Winter 2018

StaplReview



Uncertainty Rules the Day

Grower Meeting Schedule

Uncertainty Rules the Day

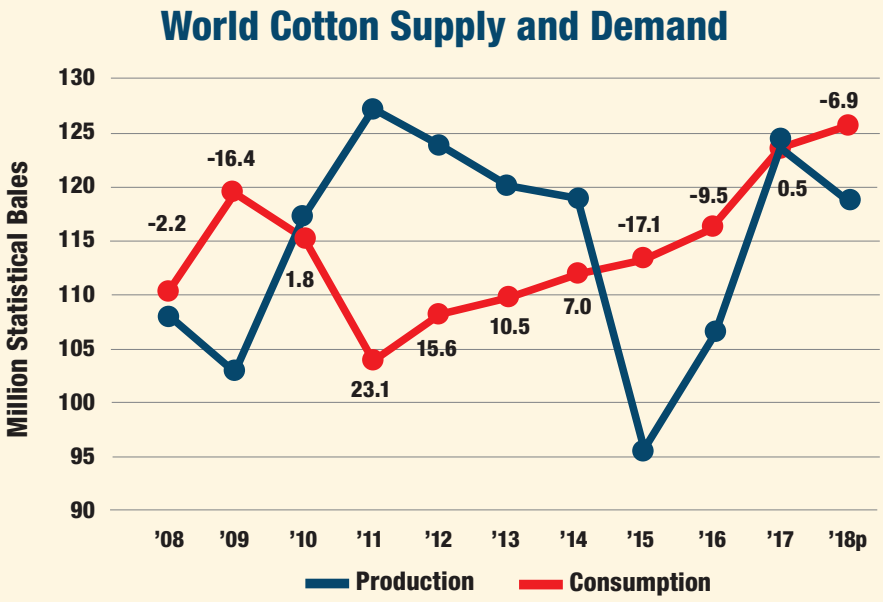


First, I would like to express my appreciation for the opportunity to serve as your President and CEO. Staplcotn has a fantastic board, incredible membership and a highly dedicated and capable staff. I am honored to have been chosen to lead this team on your behalf. We will continue to work hard together to create value for our members while maintaining trust and confidence in your cooperative.

In the Summer 2018 edition of *StaplReview*, I signed off my article, "Demand Driven Market", with a simple statement that read, "Good luck with your crop this season." At that time the crop looked very promising. None of us could have envisioned what was to come. Mother Nature ignored the plea for good luck and instead cast all sorts of bad luck at farmers, including multiple extraordinarily potent hurricanes, widespread excessive rains and even snow. Weather is always a factor, but this year will be one of those years that is etched in our memories. Many of you are facing serious challenges, but I have no doubt that our members will persevere. As one of our board members told me in a conversation back in October, "Yes, it's tough. But you know, Hank, it's just part of farming. We've made it through disasters before." I admire his attitude and believe it is common among our membership and staff.

Over the past few months another "storm" has struck global financial markets. Rising interest rates, currency crises, geo-political issues, slowing global growth, and–perhaps most importantly to U.S. farmers–global trade disputes, have all swirled together to create a tremendous amount of uncertainty in business. You are all business people and therefore know that when there is uncertainty about the future, the resulting actions today are generally some form of pause or panic. We have witnessed both pause and panic in the global financial markets and the textile supply chain. In reaction to economic and trade uncertainties, we've seen the traditional speculators in our market reduce their long bets in ICE cotton futures from ten million bales to less than four million. Spinners, weavers and knitters have slowed purchasing and some have curtailed production because of financial stress and/or weak downstream orders. Chinese textile operations, because of the trade war between the U.S. and China, are particularly sluggish and very uninterested in buying U.S. cotton that is exclusively subject to a retaliatory 25% import tariff because of the trade war. In textiles, when China gets a cold, most everyone else gets at least a sniffle or scratchy throat. Our Chinese customers are worried about the flu.

