

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

COTTON MARKETING NEWS



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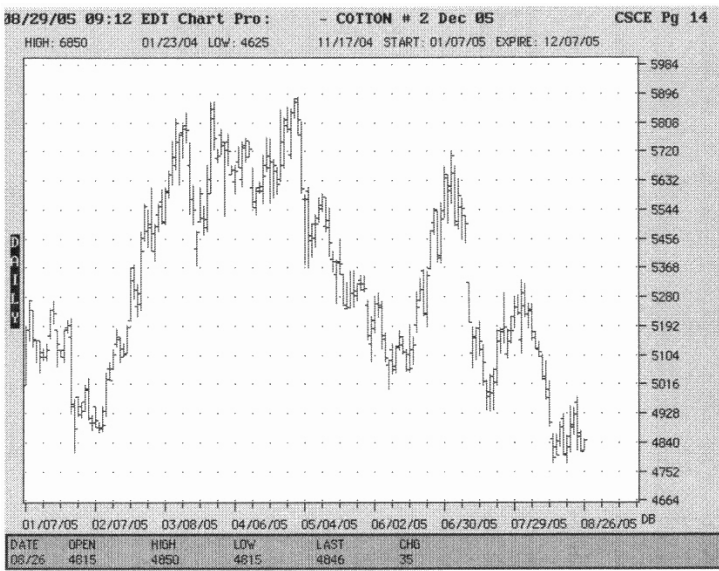
This newsletter is also available in PDF format on the UGA Cotton web page at:
<http://www.griffin.uga.edu/caes/cotton>

Katrina, Katrina

This newsletter is being written on Monday a.m., August 29th. Hurricane Katrina has hit Louisiana and Mississippi and looks to dump a lot of rain with high winds on much of the mid-South cotton production area.

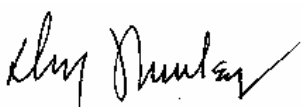
Will this impact the cotton market? Yes. Which direction? Likely up somewhat, but weird things too often do happen in the market. Recall last year when prices rallied in anticipation of hurricane-related damage, only to decline when damage was minimal.

It is possible that the low for this crop year has already been set in the 48-cent area. If the US and world crop should get any bigger, prices could dip a couple of cents below this. However, if US and foreign crops remain at current levels and US exports pace 15 million bales or more, then I would expect prices to remain at present levels and eventually move back to the 51-52 cent range. Any damage from Katrina could add fuel as well.



Last weeks crop progress will be released later today. The mid-South has been behind normal in crop development. As of August 21, Louisiana and Mississippi were 19 and 18% open bolls respectively. Tennessee was only 5% open and Alabama also only 5% open. Being behind normal would be a good thing with this type weather, but nevertheless, the MS and LA crop may show over 1/3 open in today's report. And there could be damage (lodging, etc) from winds as well. All this is pure speculation but I would think the market would move up due to Katrina.

CCP payments do not decline unless the MYA (cash) price averages above 52 cents (mid-50's or better on futures). An LDP is in effect when the market (futures) is below about 61 cents.



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Cotton: Percent Bolls Opening, Selected States ¹

State	Week Ending			2000-2004 Avg.
	Aug 21, 2005	Aug 14, 2005	Aug 21, 2004	
	Percent	Percent	Percent	Percent
AL	5	1	11	15
AZ	30	21	41	47
AR	18	5	4	12
CA	13	7	28	18
GA	4	1	15	18
KS	0	0	1	1
LA	19	6	29	38
MS	18	2	20	31
MO	8	3	8	10
NC	1	0	9	9
OK	0	0	8	7
SC	10	3	14	11
TN	5	3	8	11
TX	18	16	18	21
14 Sts	14	9	17	20

¹ These 14 States planted 98% of last year's cotton acreage.