

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

COTTON MARKETING NEWS



Volume 9

Number 7

March 31, 2011

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

Special Report- 2011 Planting Intentions


USDA's Prospective Plantings report was released this morning. This much anticipated report is a survey-based estimate of what farmers say they intend to plant this year. The first estimate of what is actually planted will not be released until the end of June.

I believe this morning cotton numbers are a big surprise (shock) to most observers and analysts. It's safe to say the numbers are certainly on the low side of what most folks were expecting. More importantly, it's probably safe to say the numbers are lower than what the market was expecting. For that reason, the report should add further support for 2011 crop prices as we now proceed closer to planting and the upcoming growing season.

In early February, National Cotton Council's estimate was 12.51 million acres based on a survey conducted in December and January. Since that time, cotton prices have increased 20+ cents/lb. In late February, USDA Chief Economist Joe Glauber reported that cotton acreage was expected to be 13 million acres. Bottom Line- I think it's safe to say that the general expectation was that today's number would be in the neighborhood of 13 million or higher or about 20% above 2010.

Today's number of 12.566 million acres is on the very low side of most expectations. This should add some support to the market. This morning, prices (Dec futures) are up over 6 cents to around \$1.32. This immediate reaction could eventually die down and prices slip back to somewhat pre-report levels but, more likely, the report should more firmly support prices at \$1.20 to \$1.25 or better. Future direction will depend on actual plantings, crop conditions, and the demand side.

Some have already suggested that because this number is low that the market must increase to bid in more acres. Perhaps, but I think most producers have already made up their mind on what to plant. The decision on corn, soybeans, cotton, or peanuts has been made although some acreage could still be tempted. I think most producers have already decided because we are very close to planting and seed and other inputs have mostly been ordered and purchased already. I think the cotton acreage has pretty much already been determined. Today's report likely doesn't fully reflect that.



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US Cotton Acres Planted ¹				
	2009	2010	2011 ²	Change ³
Alabama	255	340	410	21%
Florida	82	92	100	9%
Georgia	1,000	1,330	1,450	9%
North Carolina	375	550	750	36%
South Carolina	115	202	260	29%
Virginia	64	83	125	51%
SOUTHEAST	1,891	2,597	3,095	19%
Arkansas	520	545	630	16%
Louisiana	230	255	290	14%
Mississippi	305	420	530	26%
Missouri	272	310	360	16%
Tennessee	300	390	470	21%
MID-SOUTH	1,627	1,920	2,280	19%
Kansas	38	51	68	33%
Oklahoma	205	285	320	12%
Texas	5,018	5,567	6,115	10%
SOUTHWEST	5,261	5,903	6,503	10%
Arizona	147	198	234	18%
California	190	306	385	26%
New Mexico	34	50	69	39%
WEST	371	553	688	24%
TOTAL US	9,150	10,973	12,566	15%

1/ Thousand acres.

2/ *Prospective Plantings*, USDA, March 31, 2011.

3/ Percent change from 2010.