In the cotton market, all is not doom and gloom, though. Cotton prices have come down a good bit, but they've been much, much lower before. Cotton's price remains relatively well supported for fundamental reasons despite the macro economic and trade issues. First, global cotton production has suffered this year. Across



the globe, a few major cotton producing areas enjoyed good yields, but most have struggled this season. Since its September supply and demand report, the USDA has lowered its global cotton production forecast from nearly 122 million bales to less than 119 million bales in its December estimate. While USDA has also trimmed consumption estimates, year over year growth is expected and a nearly 7 million bale production deficit is estimated for the 2018/2019 marketing year. Even if the USDA's consumption outlook proves too high and we don't achieve 125.6 million bales of global consumption, we should still consume several million bales more globally than we produced. Finally, with global consumption around 125 million bales and Chinese government stocks no longer excessive, we need more cotton production.

In the near term, uncertainty is ruling the day. But, at some point, those clouds of uncertainty will clear. When they do, the textile supply chain will return to normal. Unless a full-blown global recession and/or trade war ensues, cotton's fundamentals look supportive.

I hope you and your family have enjoyed a blessed Christmas and holiday season. Best wishes for a successful and far less challenging 2019. I look forward to visiting with many of you at our grower meetings in the next few weeks.



2019 Grower Meeting Schedule

ALABAMA



Athens
Monday, January 14
11 a.m.
First National Bank

GEORGIA



Millen
Wednesday, January 9
5:15 p.m.
Honey's Cafe

Colquitt
Thursday, January 10
11:00 a.m.
Cotton Hall

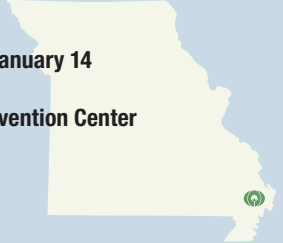
Tifton
Thursday, January 10
5:15 p.m.
UGA Tifton Campus

LOUISIANA



Ferriday
Wednesday, January 16
11 a.m.
Panola Woods Country Club

MISSOURI



Sikeston
Monday, January 14
5:15 p.m.
Miner Convention Center

MISSISSIPPI



Columbus
Friday, January 11
11:00 a.m.
The Hyatt Place

Clarksdale
Tuesday, January 15
5:15 p.m.
Elks Club

Indianola
Wednesday, January 16
5:15 p.m.
Capps Center

NORTH CAROLINA



Edenton
Tuesday, January 8
11 a.m.
Nixon Catering

Halifax
Tuesday, January 8
5:15 p.m.
Halifax Extension Service

SOUTH CAROLINA



Latta
Wednesday, January 9
11 a.m.
Shuler's

TENNESSEE



Memphis
Tuesday, January 15
11 a.m.
Bass Pro Shop

Reichle Takes the Helm

It's been talked about for over a year and expected by staff and membership alike. But, now it is official. On September 19, 2018, Henry N. "Hank" Reichle was named President & CEO of Staplcotn and Stapldiscount by the Board of Directors, following the retirement of Meredith Allen.

Hank has proven to be a natural leader from the moment he stepped through the corporate headquarter's door in 2004. It only took a year for him to be promoted to the position of Senior Director of Export Sales. In 2010, he was promoted to Vice President of Export Sales and Market Administration and then to Vice President of Marketing in 2014. He became Staplcotn's Executive Vice President in 2016; and now, he's the "captain of our ship."

Meredith Allen has sung Hank's praises for years. In his last message as President in the Summer 2018 issue of *StaplReview* Meredith said, "I'm extremely confident that Hank Reichle, as Staplcotn's new President and CEO, will provide many years of superb leadership to this great organization." However, it's not just within the company that Hank's leadership is appreciated and admired. It's also within the community in which he lives and the industry that he loves.

Hank currently serves as first vice president of Cotton Council International. Additionally, he serves on the boards of the National Cotton Council and The Seam, and was recently elected as an AMCOT director and named to the Agribusiness Industry Council of the Federal Reserve Bank of St. Louis. Locally, Hank has served his community as Chamber of Commerce president and as a board member of the local publicly-owned utilities company and continues to participate in several other civic organizations.

Not long after Hank settled into his new position, he decided it would be beneficial to have a meeting with the main office staff and reinforce who we are as a company and why we are here. He wanted to make sure that we continue to remain focused on our mission.

Hank explained that the first half of the mission statement "refers to the focus of the company in terms of the services we will provide and outlines for whom we work – our members." He made clear that they are more than members, but as a cooperative, they are our owners. "The money we generate is their income. The money we save is theirs. Our members invest in us to maximize the value of their crop and reduce the costs of the warehousing and borrowing."

