

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

COTTON MARKETING NEWS



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2008 Cotton Intentions

NOTE: This newsletter written on Monday, March 31, 2008.

USDA released its *Prospective Plantings* report this morning. US cotton farmers say they intend to plant 9.39 million acres—down 13.3% from last year and down 38.5% from 2006. If realized, this would be the smallest US cotton acreage planted since 1983. USDA will release the first estimate of actual plantings on June 30th.

USDA intentions are about 160,000 acres less than National Cotton Council estimate given back in February. Acreage is expected to be down in all but 2 states—Georgia and Oklahoma. The fact that acreage is expected to be down is no surprise. But frankly, the fact that Georgia is not down is a bit of a surprise.

Until now, the NCC number has been the main number floating around the industry. It's safe to say that most folks thought the Council's number perhaps even a little on the high side. If anything, today's 9.4 number is still going to be considered high for some of the more pessimistic industry observers. That being said, prices could react downward a little but I don't see this mornings report having much of a longer term impact on the market one way or the other.

Well worth noting (and has been mentioned recently by other analysts as well) is that with acreage down so sharply in the Mid-South and California-- if these numbers hold, 50% of US cotton acres are now planted in one state—Texas. I'll add further that 61% is now planted in just 2 states—Texas and Georgia. Texas is always a key in US average yield and production but even more so now. Texas has had several years of good yield and low abandonment. Will that continue this year? Keep an eye on Texas (and Georgia). If things don't go well this spring and early summer, the market would seem to be set to react upward.

	2006	2007	2008 ¹	% Change From 2007
Alabama	575	400	300	-25.0
Arizona	197	172.5	141	-18.3
Arkansas	1,170	860	650	-24.4
California	560	455	280	-38.5
Florida	103	85	72	-15.3
Georgia	1,400	1,030	1,050	+1.9
Kansas	115	47	45	-4.3
Louisiana	635	335	280	-16.4
Mississippi	1,230	660	420	-36.4
Missouri	500	380	300	-21.1
New Mexico	63	50.8	31.6	-37.8
North Carolina	870	500	420	-16.0
Oklahoma	320	175	190	+8.6
South Carolina	300	180	120	-33.3
Tennessee	700	515	310	-39.8
Texas	6,431	4,925	4,720	-4.2
Virginia	105	60	60	0.0
US	15,274	10,830.3	9,389.6	-13.3

1/ USDA Prospective Plantings, March 31, 2008. All numbers are 1,000 acres.

Dec08 futures are now approaching the 80-cent mark. According to reports, export business has picked up and merchants should be returning to the market although the basis may still wider than normal. The market remains volatile and basis and availability of contracts will depend on export business for old crop and a return to prices that reflect supply/demand rather than speculative interests. Both seem to be happening. Take advantage of rallies and keep your marketing flexible to take advantage of potentially higher prices for the '08 crop.



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