

The Feasibility of Handling and Marketing Cotton in Short Ton Units

Jason Pace and John Robinson
Texas A&M University

Introduction

- NCC's 2010 Vision 21 Cotton Flow Study (CFS) recommended consideration of a short ton trading unit
- Amounts to a four-bale clamp load
- Mills and merchants would select bales in four bale groupings of sequential bales at the gin
- Hypothetical cost savings mainly at the warehouse level

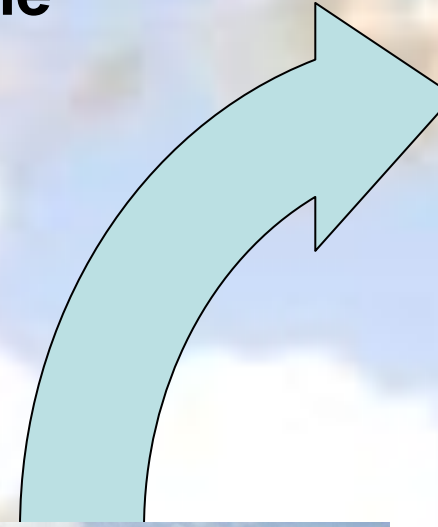


Photo by Rod Santa Ana, Texas AgriLife Extension Service

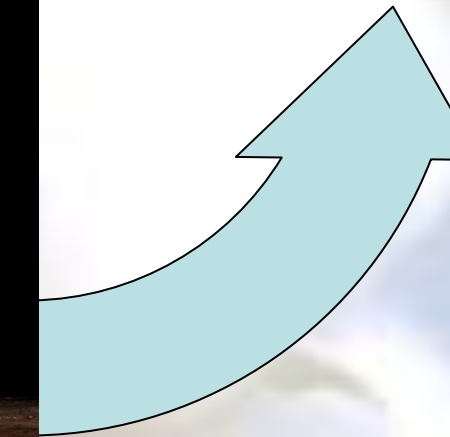


Potential Cost Savings

- The Vision 21 CFS identified the potential cost savings to be found in faster filling of shipping orders
- The level of cost savings is a function of how sequential, or how scattered, are the locations of bales in a shipping order
- If the typical shipping order were to require that bales be pulled from about 40 locations, which could be reduced to 22 locations were STs adopted, then the cost savings would be roughly 45 percent
- This could amount to \$1.14 per bale



Photo by Lance Murphey, Memphis Daily News



Research Directions

- Updated simulation analysis of potential savings in handling costs in the warehouse, net of added costs from adopting this innovation
- Extrapolation from USDA-AMS data on module averaging (especially of four-bale modules) which show only limited incidence of grade outliers in four bale groupings
- Measuring the trade-off between lost sales to merchants/mills (wanting only single bales) and added sales for shipping orders expedited by pulling short ton units faster