

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

# COTTON MARKETING NEWS



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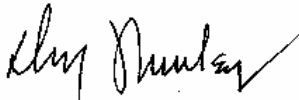
**More on the August Report.** USDA on August 12<sup>th</sup> estimated the 2004 US crop at 20.2 million bales. This large number was without question a shock to most. Yield was projected to be 727 lbs/ac-- about the same as last year and not unrealistic given how favorable growing conditions have been belt-wide. The glaring difference and what makes this year's a 20 million bale crop is the almost non-existent abandoned acres-- only 550,000 acres compared to 1.48 million acres last year and 1.54 million acres in 2002. Of course, the major player here is Texas where acres harvested this year are expected to be a relatively high 93% of what was planted. So, while US acres planted this year was only 3% above last year, above average yield and very low abandonment combine to give us a whopper of a crop.

The 2004 foreign crop is expected to be 86.4 million bales-- up 10.6 million bales from last year. Of this increase, almost 8 million bales are expected from one country-- China. World stocks are expected to rise by 6 million bales.

**Prices Show Rebound.** Despite USDA's August numbers, prices (December futures) mustered a nice rally this week posting a 7-cent improvement. December closed the week at 51.23 cents/lb. This is the "adjustment" we have been hoping for. It is possible that prices could continue to improve another 2-3 cents, but on the verge of harvesting a large US crop, further improvement if any will be hard to justify and sustain until more is known about the foreign crop and US export potential. I was encouraged to see that foreign production is expected to be up 10.6 million bales and yet US exports are expected to be only 1.8 million bales less than last year. If, in fact, prices have found their bottom, how much increase we can sustain will depend on foreign demand and US export share.



**Counter-Cyclical Payments Update.** The final (July) numbers are not quite in yet but it looks as though producers can expect to receive a little more CCP on the 2003 crop. Through June, the MYA price averaged 62.52 cents. If the final MYA were to be 62.52, this would result in a final CCP of 3.21 cents/lb. A partial payment of 2.01 cents/lb was available beginning in October 2003. A final payment of around 1.2 cents/lb could be forthcoming in September depending on the final MYA price.



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