

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

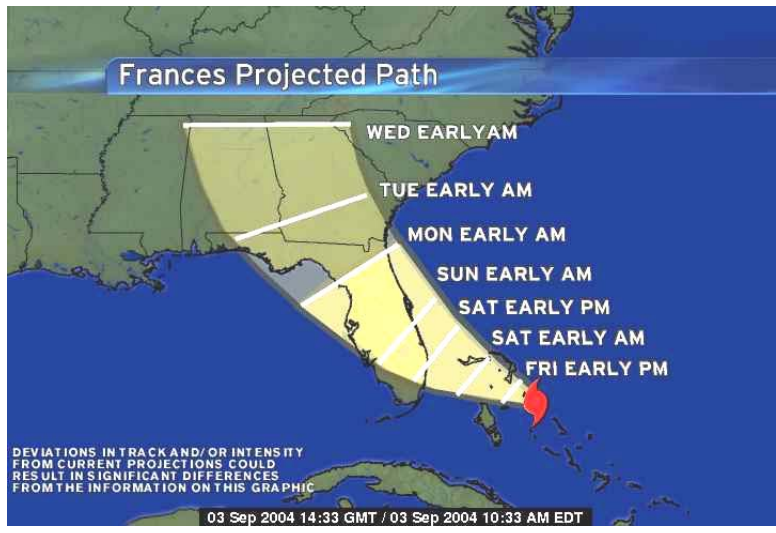
COTTON MARKETING NEWS



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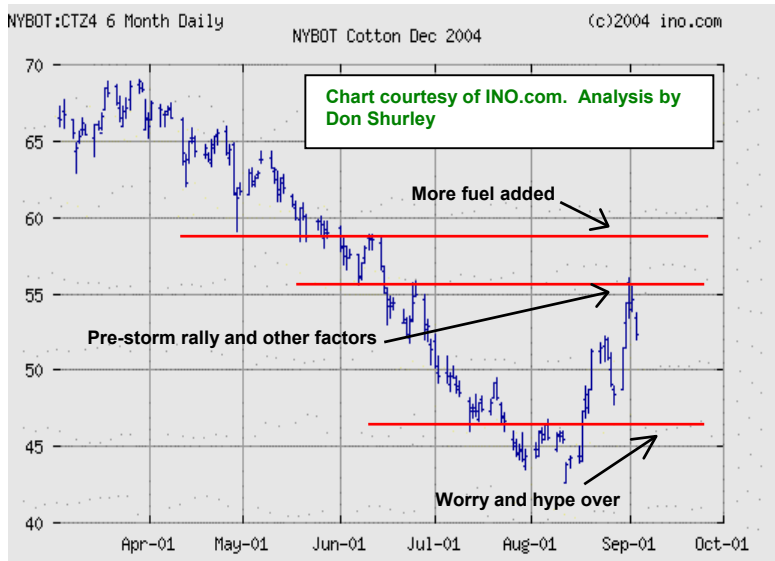
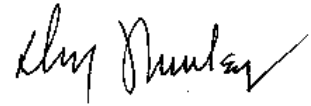
This newsletter is also available in PDF format on the UGA Cotton web page at:
<http://www.griffin.peachnet.edu/caes/cotton/>

It appears that Hurricane Frances is likely going to bear down on the Georgia and Alabama cotton crops and the effects (rain and wind) may also be felt in the Carolinas and the Mid-South. The majority of the Georgia and Alabama crops appear to be within in the projected. Rain will certainly extend beyond and outside the path taken.



Trying to predict any possible yield impact at this point is difficult. The Georgia crop as of last week (August 29) was 30% open on average and is probably 40-50% open now. Some of the crop is much further along and is ready to defoliate and harvest. Some of the crop that is ready this early may not be the highest yielding portion of the crop. Some of it is shorter, non-irrigated cotton. USDA has us at 738 lbs/acre. If 45% of that yield is already open and harvestable and we lose just 25% of that due to wind/rain-- on 1.3 million acres harvested, that would amount to 250-300,000 bales lost out of a possible 2 million bale Georgia crop (I know I'll get in trouble for even attempting this-- I can hear the phone and see the emails now!) We have a lot of DPL 555BR which does not stay in the burr real well so this is another unknown.

The market (Dec futures) rallied back to the 55-56 cent level and met some resistance. In the past couple of days, prices have slipped. If Frances takes a significant bite out of this crop, the market could challenge 55 again and attempt a run at 58-60 cents. If all the hype and worry prove to be just that, weakness and fundamentals could take us back below 50 cents to the 45-46 cent level. We still have a large US and world crop to contend with and Frances would have to take a big bite to move the fundamentals in favor of high prices.

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