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**Prices at the \$1.00 Level**

As we get full swing into harvest time, some producers are likely considering further marketing decisions on production not already contracted. The recent rally to the \$1.10 to \$1.15 area provided an opportunity to price a few more bales. The more recent decline to the \$1.00 level probably has producers scratching their head and *wondering what to do now.*

Prices have been on a downswing and teetering around the \$1.00 to \$1.05 area. Technically, the recent trek down could have taken us to the 95-cent area, so *price holding around the \$1.00 area is both important and encouraging.*

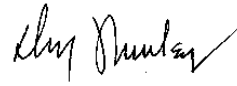


Yesterday may prove to be a key day. Prices traded in a 5-cent range between \$1.03 and \$0.98 and ended up closing on the high side of that range at just over \$1.02. Today, the high has again been about \$1.03 but currently Dec11 is trading just around \$1.00—down 2 cents. *Closing down today would take some of the glitter off yesterday but maintaining price at or near \$1.00 is still encouraging.*


The main factors at play in the market right now include weak demand but with some signs of slow improvement; given that level of demand, a short but adequate US crop; and good crop prospects in China. *Prices will stabilize and improve at whatever level generates export buying and bullish speculative buying.* Right now, it appears that might be around \$0.95 to \$1.00. This week's export sales report was roughly 223K bales and encouraging.

Many producers may be mostly (1/2 to 2/3 or more) sold on the expected 2011 crop. If not, opportunities above \$1.00 may be considered and certainly another rally close to \$1.10 or better. At this point, the goal is to avoid selling a large portion of the crop below \$1.00 if we head there again. *It's all about average pricing.*

Corn and soybean futures have been hammered this week. The 2012 crop (Dec12 futures) is at 93 cents. Based on where 2012 futures prices are at present, cotton appears very competitive in situations examined (based on 2011 Extension Service budget costs and yields).



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### Prospective 2012 Crop Comparisons

	Non-Irrigated Production								
	Texas (District 11)			Georgia (South and East)			Mississippi (Delta)		
	Cotton	Corn	SBeans	Cotton	Corn	SBeans	Cotton	Corn	SBeans
Price	0.930	5.66	11.95	0.930	5.66	11.95	0.930	5.66	11.95
Yield	800	100	30	700	85	30	900	115	42
Crop Income	744	566	359	651	481	359	837	651	502
Variable Cost	328	226	133	419	291	233	446	356	203
Net Return	416	340	226	232	190	126	391	295	299
<b>BE Cotton Price</b>	<b>0.835   0.693</b>			<b>0.870   0.779</b>			<b>0.823   0.828</b>		

Futures price as of 9/30/2011  
 Assuming 2011 budgeted costs and expected yield

