

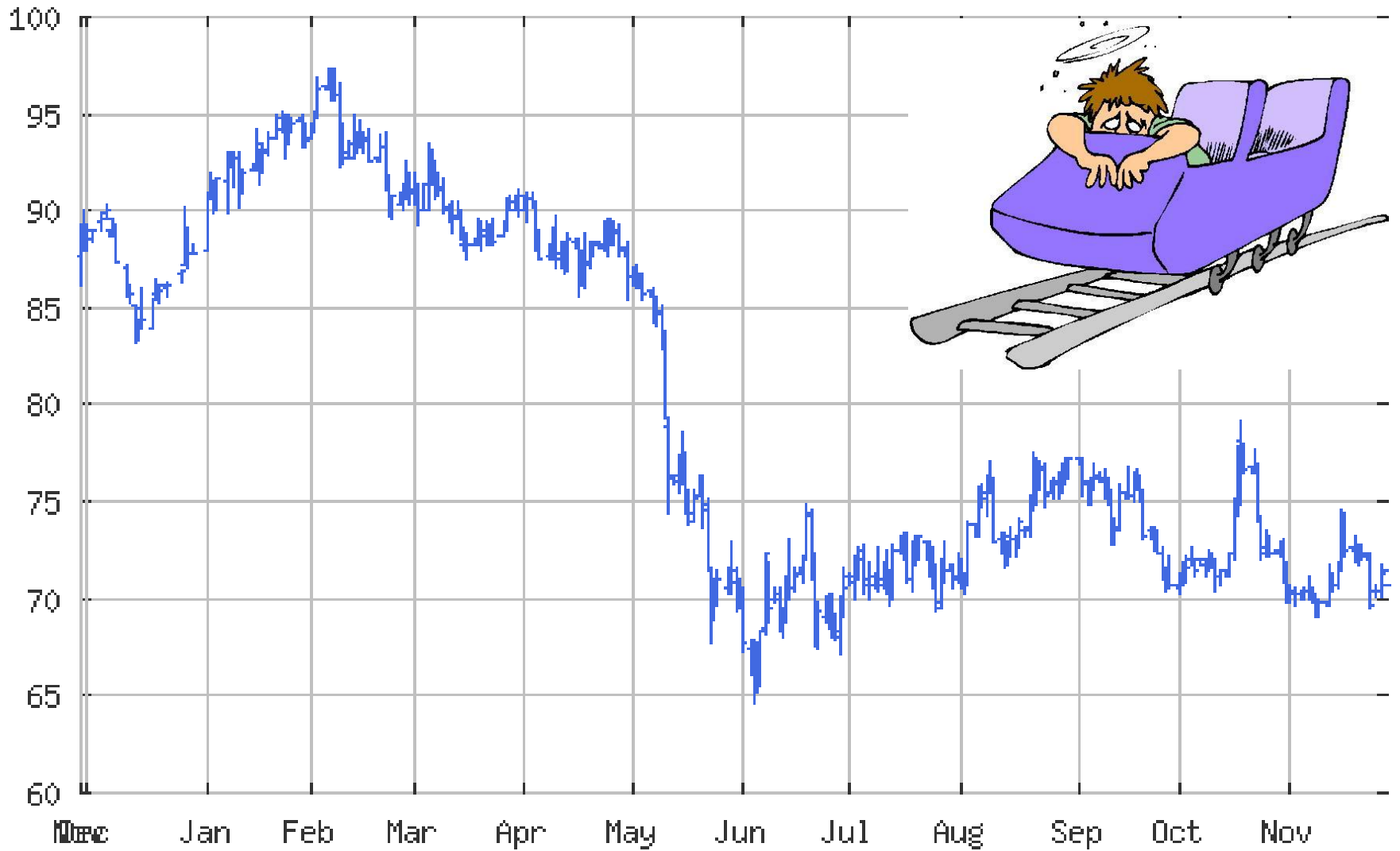
Cotton's Roller Coaster Ride into the 2013 Season



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Georgia Crop Production Alliance Annual Meeting
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Lake Blackshear, GA

