

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 Uncertainty Ups and Downs

USDA's production and supply/demand reports last week added 550K bales to the expected US crop. An increase was clearly not expected by most industry analysts and observers. Despite the unexpected increase, the market (Dec11 futures) has been on a bit of a recovering rally as we soon round the turn and hit the stretch toward home with this crop. Dec11 stands at around \$1.06 today as this is being written. Prices have improved about 10 cents over the past couple of weeks.

It's encouraging that prices are hanging above \$1. Prices don't yet seem willing to break above the \$1.10 level so this \$1.06 to \$1.07 range could be it for now until something more positive comes along.

If the US crop does in fact eventually get smaller (less than 16 mb), prices may get a kick and give growers an opportunity to price higher. Still, I'd be 50% priced at this point. I've been getting calls from producer with questions about further pricing. If you've got a good/better handle on expected yield and production at the point, the current move back close to \$1.10 might be a good opportunity to get to 50% priced if not already—reduce risk on that portion of expected production and then take a wait-and-see attitude on the rest.



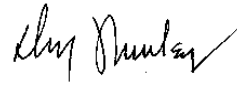
USDA's August report of 16.55 million bales was the first actual survey-based estimate for the year and surprised a lot of folks. Yield is projected at 822 lbs (22 lbs higher than the July estimate) and abandonment is projected to be a little less than the July estimate. This accounts for the 550K bale increase in the expected crop.

Texas is expected to walk away from 52% of the acres planted and make a yield of 636 lbs/ac. Georgia is expected to abandon about 5% of its acreage and make a yield of 870 lbs. There's some good looking cotton in Georgia—but 870 lbs would be the second highest yield on record and only 32 lbs below the state record set in 2009. This crop still has a long way considering the early drought and acreage replanted late.

	2011 Acres ¹			Yield	
	Planted	Harvest ²	Abandon	2011 ²	3-Yr Avg ³
Alabama	450	430	4.4%	726	712
Arizona	261	259	0.8%	1408	1479
Arkansas	650	640	1.5%	975	958
California	450	448	0.4%	1404	1422
Florida	93	90	3.2%	725	802
Georgia	1,450	1,380	4.8%	870	853
Kansas	68	58	14.7%	521	729
Louisiana	280	270	3.6%	800	721
Mississippi	600	590	1.7%	936	864
Missouri	340	334	1.8%	1035	1034
New Mexico	63	61	3.2%	969	1083
North Carolina	760	755	0.7%	826	892
Oklahoma	300	100	66.7%	408	782
South Carolina	270	268	0.7%	788	884
Tennessee	460	455	1.1%	849	866
Texas	7,115	3,414.5	52.0%	636	666
Virginia	115	114	0.9%	989	897
US	13,725	9,666.5	29.6%	822	804

1/ Thousand acres
2/ Crop Production, USDA, August 11, 2011.
3/ USDA, 2008-2010.

Prices into harvest and 2012 will depend on size of the US crop, demand, and price needed to be competitive with soybeans and corn.



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