


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

COTTON MARKETING NEWS



Volume 3 Number 29

July 29, 2005

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

A Lot Happening... Market Recovers Nicely

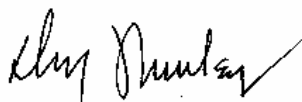
Prices. After a decline to just below the 50-cent level, the market has since recovered about 3 cents to close at 52.48 on 7/29. We are essentially about where we were after the initial “break-away” on 7/12. A push back above 53 cents could possibly clear the way for a more full recovery to 54-55 cents or better.

Yuan Impact. On 7/21 the Chinese yuan was allowed to begin floating as opposed to being at a fixed rate. The move resulted in an immediate drop in the exchange rate—the yuan became slightly more expensive relative to the US dollar. The move is thought to favor US exports like cotton while making imports, like textile products, more expensive. The impact to the US producer is unknown. The producer is interested in “total off-take”. If US exports expand while also adding stability to the US mill industry, the yuan revaluation would certainly be a win-win situation. While making US exports cheaper, the revaluation’s impact on cotton trade could be less than we might think, however. Because the US is the world’s largest supplier of cotton exports and because China is the worlds largest single user of cotton and does not have the production capacity to meet it’s own mill demands, to some extent they likely would need to purchase US cotton regardless of price.



CAFTA Passes. On 7/28, the House narrowly passed the CAFTA (Central America Free Trade Agreement) after passing the Senate in June. CAFTA is aimed at eliminating trade barriers between the US and Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and the Dominican Republic. This has been hailed as a benefit to the US cotton industry because these 6 countries are major purchasers of US milled yarn and fabric. Will CAFTA help cotton? If CAFTA results in larger shipments of US yarn and fabric to these counties without further eroding the US mill industry (i.e. results in increased *shipments*, but not a *relocation* of mill business off-shore), then yes.

Crop Scene. For the week ended 7/31, the US crop condition is essentially unchanged from the week earlier. The latest report shows the GA crop condition slipping some but some areas of the state did receive much needed rainfall over the weekend (7/29-31). AL, NC, and SC conditions slipped last week. The big news here is that “probable” glyphosate-resistance in Palmer amaranth (Palmer pigweed) has been noted at specific sites in central GA. The problem does not appear to be widespread but Monsanto and UGA are studying and evaluating the situation. More information is available at the website shown at the top of this newsletter.



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