Dec12 Cotton Futures



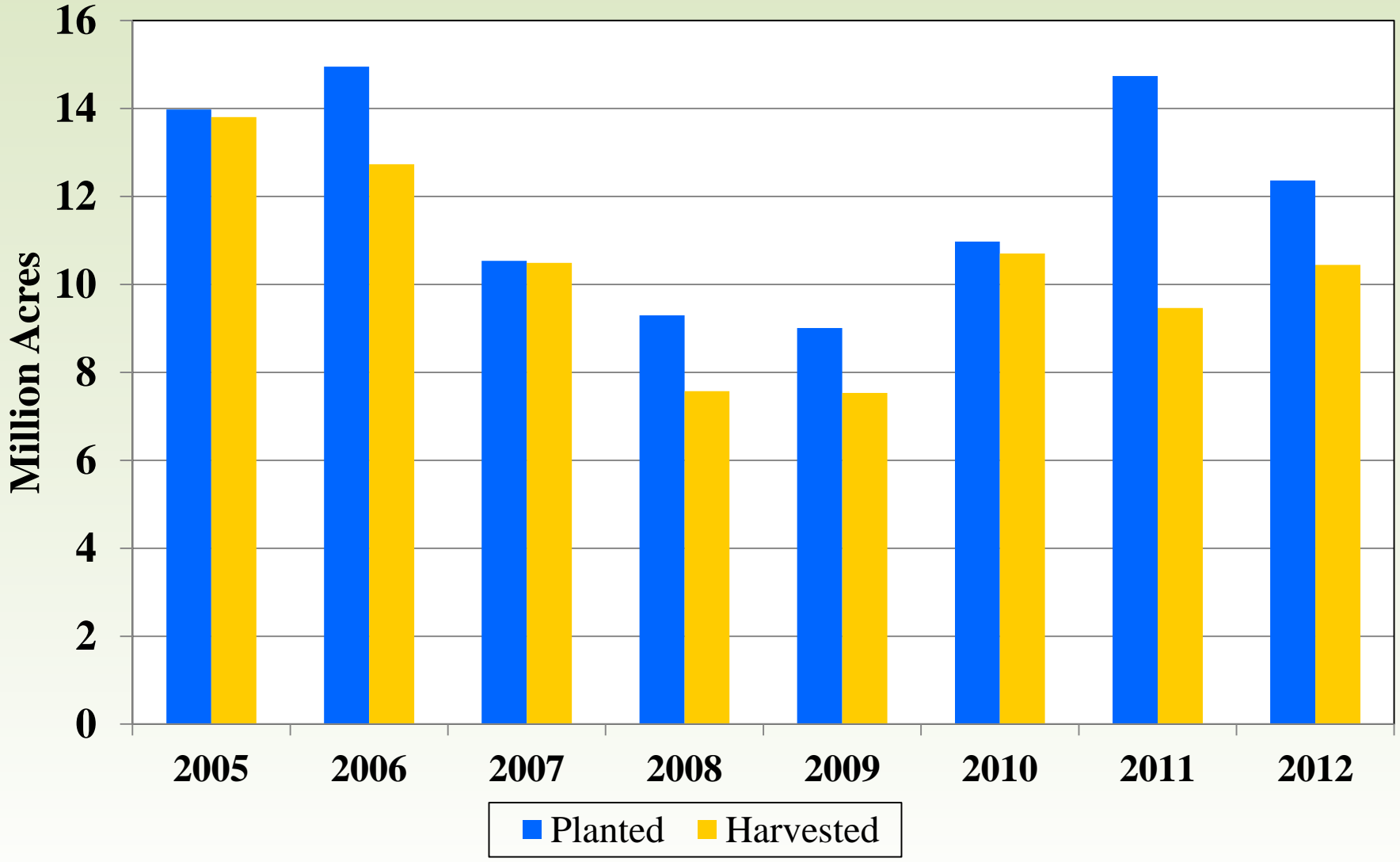


Major Factors Contributing to 2012 Crop Price Decline

- **Larger US crop even with 16% decline in acres planted**
- **World production down 6%, but increased carry-in from 2011 crop**
- **Weak demand**
- **Large buildup of stocks, record ending stocks projected**

