

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

COTTON MARKETING NEWS



Volume 11 Number 21

October 18, 2013

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

Prices Hold Under Pressure. After rallying to almost 88 cents the first week of this month, prices (Dec13 futures) fell 4 cents and today closed at 83.11 cents/lb—the lowest close since back in early September.

Prices have challenged the 82 to 83 cents area on several previous occasions and each time the market has rallied. Support at the 82 to 83-cent area seems firm and hopefully will hold under this latest assault as well. Fresh buying at these prices has created and helped maintain the support.

Crop Progress and Condition. Due to the government shutdown for over 2 weeks, USDA has not released a crop progress and condition report since September 30. A report is expected on Monday (October 21). The last report showed development and harvest are behind. On September 29, the US crop was, on average, 59% open bolls compared to a normal 71% open. On September 29, the crop was 7% harvested compared to a normal 14%. The crop is especially late in the Mid-South—Mississippi (on 9/29) was 20 percentage points behind normal, Louisiana 18, Missouri 16, Arkansas 11, and Tennessee 10.



On September 29, the US crop was rated 42% good to excellent but 24% poor or very poor. FYI, the Georgia crop was rated 17% poor or very poor and 43% good to excellent. Georgia farmers I've talked to indicate that some field are yielding very poorly as expected (due to heavy rain and/or persistent standing water in June and July) while others are saying yields are coming in better than expected. Georgia was only 2% harvested on 9/29 but weather has cooperated and we appear to be making good progress on harvest of cotton that is ready.

Fiber Quality. The US crop is forecast at 12.9 million bales—down from 17.3 million bales last year and 15.6 million in 2011. When there's a "smallish" crop, attention also turns to fiber quality. As of October 17, 54% of the upland bales classed as of that date were "tenderable"—met the minimum specifications of the New York cotton futures contract compared to 61% for last season. Very early classing data (less than 1 million bales of upland cotton) by state does not seem to yet clearly indicate any widespread specific quality problems. As of 10/17, the Texas crop was grading 52% Color 31 or better compared to almost 80% last season. Staple in Texas seemed to be running just under last year but Uniformity was about the same or slightly better than last year.

Farm Bill. Farm bill negotiations have begun. House and Senate conferees have been appointed and both House and Senate bills have gone to the Conference Committee. House and Senate Conference Committee leaders have met to discuss how to proceed. There are similarities but there are also several major differences between the House and Senate versions that have to be resolved in the Conference Committee. Reports have indicated that the Conference Committee will meet for the first time the week of October 28. The goal is to pass a farm bill before the end of the year. A comparison of the House and Senate bills can be found at <http://www.ugacotton.com>. Look in the left margin menu under "Economics, Marketing, Policy" and scroll down about half way on the page.

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