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

# COTTON MARKETING NEWS

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## Not Much Happening at the Moment


The latest USDA numbers (released today) contained little or no surprises—nothing that should have a major impact on the market. The crop continues to improve and the market has once again made a nice recovery. As we progress into harvest, we will continue to get a better handle on the crop and, as we do, the market will determine if this ship is headed in the right direction.

For now, 60+ cents seems to be a good price given what we think we know of the supply/demand fundamentals. The market (Dec futures) seems "content" in the mostly 57 to 62 cent range and at least to-date, seems to have no problem rallying back when we get in the lower part of this range. December closed today at 61.24 cents—up 1.64 cents for the week and about a 4-cent rally from the most recent lows.

The basis right now for SLM 41-4/34 is -3 cents October or approximately -5 cents December. So, spot cash bids are around 56.5 cents. It would be nice to get a few more cents in this market to come out with 60 cents cash bid. The spot market premium currently being paid for 31-3/35 is 1.5 cents.

Today's USDA supply/demand report increased the US crop to 13.44 million bales—238,000 bales higher than the August estimate. The US average yield is now expected to be 835 lbs/ac compared to 816 estimated in August and 813 last year. Yield is expected to be higher than last year in 10 of 17 states. Planted acreage was increased to 9.14 million acres but harvested acreage was down just slightly from August. Compared to the June acreage estimates, cotton acreage is higher than previously thought in Alabama, California, Florida, Georgia, Kansas, Mississippi, Oklahoma, and Texas. Acreage is now estimated to be less than the June estimate in Louisiana, Missouri, North Carolina, South Carolina, and Tennessee.

US exports for the 2009 crop year are now estimated at 10.5 million bales—300,000 bales higher than the August estimate but still considerably less than 2007 and 2008. During those crop years, we also had much higher available supply, however. To eventually drive prices higher, exports will probably have to reach the 11.5 to 12 million bale range.

Good pricing opportunities on uncommitted cotton after harvest will depend on exports. The September report lowered foreign production about 1 million bales from the August estimate and increased Use slightly. Foreign stocks tightened just over a million bales.

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