

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

COTTON MARKETING NEWS

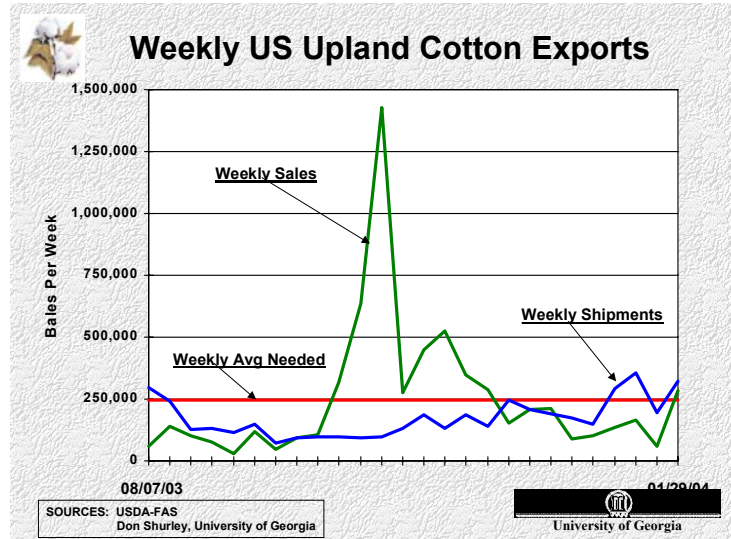


Volume 2 Number 5

February 6, 2004

There is just no doubting that exports are THE key factor to if and when the 2003 crop price recovers and also ONE of the key factors in what lies ahead for 2004 crop prices.

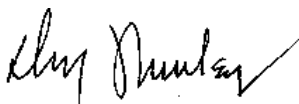
It was encouraging to see both sales and shipments up considerably in yesterday's USDA-FAS report. With exception of a very strong 3-4 week period back in late October/early November, sales have been below the level needed to meet USDA's projection for the 2003-04 marketing year. To-date, however, weekly sales have still averaged right at what is needed. For the most part, actual shipments have been below the level needed but that is not unusual early in the marketing year. But now that harvesting and ginning is well over and everything's sitting in the warehouse, shipments should begin to pick up if the true demand is there and prices will have to be enough to entice farmers to sell.



But now that harvesting and ginning is well over and everything's sitting in the warehouse, shipments should begin to pick up if the true demand is there and prices will have to be enough to entice farmers to sell.

I have encouraged farmers to not panic over what has transpired the past couple of weeks. The market (March futures) has lost a little more than 7 cents. We also continue to struggle with a wider than normal basis and that isn't helping matters. I have suggested farmers wait for the market to recover from its ills before making sales. But that begs the tough question (as was asked last night at a meeting in Grady County) "how long is this going to take?" The answer is even tougher but I'll repeat what I told that group-- I believe the market must show it's true colors over the next 30-45 days. China is rumored to still need US cotton, USDA projects exports of 13.2 million bales, to-date 6.4 million bales sold and 4.5 million shipped. But the pace needs to pick up and be consistent-- we must eventually "walk the walk" rather than "talk to talk". Beyond that, as we move into April and May the market is likely to factor in '04 planting decisions. If acreage is up, this will likely weigh on both old and new crop prices. This weeks export report was encouraging so let's hope the market will react positively to that.

The market (March futures) appears like it's trying to re-establish the floor at the 68-69 cent area. This is good and again, hopefully yesterdays report and future numbers will help confirm that the outlook is still up. Producers should seriously consider additional sales if the market recovers to the mid-70's. Holding longer for anything higher is considerably more risky. New crop sales should also be considered. A portion of the crop contacted for 65 cents (68-69cents December futures) would be a good place to start.



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