

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

# COTTON MARKETING NEWS



**Volume 8      Number 4** **February 5, 2010**

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

**Mixed Signals Right Now**

I just returned from a cotton meeting in Grady County. I told farmers to not panic- don't rush out and price cotton right now just because we're in a slide.

Of course when I left this morning the market was still over 70 cents. When I get back this afternoon, we've closed down 2 cents for the day. The support (floor) at 70 to 71 cents has now been broken.

In fact, I mentioned to farmers that the market had support at 70-71 cents and that the market's been struggling a little and trying to keep its head above water at that level. I told the next level of support is around 68 cents..... Well, today we closed at 68.73 cents/lb, down 2.03 for the day and 2.11 cents for the week.



Export numbers have been good (good enough) and several merchants tell me business is good and should get even better. But the signals have been mixed. Some are not as optimistic and cotton is not moving as well.

Market fundamentals remain good enough to support higher prices. I think what is happening is the market is suffering from an erosion of confidence. The stock market has been down big-time over the past several weeks. Other (all) commodities are down. Cotton is affected also.

The key to price outlook for 2010 is DEMAND. Acreage will very likely increase as long as prices are in the 70's or better. If we dip to the 60's, all bets are off. If acreage and production increases this year, to keep prices where we'd like to see them, DEMAND has to be strong. The decline we've seen recently and over the past month really, is due in large part to some uncertainties beginning to creep in about the DEMAND side. The slide in the stock market hasn't helped. I'm going to remain optimistic and hope we get a "bounce" soon.

USDA should announce soon any partial CCP for the 2009 cotton crop. The MYA Price based on data available to-date is 60.5 cents/lb. This would mean a 4.09 cents CCP *if this were the MYA for the entire year*. Any partial CCP will be based on USDA's projection of the MYA Price for the entire marketing year. So, any actual CCP could be more or less than the current market suggests. There'll be no partial payment if USDA thinks the MYA price will be 64.58 cents or higher. We've got a ways to go yet.

USDA's February supply/demand numbers will be out on the 9<sup>th</sup>.



Don Shurley, University of Georgia  
[donsbur@uga.edu](mailto:donsbur@uga.edu) / 229-386-3512

	Marketing (Thousand Bales)	Avg Price
August	30	47.7
September	225	55.0
October	271	56.7
November	1611	58.5
December	2536	62.8
January *	N/A	63.2
February		
March		
April		
May		
June		
July		
<b>Total and MYA To Date</b>	<b>4673</b>	<b>60.5</b>
<small>* First half of the month</small>		
<b>CCP based on current MYA Price *</b>		<b>4.09</b>
<small>* 71.25 - 6.67 - MYA Price</small>		