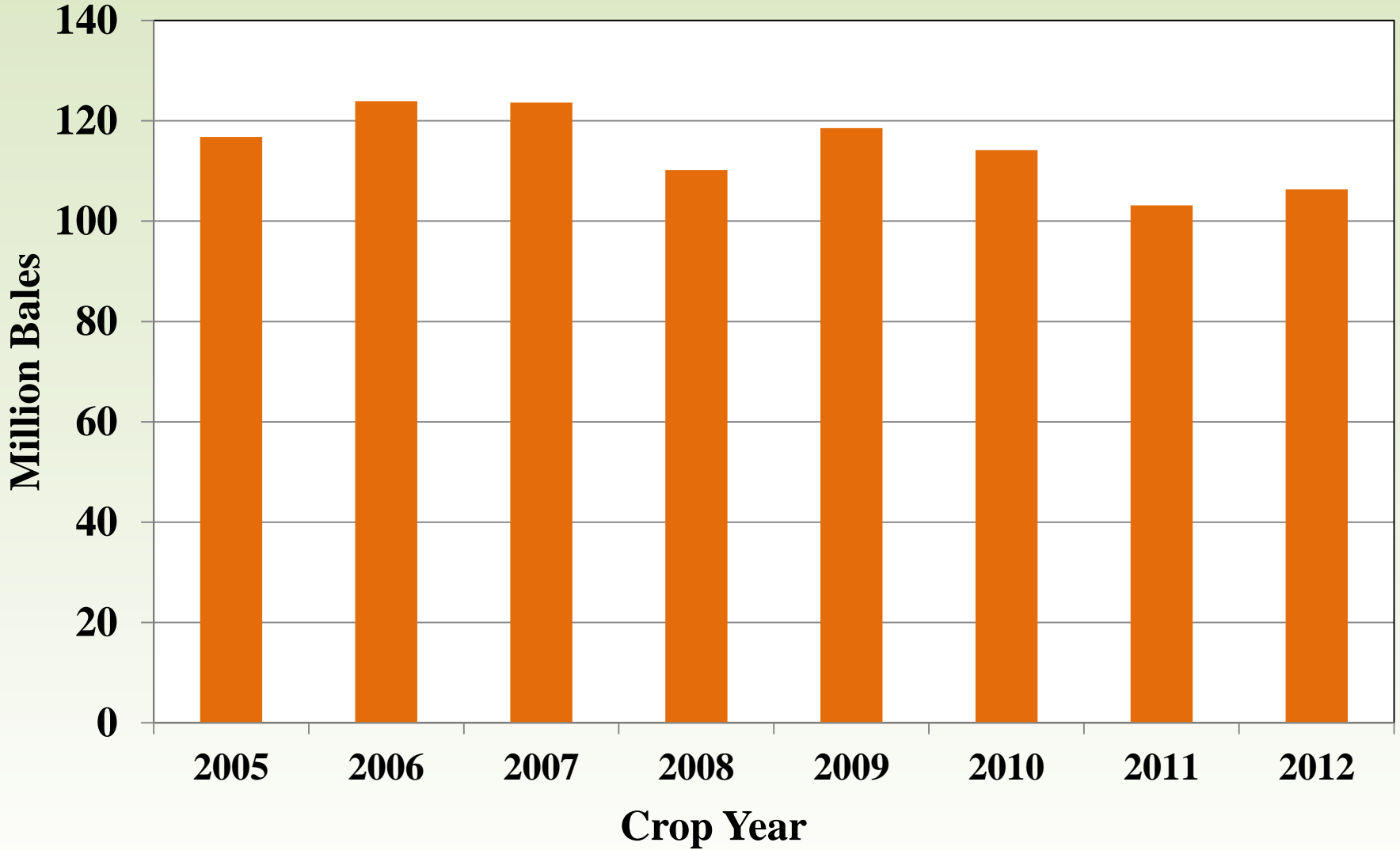


US Cotton Acres Planted and Harvested





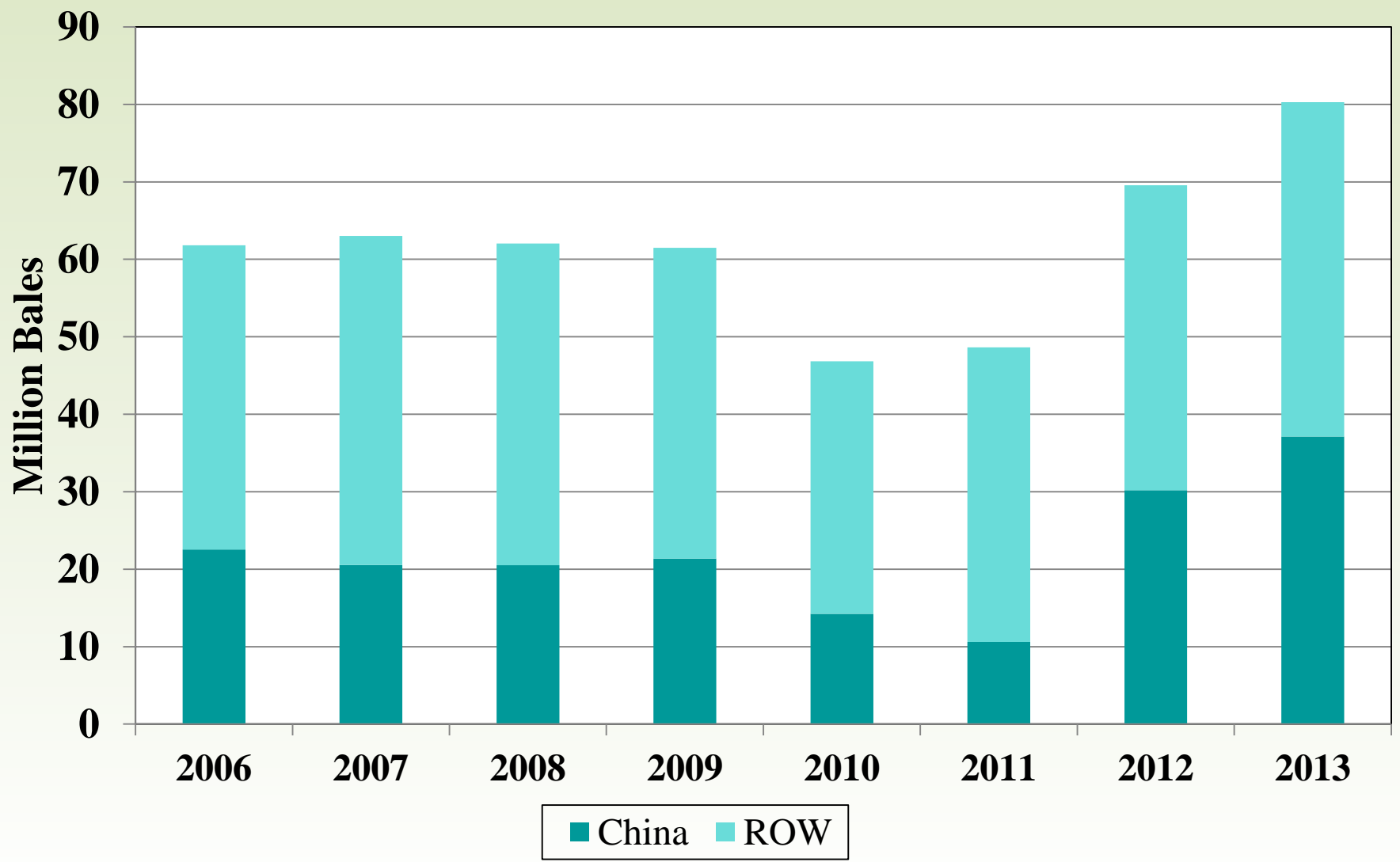
World Cotton Demand





Crop Year Carry-In Stocks

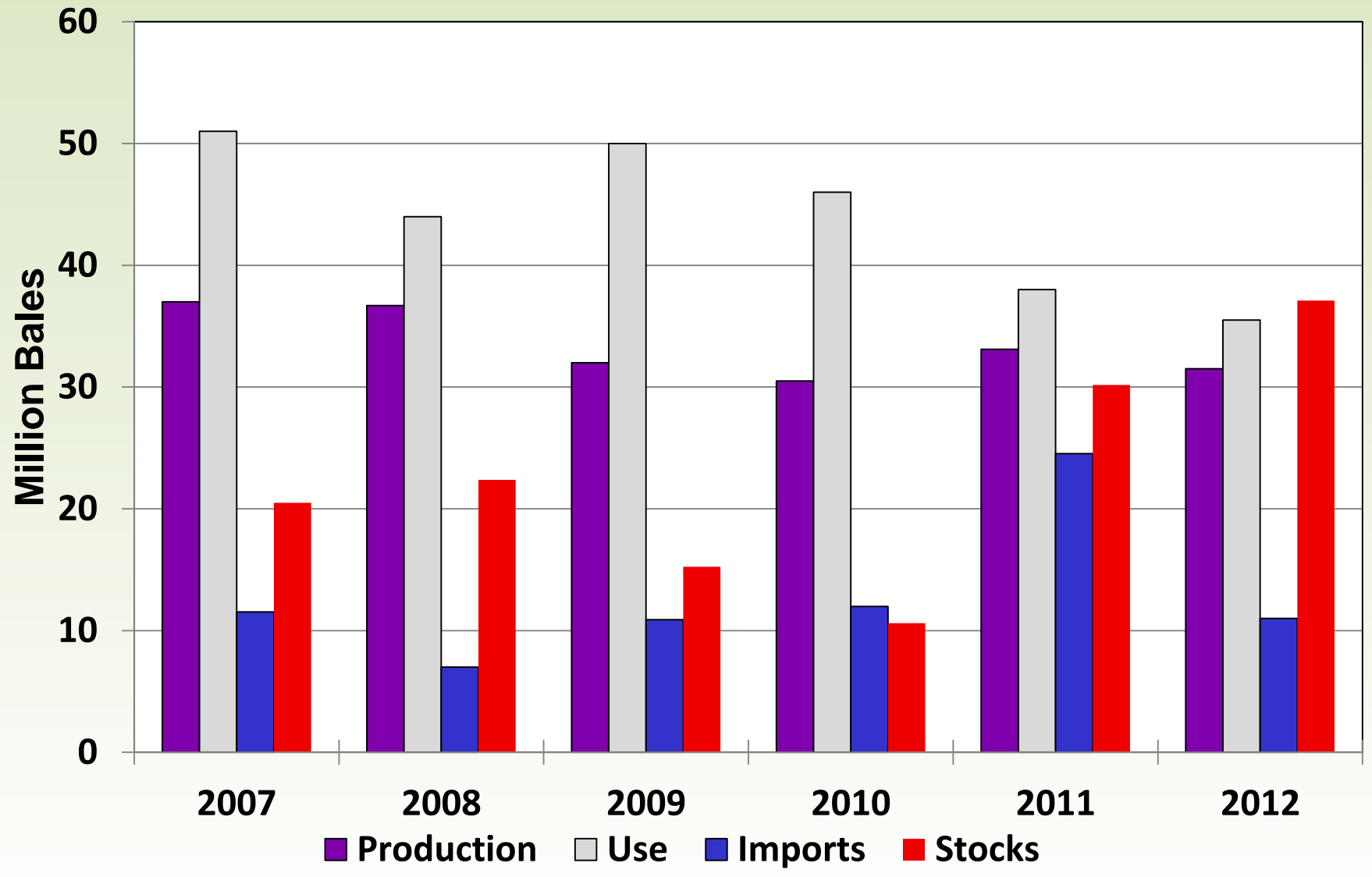
China, Rest of the World, and Total





China

Production, Use, Imports and Ending Stocks




2010 and Previous and 2011 Crop World Revisions Added 8 Million Bales to 2012 Crop Carry-In



