

**COTTON AND POLYESTER PRICE INTERACTION IN GLOBAL MARKETS**

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**Abstract**

Evidence of links between energy and agricultural prices has grown in recent years. While evidence of links between cotton and energy prices is uncommon, the strong correlation between cotton prices and biomass feedstock prices suggest a channel exists. Polyester and cotton price relationships are crucial to the future of cotton and are more complex than is generally assumed. A cointegrated vector autoregressive model is used to examine the long- and short-run relationships between prices of cotton, polyester, and oil.