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

COTTON MARKETING NEWS

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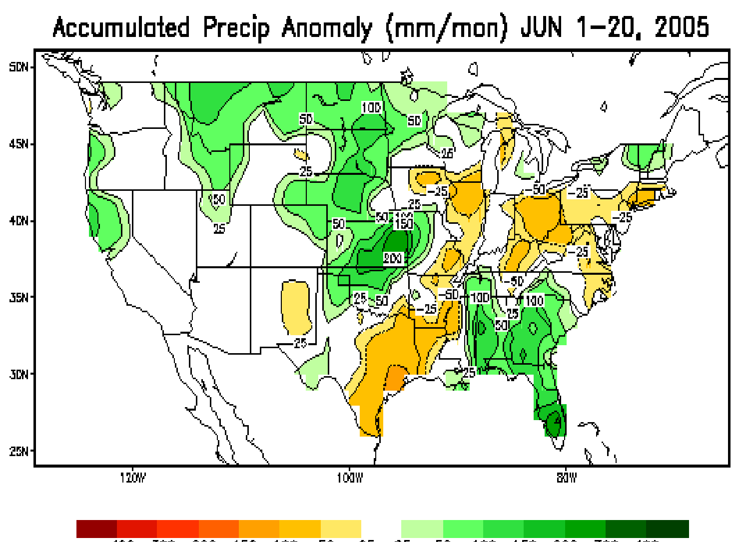
This newsletter is also available in PDF format on the UGA Cotton web page at:
http://www.griffin.uga.edu/caes/cotton

Prices Make A Nice Recovery

Since my last newsletter to you on 6/03, prices on December futures have increased about 2½ cents from 50.01 cents on 6/09 to 52.49 on 6/20. As I mentioned in my last newsletter, these "recovering rallies" are a signal that not all hope is lost. In fact, this most recent recovery took us out of the long downtrend that started back in late April-early May. The next test will come at around 53.50 to 53.75.

The market will continue to respond to US plantings and crop conditions and export numbers. The most recent export reports have been positive, showing encouraging new sales to China. As of June 9, US export sales now total 14.9 million bales with 3.54 million bales of that to China. One observation that is of interest to me is the fact that China is expected to import 15 million bales but thus far less than 25% of it has been US cotton (compared to around 50% being a more typical US market share). For the US to export 15 million bales without at least 5 million bales going to China would be quite an accomplishment. Purchases from Turkey, Mexico, and Indonesia have been particularly strong this season.

US crop conditions continue to be a mixed bag. June rainfall has been above normal in the Southeast but dry through much of lower and eastern Texas and the Mid-South. For the most part, development is behind schedule pretty much across the Belt with 37% of the crop in fair or worse condition as of 6/19.



As always, Texas will be a key component in the US crop equation. One reason the US enjoyed such a huge crop last year was that only 8.5% of Texas acreage was abandoned compared to 24% average.

USDA's estimate of actual acres planted will be released on June 30.

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