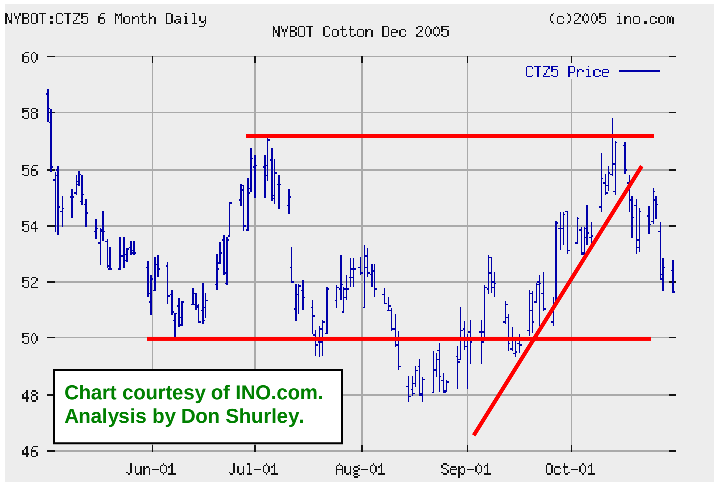
Southern Cotton Growers, Inc.
REPRESENTING COTTON PRODUCERS THROUGHOUT ALABAMA, FLORIDA, GEORGIA, NORTH CAROLINA, SOUTH CAROLINA AND VIRGINIA

COTTON MARKETING NEWS

Volume 3 Number 40 October 28, 2005

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

Market Tracks Lower



As expected, a dose of reality set in and the market (December futures) has moved lower. Prices have declined roughly 4-5 cents/lb since the peak about 2 weeks or so ago. Longer term, prices may take another upward run if production comes in less than expected… provided that export pace is good.

Prices move first based on EXPECTATIONS. Then prices move in REACTION to actual events compared to those expectations. The trend to lower prices over the past couple of weeks has, in my view, been due (1) to the larger crop estimate in the October report and (2) more recently now the expectation of perhaps an even larger crop when the November number comes out. Thirdly, as just as critical, export sales have thus far not been dramatic. Now this may have been in reaction to the higher prices but it also could signal a weakening (or at least "flattening") of world demand.

Even if the crop were to get a little larger, I would expect prices to hold the 50 cent area provided export numbers improve and on target to reach USDA's 16.0 million bale estimate. Lower prices of the past week or so could stimulate foreign mill interest. A larger crop (in the Nov report) coupled with continued weak exports could take us below the 50-cent area. A November number not much different than October coupled with improved exports should be sufficient to keep prices in the low to mid 50's.

FIBER QUALITY SUMMARY, SOUTHEAST AND MID-SOUTH, AS OF 10-27-05

	SOUTHEAST			MID-SOUTH		
	Birmingham	Florence	Macon	Dumas	Memphis	Rayville
Avg. Strength	29.1	29.4	29.4	28.6	29.0	28.6
Avg. Uniformity	81.4	81.8	80.4	80.9	81.6	80.3
Avg. Staple	34.6	35.1	34.9	34.7	34.7	34.4
% Bales 31 and Better	65.5	30.4	29.4	64.7	53.9	79.3

Above is fiber quality for bales ginned through October 27. Southeast looks comparatively well on strength and staple. Macon (GA) is again relatively low on Uniformity. The relatively low % of the crop grading color 31 or better is surprising… particularly given great harvest weather we've enjoyed in Georgia thus far. Is this ginning or production related or both? A 31/3 bale is currently paying 1.25 cents/lb more than a 41/3 bale. An extra 1/16" in staple is only paying .50 to .75 cents and uniformity from 80-82 is no difference.

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