

Cotton, Hog Futures Jump as Florence Heads for East Coast (1)
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(Bloomberg) -- Cotton, corn and soybean fields along with massive hog and poultry facilities lie in the projected path for Hurricane Florence.

The storm's U.S. landfall could come Friday between Charleston, South Carolina and Norfolk, Virginia, the Hurricane Center said. As much as 15 inches (38 centimeters) of rain could flood cotton fields in parts of North Carolina, according to AccuWeather Inc. The state is also home to several pork-processing plants from major producer Smithfield Foods Inc.

Florence will likely bring "wind and flood damage" for corn and soybeans in the region, Commodity Weather Group said in a report Monday.

"Cotton is one of the largest commodities that can be affected by Florence," Terry Reilly, senior commodity analyst for grain and oilseeds at Futures International in Chicago, said in an email. "Too much rain is never a good thing for any crop, unless it's rice."

Cotton for December delivery rose as much as 2.3 percent to 83.84 cents a pound on ICE Futures U.S. in New York, the highest in more than a week. On the Chicago Mercantile Exchange, October hog futures jumped as much as 2.9 percent to 57.25 cents a pound. The contract headed for a sixth straight gain, the longest stretch since it debuted in May 2017.

North Carolina is the top U.S. turkey producer, ranks third for chicken and is home to more hogs than any state other than Iowa, government data show. Together with South Carolina and Virginia, the three states were projected to harvest about 7.5 percent of the total U.S. cotton crop in the 2018-2019 season.

About 50 million bushels of corn and 30 million bushels of soybeans could be lost due to the storm, according to Jack Scoville, the vice president of Price Futures Group Inc. in Chicago. The U.S. Department of Agriculture forecasts the national corn crop at 14.6 billion bushels and soy at 4.6 billion. The agency will update its harvest outlook on Wednesday.

"Compared to the overall total, it's fairly small, but still," it's a loss, Scoville said. "It's going to be a tough time."

Dean Foods Co., the nation's top milk processor, has provided additional deliveries to customers where needed to meet increased demand, spokeswoman Reace Smith said by email.

Poultry Farms

Sanderson Farms, the third-largest U.S. chicken producer, is filling feed bins, testing generators and topping off fuel at farms in the area to ensure birds will have food and water if electricity is lost, Chief Financial Officer Mike Cockrell said by telephone. The company has two processing facilities in North Carolina, and it's too early to know the potential impact on the plants, he said.

Smithfield Foods, owned by Hong Kong-based WH Group Ltd., didn't respond to phone calls seeking comment.

"There's probably going to be some severe logistical issues" for agriculture in the region, Scoville of Price Futures Group said.

--With assistance from Justina Vasquez.

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