Monthly USDA World Estimates- 2011 Crop Year

	Jan '12	Feb '12	Mar '12	Apr '12	May '12	Jun '12	Jul '12
Beginning Stocks	45.35	46.99	47.26	50.51	50.37	49.51	49.52
Production	122.84	123.34	123.64	123.14	123.04	123.07	122.71
Imports	36.51	37.42	38.77	41.13	41.59	43.4	43.55
TOTAL SUPPLY	204.70	207.75	209.67	214.78	215.00	215.98	215.78
Use	109.99	109.71	108.72	107.74	106.49	106.12	106.59
Exports	36.52	37.42	38.77	41.12	41.78	43.42	43.40
TOTAL DEMAND	146.51	147.13	147.49	148.86	148.27	149.54	149.99
Ending Stocks*	58.35	60.77	62.32	66.07	66.88	67.32	66.68

*Carry-In to 2012 Crop Year on August 1, 2012

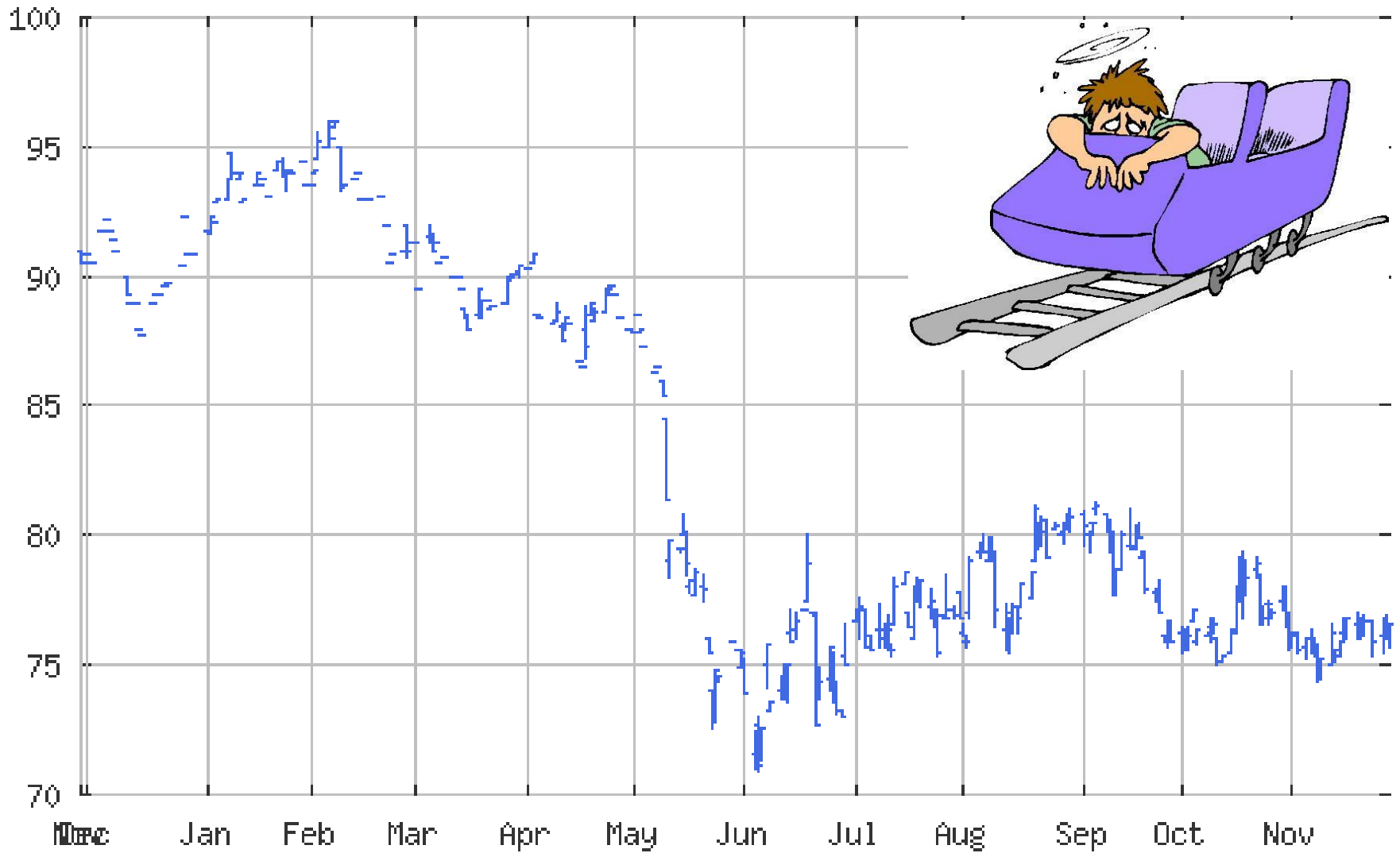


World Stocks Expected to Increase Another 11 Million Bales for the 2012-13 Crop Year

