

Winter 2021

StapleReview

Will High Prices
Cure High Prices?

Celebrating
100 Years

A Message from the President

Will High Prices Cure High Prices?



We started the 2021 marketing year with a tight U.S. cotton balance sheet and justifiably strong cotton prices in the upper 80s and low 90s. Despite a markedly improved U.S. production outlook brought about by miraculous West Texas rains, cotton prices were not focused on the promises of a larger U.S. and world crop to come; rather, the market seemed to be more focused on the overall strength of the world's economic rebound coupled with low residual cotton stocks in key countries and depleted inventories all the way throughout the textile supply-chain. Collectively, global cotton growers were treated to something rather unusual: nice forward pricing opportunities not fueled by the prospect of crop failures. Then, in late August and early September, just after cotton prices appeared to be showing signs of weakness as new crop approached and after ICE futures prices finally managed to break a rock-solid trend-line support that had been in place for 18 months, cotton prices exploded higher. Physical purchase commitments by Chinese importers helped to support the market on the lows,

and shortly afterwards, the local price for seed cotton in China shot up even faster than the U.S. and Chinese futures markets. Basis and cash levels reacted as they could not ignore the \$1.60 ¢/lb. internal price being paid by ginners in Xinjiang. Speculators piled in on the long side of the futures markets while textile mills remained largely uncovered, having postponed fixations in the market's months-long rally.

For current crop, after an Omicron-induced correction, as of mid-December we have March '22 ICE futures prices around \$1.06 ¢/lb.—almost exactly in between the great prices from last spring and summer and the fantastic prices we had back in mid-November. For new crop, prices are once again offering cotton producers a better than average price of nearly 90 cents.



“So, what now?” must be a question on anyone's mind who is reading this article. After all, cotton prices are at historically lofty levels, and history tells us that high prices are cured by high prices. That old adage is usually true, but after such a world-changing event resulting in so much fiscal and monetary stimulus, changes in lifestyles, and supply-chain reshuffling, perhaps prices will be slower to react to high prices this time. In a nutshell, maybe this round of inflation will be different than what we've grown accustomed to over the past three or four decades, in that maybe we are approaching a new “normal” price point. I've heard

that the most dangerous four words in the English language are “This time is different,” but some prognosticators believe that maybe this time really is.

In my opinion, prices are likely to remain elevated and perhaps have some upside, particularly in new crop, especially if macro conditions foster a “risk-on” appetite for commodities among speculative investors, if the inflation story continues, and if the overall ag complex remains elevated in price.

China is the world's largest producer of cotton as well as its largest consumer. So Chinese prices are naturally a key indicator of world cotton price direction. Their local price should stay high as the country deals with a structural production/consumption deficit combined with a depleted Strategic Reserve.

So, what does the future hold for next year's U.S. and world cotton price? With stocks at the levels they are today, we can't afford too many hiccups in next year's production. Our hope is that 2022 will bring the cotton industry stability and prosperity and be free of the past two years' unfortunate disruptions.

On behalf of the Staplcotn staff, I would like to express how much we appreciate our membership and business partners. For our team, 2021 has been a year of reflection over this company's history as it served our members and industry over the past century. We are truly blessed that we have your trust and confidence and are honored to serve our membership alongside our business partners as we enter our next century of service. Merry Christmas and Happy New Year from all of us at Staplcotn. 🍷

James Reichel

1921 2021

Staplcotn. CELEBRATING 100 YEARS

Staplcotn has proudly reached its 100-year milestone this year and what a year it has been! As we began 2021, we were still in the throes of the COVID-19 pandemic and all that went with it—keeping employees safe by spreading them out within the office and arranging for some to work from home, daily temperature checks, providing masks and hand sanitizers—just to name a few. The objective was to keep everyone healthy and the business still running full speed ahead. Grower meetings were held virtually, and board meetings were held at the corporate office in Greenwood and virtually as well, depending on the preference of each board member. Cotton Services along with the IT department devised a touchless sign-up system for the membership, and Sales Operations had the extremely difficult job of weathering through the supply chain storm. Many adjustments had to be made to accommodate this non-discriminating virus and the effects it has had on the entire world, both physically and economically, but Staplcotn didn't miss a beat.

It's not surprising, though, that a company with such a rich history of perseverance and resolve would just take the problem at hand and figure out a way to work through it. This is what our founders did to begin this great company. It's what the board members and management teams have done through the years whether they were facing a depression, a world war, a fuel crisis, a recession, or horrible natural disasters. Staplcotn has always found the right people to serve in positions on the board and on the staff who have taken the challenges they faced head-on and not only survived them but thrived as a result.

In the spring of this year, things

started looking up. Vaccines were being heavily distributed and COVID numbers were going down. Staplcotn wanted to have an official celebration of its 100-year anniversary, but the way to accomplish that was going to have to change from what was originally planned two years prior to accommodate this battle with the virus. Plans were put into place to scale down from one large event originally set for June to smaller ones as not to create a superspreader event and yet still honor those who have helped Staplcotn get to where it is today.

