

## Wondering what's up with cotton prices?

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If you are wondering what is behind the recent increase in the retail prices of your quilting cottons, here is a brief explanation to help you understand the situation.

Cotton is a commodity and like all commodities prices are increasing. Most would attribute this primarily to the weakening dollar. As confidence in the dollar erodes, commodities rise in value. The dollar has weakened, of course, as our national debt has skyrocketed. Premium fabric brands are printed in Japan and Korea. The dollar has weakened by approximately 20 percent to these countries' currencies.

We are also wrestling with a worldwide cotton shortage. This shortage is exacerbated by flooding in Pakistan, heavy rains in China and hail damage in west Texas. India has stopped the exportation of cotton altogether, and China has severely restricted its cotton exportation because rising wealth is boosting consumption in their own country. Labor shortages in China have also contributed to the reduction in available cotton. Indeed, the entire globe is competing for a finite amount of product. As is sometimes the case, when commodities spike in price, speculators hold out for better prices, and it appears that is what some greige goods producers may be doing.

Historically, when cotton prices would rise dramatically, mills could blend their way to a cheaper product. The quilting culture simply does not support a blended product, not to mention the fact that polyester (a petroleum derivative) prices are also rising.

Truly we are dealing with a "perfect storm" of problems when it comes to fabric costs. The quilting industry is also dealing with a significant decrease in the number of print mills that can print the smaller minimums our industry requires, as well as the 16 to 18 screens so frequently used. There were once approximately 25 printers that could do this type of work; we are down to 10 now! This puts upward pressure on printing costs. We still have six mills left in America, but they produce carpet, upholstery, etc. They may do some high speed rotary printing, but with large minimums and only four to six screens. They do not do low minimum flat bed press printing using 18 screens.

As if this weren't enough, the industry is also dealing with two other issues. As the cost of greige goods (fabric before it is printed) increases, the duty on these goods also increases. Last but not least, UPS shipping costs are increasing 4.9 percent in January 2011! Wow! The perfect storm indeed!

Stephanie Dell'olio, president, retail division of Marcus Bros., recently exclaimed, "We have experienced shortages in the past, but this particular set of conditions is like no other we have ever experienced in our 100-year history."

One reason these price hikes are creating so much consternation is that we have experienced so little inflation in the fabric industry over the last 20 years. My wife, Roxanne, took quilting classes when we lived in Phoenix 20 years ago. She was paying \$6.99 per yard for Hoffman of California prints. The industry was much smaller then, and Hoffman was considered (as it still is today) a premier brand. Today Hoffman prints are \$9.99 per yard many quilt shops. This is only a 44 percent increase in 20 years!

In 1990 a loaf of bread was .70. In 2010 a comparable loaf was \$2.69. That's a 284 percent increase. The average cost of a new car in 1990 was \$16,900. In 2010 the average price of a new car was \$27,000. This is 65 percent increase. One pound of ground beef was .89 in 1990. In 2010 a pound of ground beef was \$3.29. This is a 270 percent increase.

You can look at just about anything you purchase and if you compare the price of that item in 1990 to the price today you may just find quilting cotton is a still a good value worth the joy it brings you!

*Jim Salinas has close to 40 years of experience in the fabric industry. He was a store manager and then district manager with Hancock Fabrics for 17 years and later vice president of marketing for Cloth World, director of fabric merchandising for Michael's Arts and Crafts and executive vice president of House of Fabrics. He has been a sales associate for Moda Fabrics since 1997.*