Monthly USDA World Estimates- 2012 Crop Year

	May '12	Jun '12	Jul '12	Aug '12	Sep '12	Oct '12	Nov '12
Beginning Stocks	66.88	67.32	66.68	67.8	69.88	69.56	69.63
Production	116.69	115.29	113.81	114.11	114.03	116.32	116.83
Imports	37.64	36.97	37.39	37.20	36.60	36.46	36.60
TOTAL SUPPLY	221.21	219.58	217.88	219.11	220.51	222.34	223.06
Use	109.96	109.01	108.98	108.16	107.55	106.87	106.33
Exports	37.62	36.95	37.39	37.21	36.60	36.45	36.60
TOTAL DEMAND	147.58	145.96	146.37	145.37	144.15	143.32	142.93
Ending Stocks	73.75	74.51	72.39	74.67	76.52	79.11	80.27

Dec13 Cotton Futures





2013 Crop Price Outlook

- **US acreage will likely be down 20%, maybe more**
- **US and World production will likely be down**
- **This will begin to bring supply and demand in closer balance**
- **But, it will be a very slow process. Prices will not improve significantly (above 85 cents) until stocks are drawn down and/or demand improves This could be 2014 or beyond.**
- **How will China manage it's large reserves?**
- **Pessimistic outlook- 70 to 75 cents**
Optimistic outlook- 85 cents or better
Most likely outlook- 75 to 80 cents





Preliminary Comparison of 2013 Net Returns, Non-Irrigated

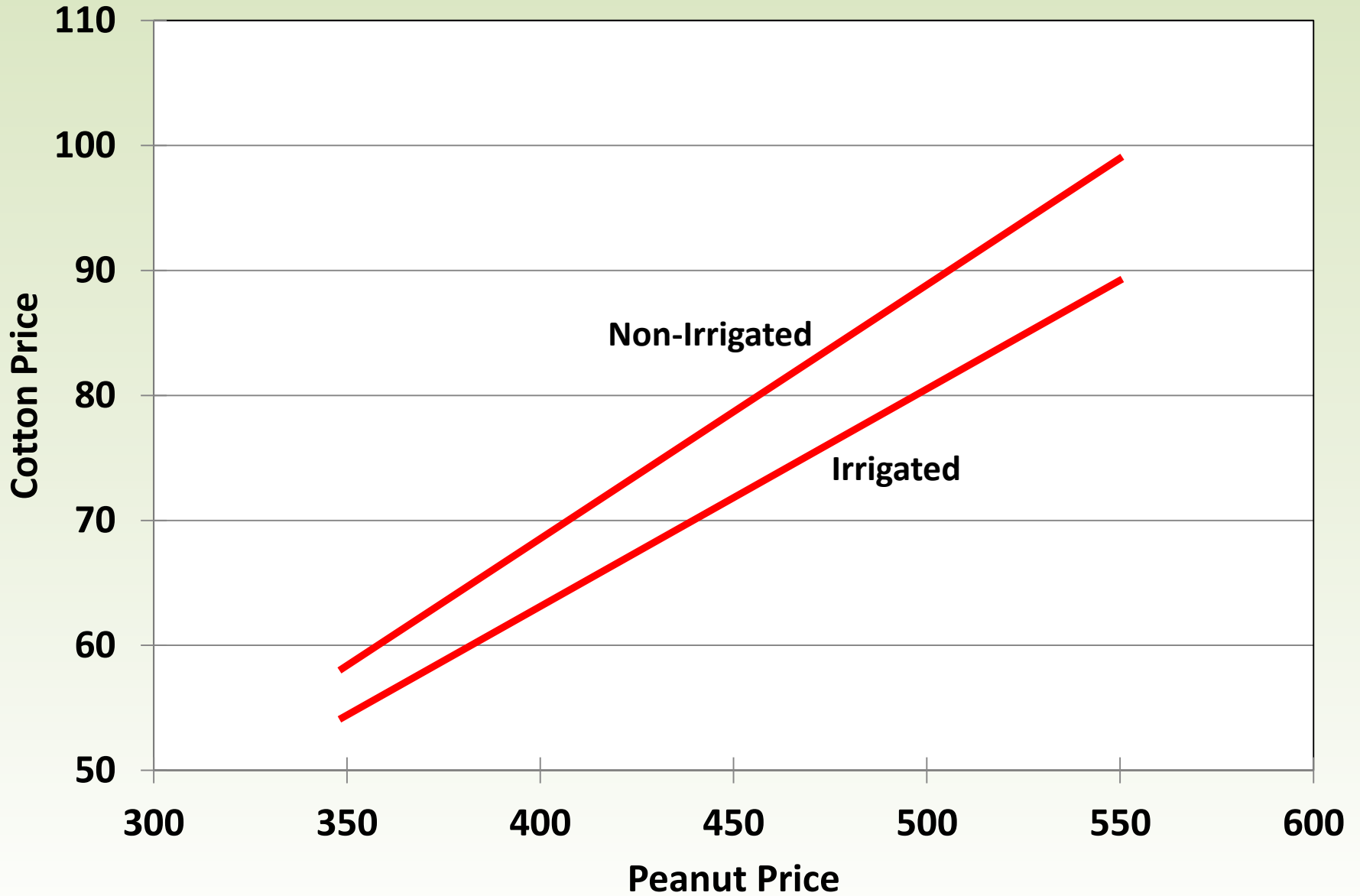
	Corn	Cotton	Peanuts	Soybeans
Expected Average Price	6.25	0.77	400	12.50
Expected Yield	85	700	2900	30
Crop Income	531	539	580	375
Estimated Variable Costs	335	442	546	255
Per Acre Net Return	196	97	34	120



