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

COTTON MARKETING NEWS

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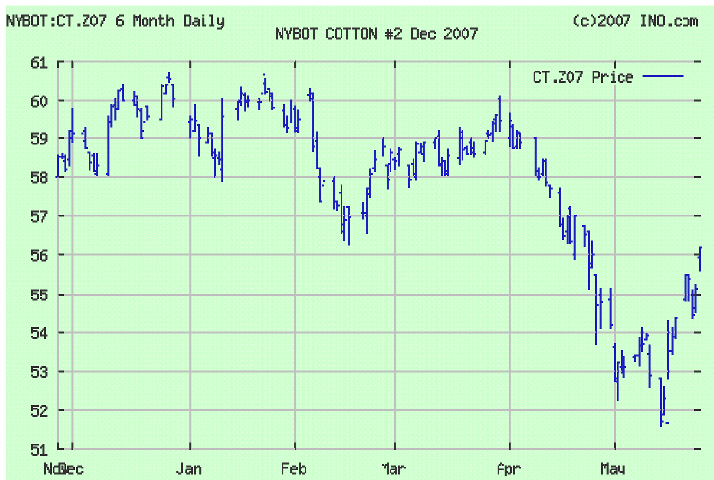
This newsletter is also available in PDF format on the UGA Cotton web page at:
http://commodities.caes.uga.edu/fieldcrops/cotton

Market Attempts a Recovery

New crop December futures price has made a nice recovery over the past couple of weeks. Since closing at 51.69 cents per lb on May 14th, the market has rallied to close at 56.2 cents per lb today. December gained almost 2 cents per lb this week.

New crop prices have now recovered about half of what was lost since the high of just under 60 cents on March 29th. It will be a good test to see if the market has enough strength to push higher than 56½. The market will meet some resistance there so it will take some true positive forces to continue the march higher.



The reasons for the turn-around are not fully known but factors at play right now certainly include mounting concerns about the early viability of planting and the crop (dry conditions in Georgia and California), improved (although still erratic) export sales, and movement of cotton out of CCC loan. Planting is behind normal in 7 states including Georgia and Texas.

Georgia was only 41% planted on May 20th compared to 71% last year on that date and an average of 66% on that date. Peanuts are also well behind. As we approach the crop insurance Final Planting date in south Georgia of May 31, there is much concern about whether or not the intended acres will be planted and even if planted, the ability of the crop to come up and develop successfully.

There have been many questions about the prevented planting provisions and much concern and confusion about what to do and what not to do. It is estimated that about 40% of Georgia's cotton acreage is irrigated. But irrigation is expensive especially with diesel systems. Generally speaking, most of the States cotton production area is very dry. Some areas have had little or no rain since early March and there is not enough soil moisture for germination. In some instances, it is impossible or not practical to try to plant because equipment will not run properly in soil conditions so dry and hard.

Producers concerned or not sure if they would qualify for prevented planting, if possible, have planted anyway just be under full crop insurance coverage. Some of the crop has been "dusted in" which will work if we eventually get rain shortly after planting. At $65 per acre for seed and tech fee this is an expensive proposition but recent seed cost refund decisions by DPL for 555BR and extension of the crop loss deadline by Monsanto for refund of technology fees helps ease this decision and the risk. A discussion of the prevented planting decision and other drought-related management information is available on line at the web site given at the top of this letter. In Georgia, producers may also contact their county Extension office.

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