

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://www.griffin.uga.edu/caes/cotton>

Update on Prices and CCP

Note: This newsletter written and released on May 31, 2006.

According to USDA data released today in the monthly *Agricultural Prices* report, the US average price received for upland cotton fell in April to 48.6 cents per pound—down from 50.4 cents per lb in March and the first monthly decline since December. Prices for the first half of May have averaged lower at 47.2 cents per pound. Prices continue to be above last year, however.

The Counter-cyclical Payment (CCP) is based on the Market Year Average (MYA) price—which is a “weighted” average price for the entire marketing season where each month’s price is “weighted” by the percentage of cotton sold that month. The cotton marketing season is August through July.

The CCP is the Target Price (72.9 cents) minus the Direct Payment (6.67 cents) minus the higher of the Loan Rate (52.0 cents) or the MYA. Thus, the maximum CCP is 13.73 cents per pound:

$$\text{Max CCP} = 72.9 - 6.67 - 52.0 = 13.73$$

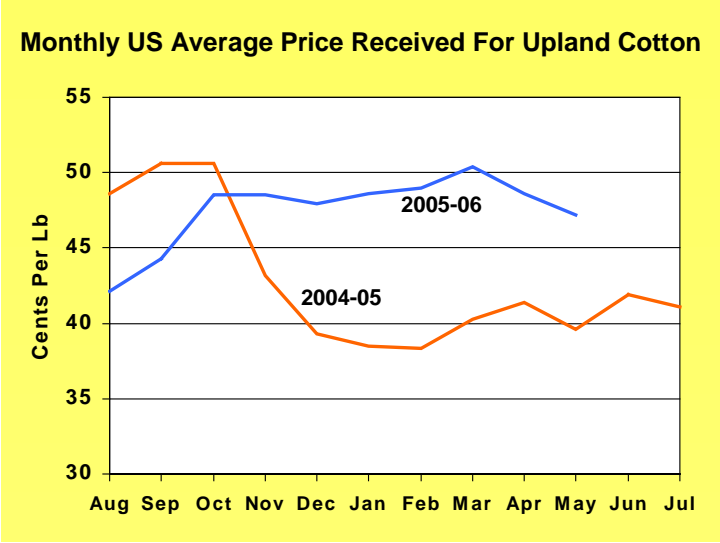
Typically, most cotton is marketed during November through March so prices during this period have the greatest impact on the CCP.

USDA has projected the maximum CCP for the 2005 crop. Although prices have been above last year and trended upward during the Dec to March period, the MYA thus far (through April) is below the Loan Rate at 47.82 cents. Actual numbers for May will not be available until the end of June.

Advanced payments totaling 9.61 cents/lb have been made in October and February. The final payment will be another 4.12 cents unless prices improve enough to gain another 4+ cents in the MYA-- which is not likely.



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	Marketings		Price	
	Monthly	% of Total	Average	Avg x %
August	1,233	9.45	42.10	3.98
September	518	3.97	44.30	1.76
October	911	6.98	48.50	3.39
November	1,831	14.04	48.50	6.81
December	3,264	25.02	47.90	11.99
January	2,420	18.55	48.60	9.02
February	1,182	9.06	49.00	4.44
March	1,169	8.96	50.40	4.52
April	516	3.96	48.60	1.92
May	N/A	N/A	47.20 *	
June				
July				
TOTAL	13,044		MYA To-Date	47.82

* Avg for the first half of the month.