Employee Service Awards

The plan was to first start with the annual Employee Service Awards Banquet and use the 100-year theme. Normally held in the spring, this banquet is an annual celebration of the employees who have reached milestones in their years of service to the company: 10, 15, 20, 25, 30, 35 and 40 years. Yes, we have many employees who have reached those "30 years plus" milestones over the years, which is a true testament to the company's work ethics and standards. It just seemed logical to honor those who had reached their landmark



In the rotunda just outside of the Multipurpose room where the Employee Banquet was held, attendees were greeted with a beautiful balloon display.



The room was arranged in a much more spread-out fashion, and employees were encouraged to sit with the colleagues that they work with in order to keep in line with Mississippi's COVID guidelines.

years of service as well as celebrate all who worked at Staplcotn during this centennial year. As COVID numbers continued to go down, the decision was made to hold the ceremony in June with additional COVID protocols in place.

Business After Hours

In July, Staplcotn hosted a "Business After Hours" event sponsored by the Chamber of Commerce to let Greenwood's

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Longtime Staplcotn Member, Billy Whittington (center), whose grandfather, Will Garrard, was Staplcotn's first business manager from 1921-1958, attended with his grandson Garrard Cole and daughter Phaedre W. Cole.



Ronnie Stevenson, president of Greenwood's City Council, provided remarks at Business After Hours.

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business community join in celebrating our first century of service. The mayor, city council members, area business leaders, retired local staff members, fellow chamber members and long-time area grower/members came and enjoyed food and fellowship. It was held in the third floor Multipurpose Room of the corporate office so that attendees had every opportunity to spread out—keeping in line with COVID protocols.

September Commemoration

The bigger event, which was to include our current board members, former board members and essential business partners from around the world was slated for September. "Surely by then the virus will have run its course," we thought! And then...the delta variant reared its ugly head. Plans had to change again. We kept the plan of having a commemoration ceremony at the corporate office for all who wanted to attend but decided to split the guests into two groups at separate venues for their dinner afterwards. Obviously, attendance was lower than originally anticipated due to personal choices, company mandates, state and country requirements, etc. Overall, though, it was well attended and not one person contracted the virus as a result.

Mississippi Governor Tate Reeves



The Greenwood Leflore Chamber of Commerce sponsored Business After Hours in July, which was held in Staplcotn's Multipurpose Room to spotlight the company's 100-year milestone.

attended and provided remarks as did U.S. Representative Trent Kelly, Mississippi Commissioner of Agriculture and Commerce Andy Gipson, and Staplcotn's own Woods Eastland, former board chairman and as well as former CEO. We received congratulatory videos to play at the event from U.S. Secretary of Agriculture Tom Vilsack, Antony Bahr of CoBank, and

Arkansas U.S. Senator John Boozman. We were also honored with remarks at dinner by Mississippi Lt. Governor Delbert Hosemann and National Cotton Council's president, Gary Adams. All of our speakers spoke of Staplcotn's positive influence on our state and the cotton industry through the leadership of members and staff.



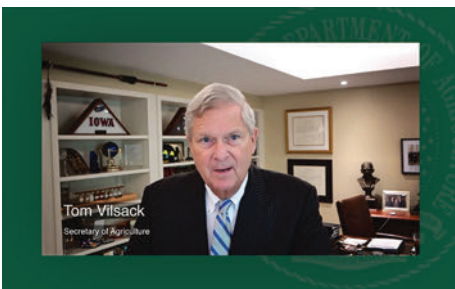
Staplcotn President and CEO Hank Reichle, Mississippi Governor Tate Reeves, Staplcotn Board Chairman Mike Sturdivant III, and U.S. Congressman Trent Kelly (MS)



Andy Gipson, Mississippi's Secretary of Agriculture and Commerce, gave entertaining and thoughtful remarks at the commemoration ceremony.



Staplcotn's Hope Brooks visits with Darryl Earnest of USDA, AMS, Gary Adams of the National Cotton Council, Joe Wyrick of EWR, Inc. and Woods Eastland, former Staplcotn Board Chairman and CEO.



U.S. Secretary of Agriculture Tom Vilsack sent congratulatory remarks to Staplcotn for its September commemoration ceremony. It was used in the virtual commemoration as well.



Mike Sturdivant III, current Board Chairman, and Woods Eastland, former Chairman as well as CEO



Former CEO as well as former Board Chairman Woods Eastland gave heartfelt and touching remarks on Staplcotn's success at the commemoration ceremony.



Former President and CEO Meredith Allen speaks with Mississippi Lieutenant Governor Delbert Hosemann at the board dinner held after the commemoration.



David Miller of Honduras Spinning and Vaughn Jordan of Cotton Council International attended the September celebration.



