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

COTTON MARKETING NEWS

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Market May Have Run Its Course For Now, But Not Over Just Yet

Back in March, we were looking at47-cents on December futures. Since that time, we've seen prices rally to about 63 cents. Since that time, the market has traded pretty much sideways. December closed today at 61.22 cents/lb—pretty much in the middle of the range that prices have been in since the "breakout" at around 57 cents.

The improvements we have witnessed in the market over the past 3 months have been due to less 2009 acreage, expected lower US and World production, US crop concerns, improved global economic conditions/outlook that hopefully will improve demand, speculative buying and the value of the Dollar.

Planting is getting caught up. As of last week (week ending June 7th) Georgia, Alabama, and Oklahoma were still behind schedule but everyone else caught up. Georgia made good progress this past week and Monday's next report should show the gap continuing to narrow. Generally, planting was behind across much of the Cotton Belt so favorable late-season weather and good harvest conditions will be important.

The market has certainly taken on a more positive tone compared to 2-3 months ago. This will remain the case as long as we can hold above 57 cents on December futures. USDA's *Acreage* report will be out on June 30th. The report is likely to show higher acreage than the 8.81 million acre figure released back ion March 31st. This shouldn't be a surprise to anyone but a "large" increase (whatever that might be) from the March number could damper prices a bit.

USDA's March number for Georgia was 940,000 acres—the same as last year. I think our actual acreage will be more than that—maybe 980,000 to 1 million. The question has been asked whether or not the planting delay may mean less acres planted here. I don't think so.

What to do about marketing/pricing this crop? For now, the 63 to 64-cent area has been the top. Basis the December contract, this would result in a 60-cent contract opportunity or a place to use Puts. The market appears to be at a critical juncture. If the June 30th report shows higher than expected acreage and the crop is off to a good start, some weakness could push prices down 2-3 cents. On the other hand, if crop conditions should not be good or deteriorate over the next couple of months, the market could test the 63-64 cent area again or higher. Growers should consider current opportunities as well as look for further improvements should they develop later this summer.

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