

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

COTTON MARKETING NEWS



Volume 10 Number 9

April 27, 2012

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

Prices Recover

After declining to near 85 cents 2 weeks ago, prices (Dec12 futures) have rebound and made a nice recovery. Prices avoided the potential “meltdown” that could have developed and have begun to trend back up.

This indicates there is still some underlying bullishness (support) in the market. That is encouraging. Prices will most likely, however, meet some headwind if we inch even closer to 90 cents.

Currently, prices (Dec12) are between 88 and 89 cents—some 2 to 2½ cents better than the 86-cent low back on the 17th. Dec12 traded close to 90 cents this week but could never quite crack it. It looks like prices might be content to now move in a 3-cent range between 86 and 89 cents.



Reports have been circulating recently that the numbers for India may be revised in the May USDA supply/demand report. After 3 consecutive months of revising World stocks numbers up (which is essentially what caused this downtrend in the first place), the May numbers may take some of it back by revising India’s stocks down. This would be a significant event if it happens.

Because this news/expectation is already out there, perhaps the recent improvement in price is partially because of this. The USDA May report will be released on the 10th. The May report could further support prices and pressure the 90-cent level. US exports have been sometimes better than expected recently and a reduction in India stocks would reduce available World export supplies.

Planting, as of last weekend (April 22) was 17% complete. This compares to 12% last year and 13% on average. Most states are on the norm or ahead of normal with the notable exception being California which was less than half of normal planted as of last weekend. Texas and Georgia are both way ahead of normal. Georgia’s cotton area had rain last weekend but it’s still dry. We’re expected to hit 90 degrees over this weekend. It’s still dry and warm heading into May—our prime planting period.

Looking ahead, prices will continue to depend largely on US and global (Europe and China) economic performance/concerns, changes in the value of the dollar, export news, and US crop conditions. The May USDA report will also be interesting. I think most growers are already partially protected on this year’s crop, hopefully at 90 cents or better. Some may even have a little priced at less than 90 cents. It’s still early (and dry in many areas of the Belt), but depending on how much has already been done, there could be more selling action waiting on a move back above 90 cents if the basis is good.

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