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### Cotton Prices Breaking Through The Roadblocks

New crop (December) cotton futures prices now stand at approximately 51 cents per pound... trying to keep afloat amidst a bearish downtrend that has now moved into it's 6<sup>th</sup> week. Since the high of 58.7 cents on April 29, prices have fallen almost 8 cents.

Prices have crashed through support levels at 56, 54, and most recently 53 cents and now stand dangerously close to breaking the 51-cent level. NOTE THAT EACH TIME THE MARKET HAS BROKEN THROUGH A LEVEL OF SUPPORT, THERE HAS BEEN ENOUGH OPTIMISM REMAINING TO IMMEDIATELY RALLY IT BACK TO THAT LEVEL. This indicates to me that not all hope is lost, but that each time the market is getting a little weaker and a little weaker and the "negative forces" are beginning to win the battle. The market needs more buying interest or a supply shock – this would pull prices back up.



A lot has been in the news and other analyst's reports recently about China... China's crop size this season, China's reaction to possible US import sanctions on textiles, China's purchase and need for US exports now and next year. I have written such comments myself. And the dollar has been strengthening. No one can deny the importance of China in all of this. But in my opinion, until actual numbers start to bear out all this supposedly good news, the market will continue to mire in this overall cautious and somewhat negative tone.

When US exports to China again begin to reflect brisk demand, when more is known about the condition and potential size of the US and China crops, when more is known about the impact of import sanctions—then, the market stands a chance to improve. Week to week, the market will continue to key it's movements on export sales and US crop conditions.

The US crop appears to be shaping up in good condition. Planting in the southeast caught up as expected and the crop across the US is in mostly good to excellent shape. Just for your information, Georgia cotton acres (intended acres) reported to the Boll Weevil Eradication Program were 1.35 million acres as of May 10<sup>th</sup>. This compares to USDA's estimate of 1.20 million acres and 1.29 million last year. Actual planted acres will be released by USDA on June 30.



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