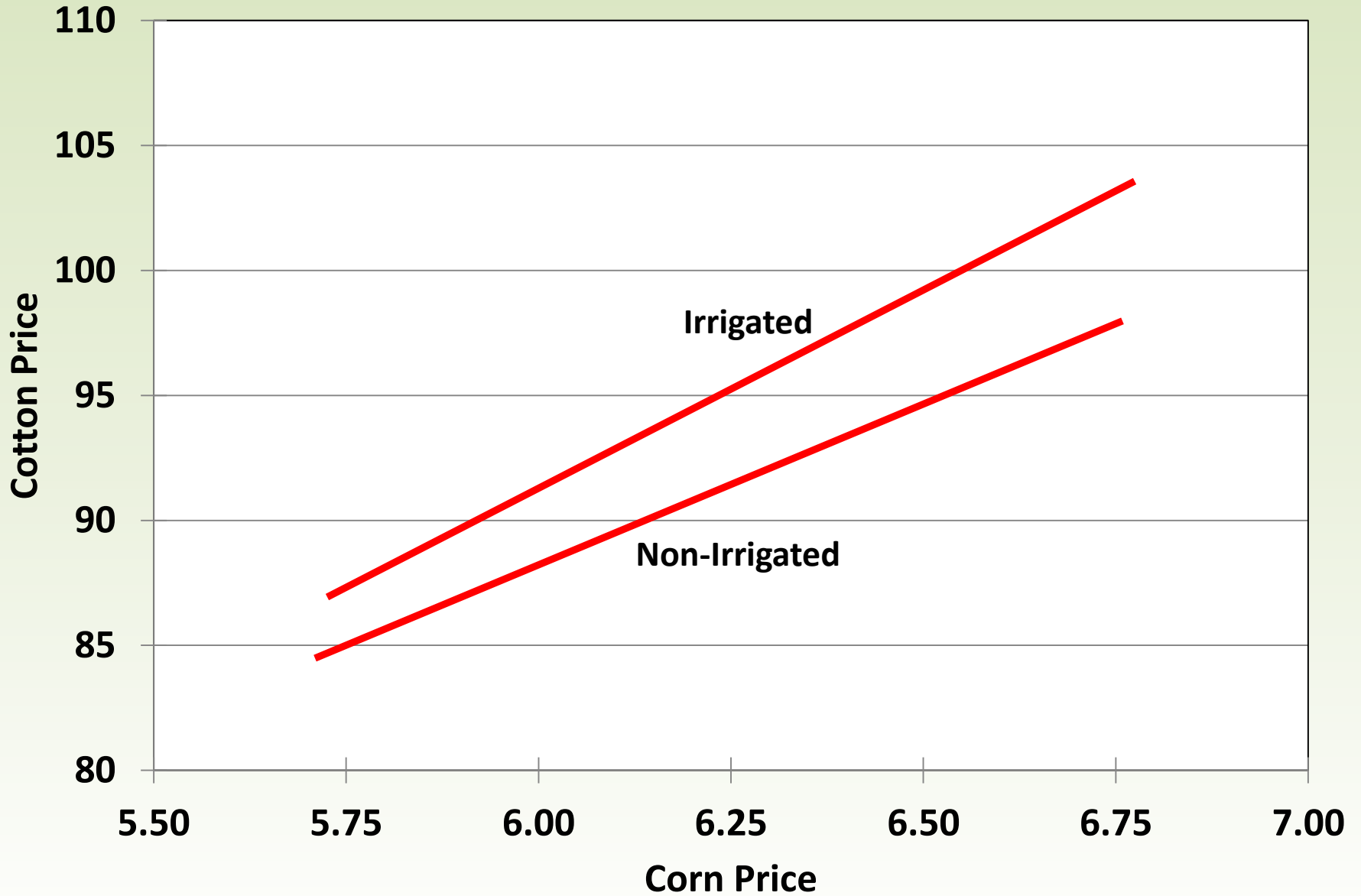
Preliminary Comparison of 2013 Net Returns, Irrigated