The Mission of Staplcotn/ Stapldiscount is to enhance its members' incomes by providing cost effective marketing, warehousing, financing and other authorized services in a manner that fosters their trust and confidence in the cooperative and meets exemplary standards of business and personal conduct.

Hank went on to explain that the second part of the mission statement is the part that defines the culture it takes to be successful here – a culture that fosters trust and confidence in the cooperative. He said, "It is our people, each one of us, whose actions create this trust and confidence. Our actions are our identity. The accolades we receive and the high esteem in which Staplcotn is held comes from the remarkable corporate culture we have created and maintained. It is a culture that fosters trust and confidence through morals, ethics, service, honesty, integrity, and fairness." He ended his presentation by discussing the importance of maintaining Staplcotn's reputation, "The Staplcotn brand is known for its corporate culture of integrity and honesty. I want to make sure our team knows that we do have an excellent reputation. You and the staff before you have earned that reputation. Let's make sure we are always working to keep it that way. I encourage you to always keep trust and confidence in the back of your mind. Ask yourselves, 'Are my actions helping to promote the trust and confidence among our members and business partners?' If the answer is yes, then we will continue to fulfill our mission and continue to enjoy an excellent place to work."

Hank's words were well received by the staff. They came away uplifted and motivated. They know that he not only talks the talk, he walks the walk. Staplcotn and Stapldiscount are in good hands with Hank at the helm.



On the cover, left to right:
Meredith Allen, outgoing President; Hank Reichle, incoming President; and Mike Sturdivant, Chairman of the Board

SMALL ELECTED TO BOARD

At at the annual meeting of Staplcotn and Stapldiscount, held on September, 19, 2018, at the corporate office in Greenwood, Mississippi, J. Byron Small was elected by the membership to serve a three-year term on its board of directors. He replaces John Newcomb of Osceola, Arkansas, who retired in September.

Small, who has been a Staplcotn member since 1986, is from Senath, Missouri. He currently serves as president of the South Dunklin Rural Water District, is on the board of the Arkansas Pilots for Christ, and is former president of the Senath Hornersville school board.

Small and his wife Pamela have two grown children, Landon Small and Dr. Luke Small, and are members of the



Church of Christ in Senath where he serves as a deacon.

Barrier Promoted to Vice President - Sales



Frederick Barrier was promoted to Vice President - Sales at the September 2018 Staplcotn Board Meeting. Barrier, who was formerly the Vice President - North American Sales for the company, is now responsible for directing all marketing activities for Staplcotn as well as assisting in the development of marketing and hedging strategies for the cooperative.

Barrier holds a Bachelor of Business Administration degree from the University of Mississippi. He began his career in the cotton business with Gullette Cotton Company in 1991. In 1992, he joined Maxwell Cotton Company in Inverness, Mississippi, and was promoted to Vice President of the company in 1996. Barrier joined Staplcotn in 2003 as the Director of North American Sales. He was promoted to VP - North American Sales in 2010.

As a much sought-after leader within the cotton industry, Barrier serves on the board of directors for both Cotton Council International and the USDA Universal Cotton Standards Committee. He also serves on various committees of the National Cotton Council and Delta Council. Barrier is a former director of the Greenwood Cotton Exchange.

A native of Yazoo City, Mississippi, he and his wife Rebecca reside in Indianola, Mississippi, with their three children: Sarah Tucker, William, and Hayes. He currently serves on the School Board of Indianola Academy and is a member of St. Stephens Episcopal Church in Indianola.

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In Memoriam



Ben L. Lamensdorf

June 24, 1935 - November 10, 2018

It is with our sincere regrets that we announce the passing of former Staplcotn Board Chairman, Ben Lamensdorf on November 10, 2018. A board member since 1998 and chairman from 2003 until 2010, Ben was a valuable and beloved member and friend to the Association. He gave his time and efforts unselfishly to further the interests of all of Staplcotn's members. Ben will be remembered with deep affection and appreciation for his soft-spoken and courtly demeanor, his sincerity and warm-heartedness, and his passionate desire to do what was right for his constituents of the membership. We would like to extend our heartfelt condolences to his family and friends.

Staplcotn

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StaplReview is published as a service to members of Staplcotn.

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