

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

COTTON MARKETING NEWS



Volume 9

Number 20

September 16, 2011

This newsletter is also available in PDF format on the UGA Cotton web page at:
<http://www.ugacotton.com>

Prices Bounce and Hold for Now

Prices. The hopeful rally to the \$1.10 to \$1.15 area has materialized and prices (Dec11 futures) seem to be holding in that area. As this is being written Dec11 is in the \$1.11 area.

Dec11 sank to the 96-cent area as recently as early August but improved to almost \$1.14 earlier this week on Wednesday. Right now, at \$1.11, prices are down slightly for the week.

USDA's production and supply/demand reports issued on Tuesday this week were, in my opinion, neutral to slightly bullish. *The market does appear a bit more optimistic these days compared to a few weeks ago* but I've yet to see any hard data to really backup the increase. Nevertheless, let's just be thankful for it.



This Weeks Numbers. The US crop was raised just slightly to 16.56 million bales. Plantings were increased 1 million acres but abandonment also increased. Acres to be harvested increased roughly 200K and expected yield was dropped from 822 to 807. The crop was increased in August and it held this month. *Perhaps it will be what USDA says after all?*

Projected US exports were lowered 300K bales so US Ending Stocks were raised 100K bales. US exports were lowered perhaps due to the expected larger crop and this fewer imports in China. Also, expected exports from India were increased. Conversely, the Pakistan crop was lowered and imports increased.

World demand was raised just slightly to 115.22 million bales and projected World Ending Stocks were lowered 750K bales so the stocks-to-use ratio tightened just a bit. There is beginning to be news circulating that demand (sales) may improving and more so as we get into 2012. *It's SLOW, however.* Even with some optimism beginning to surface, a recent cancellation by China of 200K bales purchased certainly sends a mixed signal. Nevertheless, prices at current levels should allow mills to mix use of 2011 cotton along with the higher-priced 2010 crop and begin to regain some competitiveness. *Improvement in demand will be tied to any ease in economic uncertainties and more steady growth.*

Crop Conditions. USDA now says Texas will abandon 57% of its cotton acreage planted and yield 631 lbs/acre. The drought there has persisted. The Georgia crop has deteriorated due to a dry August and September. Yield is now forecast at 789 vs 870 in USDA's August estimate. *Cooler temperatures, not only in Georgia but also elsewhere, are also not a help to cotton planted late or replanted late.* The later planted Georgia crop will need warm temps and timely rain for quite a while longer in order to fully mature the crop and achieve a reasonable yield.

Don Shurley, University of Georgia
donshur@uga.edu / 229-386-3512