	Corn	Cotton	Peanuts	Soybeans
Expected Average Price	6.25	0.77	400	12.50
Expected Yield	200	1200	4200	60
Crop Income	1250	924	840	750
Estimated Variable Costs	677	568	656	374
Per Acre Net Return	573	356	184	376

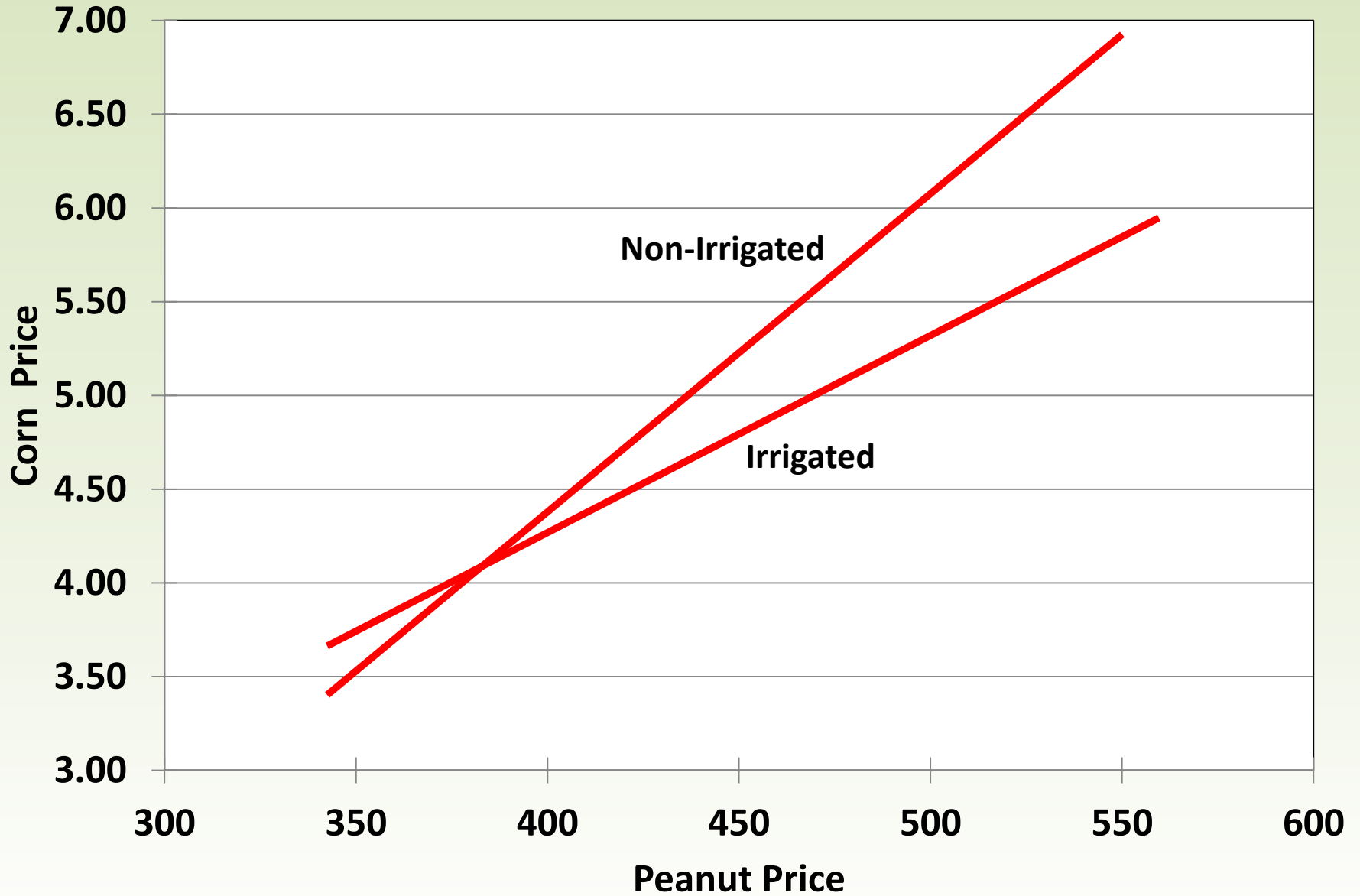
Breakeven Cotton and Peanut Prices to Give Equal Net Returns



Breakeven Cotton and Corn Prices to Give Equal Net Returns



Breakeven Corn and Peanut Prices to Give Equal Net Returns





Projected 2013 Georgia Acres Planted to Major Row Crops

	2010	2011	2012	2013
	Thousand Acres			
Corn	295	345	345	550
Cotton	1,330	1,600	1,290	1,190
Peanuts	565	475	735	500
Soybeans	270	155	220	350

Thank You!



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