

This newsletter is also available in PDF format on the UGA Cotton web page at:
<http://commodities.caes.uga.edu/fieldcrops/cotton>

Friday the 13th-- Yikes!

I traveled around the state some last week and this week and boy, there is a LOT of corn. There is corn planted in fields that I know have been in either cotton or peanuts every year since I've been at UGA—for over 16 years.

The cold temps we've had, have "burned" some of the early growth—has turned brown or purple around the edges. We still have much of the state's crop area that needs rain bad. It looks like we might FINALLY have a more respectable chance for some widespread rain over this weekend. But, I agree with our cotton specialist Steve Brown—our GA acres could end up a little higher than USDA's 1.15 million number due to lack of sufficient planting moisture on acres intended for corn. We'll just have to wait and see. One thing I noticed in some cases—in irrigated fields, the crop is being planted only under the pivot. The corners or non-irrigated parts of the field have been left out or will be planted to something else—cotton, peanuts, or soybeans I would assume. I also noticed some fields of corn that were planted no-till into last year's remaining cotton residue.



The market (December futures) has been in a bit of a struggle this week and threatens to dip below resistance at around 57.5 cents per pound. Prices took a nosedive on Monday prior to USDA's supply/demand numbers released on Tuesday, recovered somewhat on Wednesday before dropping off again yesterday and today. For the week, prices lost 115 points (1.15 cents per pound).

Although I (we?) try to remain optimistic about the eventual (potential for) improvement in the situation, the numbers continue to beat us down. In Tuesday's report, USDA dropped its' estimate for exports of the 2006 crop from 14 million to 13.5 million bales. Domestic mill use was also dropped slightly and now stands at less than 5 million bales. In total, off-take is down almost 5 ½ million bales from last year and, therefore, we will carry a huge 9 million bales (almost ½ years worth of use) into the '07 crop year! ***This is precisely why the market at present isn't the least bit concerned about less acres being planted this year.***

But the strange thing is, I keep coming back to USDA's forecast given at their Outlook Forum—18 million bales export for the 2007 crop. Frankly, I'm now beginning to wonder why and how. The US did export a huge 18 million bales for the 2005 crop year, but I wonder—how much of that was "inflated" purchases due to the pending loss of Step 2? Can we export 18 million bales in 2007-08 without Step 2 and even if so, at what price? Now, that's the important question. With less acres and possibly lower production, if exports do rebound maybe prices could stand a better chance to at least stay near present levels (but again, the large carry-in is a worry). Better prices, if they happen, could possibly not be forthcoming until late in the marketing season.



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