

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

# COTTON MARKETING NEWS



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<http://www.ugacotton.com>

**Crop Estimated at 17.65 Million Bales--  
 Prices Slide**

USDA this morning released its first survey-based estimate of yield and production for 2012. The crop is estimated at 17.65 million bales on a yield of 784 lbs per acre. If realized, this would be 2.08 million bales or 13% above last year and 650K bales more than the July estimate.

The Texas crop is estimated at 6.7 million bales on a yield of 619 lbs per acre. Abandonment is forecast to be 1.6 million acres or 23% compared to 62% last year. Closer to normal abandonment and slightly better yield push the Texas crop up 90% from last year. This alone accounts for most of the increase in the US crop total.

	USDA August 1, 2012 Forecast <sup>1</sup>							
	Acres Planted		Acres Harvested		Yield Per Acre		Production	
	2011	2012 <sup>2</sup>	2011	2012	2011	2012	2011	2012
Alabama	460.0	390.0	443.0	387.0	742	719	685.0	580.0
Arizona	260.0	204.0	258.0	202.0	1,526	1,564	820.0	658.0
Arkansas	680.0	580.0	660.0	570.0	929	1,011	1,277.0	1,200.0
California	456.0	365.0	454.0	363.0	1,418	1,514	1,341.0	1,145.0
Florida	122.0	115.0	118.0	112.0	744	857	183.0	200.0
Georgia	1,600.0	1,250.0	1,495.0	1,245.0	791	925	2,465.0	2,400.0
Kansas	80.0	55.0	65.0	52.0	510	535	69.0	58.0
Louisiana	295.0	230.0	290.0	220.0	846	873	511.0	400.0
Mississippi	630.0	580.0	605.0	570.0	952	926	1,200.0	1,100.0
Missouri	375.0	375.0	367.0	355.0	969	913	741.0	675.0
New Mexico	73.4	53.0	61.4	49.9	1,049	1,058	134.2	110.0
North Carolina	805.0	550.0	800.0	545.0	616	837	1,026.0	950.0
Oklahoma	415.0	330.0	70.0	190.0	597	556	87.0	220.0
South Carolina	303.0	280.0	301.0	278.0	828	829	519.0	480.0
Tennessee	495.0	380.0	490.0	375.0	796	755	813.0	590.0
Texas	7,570.0	6,813.0	2,868.5	5,212.5	592	619	3,540.0	6,725.0
Virginia	116.0	85.0	115.0	84.0	676	914	162.0	160.0
<b>Total US</b>	<b>14,735.4</b>	<b>12,635.0</b>	<b>9,460.9</b>	<b>10,810.4</b>	<b>790</b>	<b>784</b>	<b>15,573.2</b>	<b>17,651.0</b>

1/ USDA, *Crop Production*, August 10, 2012. Acreage is 1,000 acres, yield is lbs per acre harvested, production is 480-lb bales.  
 2/ USDA, *Acreage*, June 29, 2012.

Eleven of 17 states expect better yields than last year. Especially worth noting include Arkansas, California, Florida, Georgia, North Carolina, and Virginia. Georgia is forecast at 925 lbs per acre. If realized, this would be a new record state yield. My pre-report guesstimate was 870 lbs per acre. The crop looks very good but I'm surprised USDA would forecast a record crop this early (based on conditions as of August 1). I was expecting a very good but a little more conservative number.

Over the past week to 10 days, bullish factors have pushed prices (Dec12 futures) from the 71-cent area to the 75 to 76-cent area. This has provided an opportunity for producers to do additional contracting. There is already talk of prices tracking on to the 78 to 80-cent area. This seems premature, however.

Crop conditions in Texas have deteriorated further in recent weeks. The Texas crop may decline from today's estimate. The actual US crop could be smaller.

This would be supportive of prices, but today's World supply/demand numbers were not supportive. 2012 crop beginning stocks were raised 1.12 million bales, production was raised 300K bales, and demand was lowered 82K. The net result is an increase in already burdensome ending stocks of 2.28 million bales.



In response to today's numbers, the market (Dec 12) has been down (currently down about 176 points to 74.19 cents). The 75-cent area continues to be a pricing opportunity with additional opportunity should the market move higher prior to harvest or into 2013 in competition with corn and soybeans.

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