

Southern Cotton Growers, Inc.
REPRESENTING COTTON PRODUCERS THROUGHOUT ALABAMA, FLORIDA, GEORGIA, NORTH CAROLINA, SOUTH CAROLINA AND VIRGINIA

COTTON MARKETING NEWS



Volume 11 Number 16

August 12, 2013

This newsletter is also available on the UGA Cotton web page at <http://www.ugacotton.com>

August Report Bullish/Supportive

Today, USDA released it's much anticipated August crop production and supply/demand estimates. Important because it's the first farmer survey based report for the 2013 crop and because of the uncertainties in the 2 largest US cotton states—drought in Texas and heavy rainfall in Georgia.

Today's report estimates the 2013 US cotton crop at 13.05 million bales—almost ½ million bales less than the July estimate. US exports were lowered but likely due to the smaller crop and further tightening of US supply.

US yield was lowered from 831 to 813 lbs/ac, Texas acreage abandonment is estimated at 42% and a yield of 597 lbs/ac compared to 624 last year. Georgia yield is estimated at 941 lbs/ac—a respectable number given the challenges we've faced so far.

2012 Actual and 2013 July and August Estimates.

	US			World		
	2013 Estimates			2013 Estimates		
	2012	July	August	2012	July	August
Acres Planted	12.31	10.25	10.20			
Acres Harvested	9.37	7.80	7.70			
Yield	887	831	813			
Carry-In Stocks	3.35	3.90	3.80	71.72	85.58	86.35
New Crop Production	17.32	13.50	13.05	121.06	118.02	116.38
Imports	0.01	0.01	0.01	46.89	38.26	38.37
TOTAL SUPPLY	20.68	17.41	16.86	239.67	241.86	241.1
Use	3.45	3.50	3.50	107.42	109.79	109.85
Exports	13.10	11.00	10.60	46.65	38.30	38.36
TOTAL DEMAND	16.55	14.50	14.10	154.07	148.09	148.21
Unaccounted/Loss	0.33	0.01	-0.04	-0.75	-0.58	-0.88
CARRY-OVER	3.80	2.90	2.80	86.35	94.34	93.77

Source: USDA. Acreage in million acres, yield in lbs/ac, supply and demand in million 480-lb bales.

The World crop was reduced 1.64 million bales from the July estimate—1 million bales of the cut in China (dropped from 34 to 33 million bales expected production). Usage held steady, increasing just slightly. On net, World carry-over or ending stocks was reduced by almost 600K bales. Estimated Chinese crop year ending stocks were lowered slightly by 67K bales.

These are not really real significant changes in the grand scheme of things, but should be bullish enough to be supportive of prices in the near-term. The US crop got smaller, the Chinese crop got smaller, demand seems to be stable, and stocks got a little smaller.

Prices surged to near 90 cents last week and today again are at 90 cents—the highest level since mid-June. Longer-term, the outlook could again turn more cautious. Production is expected to outpace demand by 6½ million bales, we still face record World stocks held mostly by China and demand, while mostly good, still appears fragile.

On the potentially bullish side, the US crop may yet still face challenges with both yield and quality. The price outlook will depend on US and World production, export sales, and Chinas stocks and policies for purchasing cotton and use of stocks. Another run at 90 cents at this time seems a little hard to believe but here we are.



Don Shurley
Don Shurley, University of Georgia
donshur@uga.edu / 229-386-3512