EMPLOYEE SERVICE AWARDS



Employee Banquet Service Award Recipients pictured above are as follows: (Front Row) Anita Jackson (Cotton Services, Athens, AL), 15 years; Ginger Davis (Cotton Services, Albany, GA), 25 years; Hank Reichle (President & CEO), who was the presenter of the awards; Lisa Ferguson (Sales Operations, Main Office), 20 years; Russell Robertson (VP - Human Resources, Main Office), 15 years. (Back Row) Conner Caffey (Stapldiscount, Main Office), 15 years; Cris Oltremari (IT Department, Main Office), 20 years; Tom Dillard (VP - COO Stapldiscount), 30 years; Rick Truitt (Marketing, Main Office), 20 years; and David Camp (VP - Sales Operations), 30 years.



Because the employee banquet was held the night before Staplcotn's quarterly board meeting, many members of the board were able to attend. Directors pictured from left to right are: Mike Sturdivant III, Chairman; Allen Whitehead, Clay Clark, Mike Newberry, Ben Sanders, Mike Pike, and Phil Murray.

Virtual Commemoration

The final 100-year commemoration was celebrated with our crucial international business partners virtually in November. In addition to Secretary Vilsack's video, the participants enjoyed the anniversary video that was produced and shown at the other events, remarks from Staplcotn Board Chairman Mike Sturdivant III; Staplcotn CEO Hank Reichle; Executive Director Bruce Atherley of Cotton Council International; Staplcotn agent Urs Riederer, the founder/owner of Sunrise Resources; and Executive Director Griff Lynch of the Georgia Ports Authority. Additionally, several of our agents and business partners sent heartfelt congratulatory videos that were interspersed throughout the virtual event. The enthusiasm and effort put into their videos was humbling and appreciated by the Staplcotn team. Even though we could not be together in person, the virtual event was a huge success and provided a perfect ending to the series of commemorations.

In retrospect, this year has been difficult, but extremely rewarding and insightful. Since its inception in 1921, Staplcotn has earned the reputation of being trustworthy, honest, ethical, and a leader in the cotton industry. Our founders began this company with those characteristics and all who have come after them have continued with the same principles. We are here to work for and represent our membership. We are going to put forth our very best for them and when we do, the rewards are great. It was clear in the remarks we heard from our business associates on local, state, national and international levels that Staplcotn is revered by so many. We could not have reached this milestone without our hard-working board members, our outstanding staff, our loyal business partners and most importantly, our dedicated membership. Staplcotn's reputation of excellence is one we will continue, for you, our members, for the next century. We truly thank you for the trust and confidence you instill in us. 🌱

VIRTUAL COMMEMORATION



The team from Amcot Korea played a delightful song in a video to congratulate Staplcoth on their anniversary.



Urs Riederer, owner and founder of Sunrise Resources, provided a touching and appreciated video reflecting on his 30 years of working with the company.



Congratulatory videos were sent from SunBliss Resources Limited as well as many other business partners from abroad.



Jason Lake, VP of Information Technology; Jean Blunden, Communications and PR Director; and Hank Reichle, President & CEO, set up the lights, camera and monitor in preparation for the Q&A portion of the virtual commemoration.

2022 Grower Meeting Schedule

Staplcoth is pleased to announce that we will once again hold our annual Grower Meetings in person beginning January 5, 2022. These meetings are important, both to the membership and the management staff. The membership will hear presentations from Board Chairman Mike Sturdivant III, President & CEO Hank Reichle, and VP of Cotton Services and Warehousing, Shane Stephens. In addition to receiving firsthand information, these meetings serve as a great opportunity for fellowship and conversations between growers in the region as well as Staplcoth's management, staff, and board representatives. We hope you will make every effort to attend. 🌱

ALABAMA

Athens
Thursday, January 6
11:00 a.m.
First National Bank

GEORGIA

Millen
Wednesday, January 12
5:15 p.m.
Honey Café

Colquitt
Thursday, January 13
11:00 a.m.
Cotton Hall

Tifton
Thursday, January 13
5:15 p.m.
UGA Tifton Campus
Conference Center

LOUISIANA

Ferriday
Wednesday, January 5
11:00 a.m.
Panola Woods Country Club

MISSISSIPPI

Columbus
Friday, January 7
11:00 a.m.
Venue 208

Greenwood
Tuesday, January 18
5:15 p.m.
Staplcoth Corporate Office

NORTH CAROLINA

Edenton
Tuesday, January 11
11:00 a.m.
Nixon Catering

Halifax
Tuesday, January 11
5:15 p.m.
Halifax Extension Service

SOUTH CAROLINA

Latta
Wednesday, January 12
11:00 a.m.
Shuler's BBQ

TENNESSEE

Memphis
Monday, January 10
11:00 a.m.
Bass Pro Shop





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Allen Crigler and his two sons of Crigler Planting were the producers of the first bales that Staplcotn received of the 2021 crop on September 27, 2021 at the Tensas Warehouse in St. Joseph, Louisiana. The Criglers have been Staplcotn members since 1988. From left to right are Allen Crigler, Thomas Crigler, Scott Crigler, and Staplcotn Cotton Specialist Ross Girtman. 



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