculative selling driven by weakening technical indicators. Traders expect cotton futures to test new chart support in the near term. December futures settled 300 points lower Tuesday to close at 75.01. The next level of support below 75 cents is at 74.35. A drop below

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that level would be a possible test of the December low of 70.52. Lower prices may entice some mill buying and provide limited price support.

Cotton Futures Summary: May 27, 2008

	Close	Change	Range
July '08	66.25	-296	66.21-69.65
Oct '08	71.51	-300	71.51-74.42
Dec '08	75.01	-300	75.01-78.44



Crude Oil:

New York crude oil for July delivery traded as low as \$128.30 a barrel on Tuesday and closed at \$128.59. This is off of last Thursday's high of \$135.09 a barrel. Will \$135 be the peak? Some analysts are beginning to think that it will be. With national average gas prices near \$4, and over \$4 in 11 states, demand is declining during a time when fuel consumption normally rises.

Traders shrugged off a number of news items Tuesday that would normally have sent oil prices higher. These included a report that crude oil production in Mexico was down by 13% in April compared to the previous year, a North Sea oil platform was temporarily shut down, and an oil pipeline was bombed in Nigeria.

The fact that these events didn't send crude oil higher is an indication that fuel demand concerns are weighing on the market. Based on the declines already seen this year, the U.S. could post the first annual drop in gasoline consumption in 17 years.

Oil prices were also pressured Tuesday by the U.S. dollar, which gained against the Euro. Investors, who buy commodities (like crude oil) as a hedge against inflation, tend to sell when the dollar strengthens.

Outlook:

Back to the question of "Will \$135 be the peak?" We have to analyze crude oil with a global perspective. True, gasoline prices are cutting into demand here in the U.S. What about the rest of the world?

Given the sharp rise in prices this year, North American daily crude oil demand in the first quarter of this year was down 1.6% or 200,000 barrels per day. However, first quarter demand from China and other key developing nations rose 4.2% or 1.3 million barrels per day—more than compensating for the drop here at home.



2301 South University Avenue, P.O. Box 391, Little Rock, Arkansas 72203

PHONE: (501) 671-2186 FAX: (501) 671-2297

E-MAIL: tbarber@uaex.edu CELL: 501-944-0549

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The crude oil market has and will continue to trade with a long-term view of growing demand and economic growth in key developing nations. \$135 is not slowing crude oil demand in two countries with 40% of the world's population—China and India. The peak in crude oil prices will likely occur when demand begins to decline in these two countries and other developing regions of South America and the Middle East.

Insect Update (Scott Akin – Extension Entomologist)

Snails/slugs. Received a couple of calls this week regarding slugs or snails in cotton. Neither is an insect (in fact neither is even an arthropod—both are in the class *Mollusca*) but can be distinguished by the presence (snail) or the lack (slug) of a visible shell. Slugs and snails are typically more problematic in no-till fields or cotton following corn or sorghum the previous year. They also can thrive in wet planting conditions. While slugs are rarely known to cause economic damage, snails are even less likely to warrant a treatment decision. Pictures below are from a field I walked on Wednesday with Jefferson County agents Don Plunkett and Bradley Phillips. (Bradley is new, so we welcome him aboard.) It seemed every other plant in the field harbored a snail, while some plants had double-digit snails on a single leaf (see photo). Even with the high numbers of snails in this case, however, there were few holes in leaves across the entire field, and economic damage will not likely occur in the end. I anticipate the cotton to outgrow the small amount of injury associated with the population in the coming days, and these critters will eventually be behind us. Remember, however, that slugs (no shell) can be a more serious pest and even cut the plant off at the ground when at high populations, subsequently resulting in stand loss.

For high numbers of slugs or even snails where it is believed yield (i.e., stand) is truly threatened, no conventional insecticide to my knowledge would do a good job of control of either of these pests. There is a bait available called 'Deadline MP[®]' (a.i. metaldehyde, AMVAC) that is labeled in row and seed crops just for slugs and snails. However, except in extreme cases of slug populations where significant stand loss may be threatened, this option would not be economically-effective due to the expense of the product and the likelihood that the crop will make it through fine. More times than not, such as in the case this week, it is better to just let it go.



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2008 Cotton Scouting Schools – May 29 and 30

The 2008 cotton scouting schools have been scheduled for Jonesboro at the county office on May 29 and at Rohwer at the new Rohwer Research Learning Center on May 30. Registration at both locations will begin at 8:30 a.m. The program will last through lunch, and lunch will be sponsored by Bayer Crop Science.

Arkansas Division of Agriculture - Extension Cotton Specialist Contact List

Tom Barber	Cotton Specialist	501-944-0549 cell	tbarber@uaex.edu
Gus Lorenz	IPM Coordinator/Entomologist	501-944-0942 cell	glorenz@uaex.edu
Glen Studebaker	Entomologist	501-454-1922 cell	gstudebaker@uaex.edu
Scott Akin	Entomologist	870-723-5537 cell	sakin@uaex.edu
Ken Smith	Weed Specialist	870-723-5527 cell	ksmith@uamont.edu
Cliff Coker	Plant Pathologist	870-723-5519 cell	ccoker@uamont.edu
Scott Monfort	Plant Pathologist	870-659-0648 cell	smonfort@uaex.edu
Terry Kirkpatrick	Nematologist	870-777-9702 office	tkirkpatrick@uaex.edu
Scott Stiles	Economist/Farm Management	870-972-2481 office	sstiles@uaex.edu
Terry Griffin	Economist/Farm Management	501-259-6360 cell	tgriffin@uaex.edu
Leo Espinoza	Soil Fertility Specialist	501-837-8693 cell	lespinoza@uaex.edu
Dennis Gardisser	Agricultural Engineer	501-944-0319 cell	dgardisser@uaex.edu
Phil Tacker	Irrigation Specialist	501-944-0708 cell	ptacker@uaex.edu
Dharmendra Saraswat	Geospatial Specialist	501-671-2191 office	dsaraswat@uaex.edu
Frank Groves	Verification Program Coordinator	870-723-5704 cell	fgroves@uaex.edu

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