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

COTTON MARKETING NEWS

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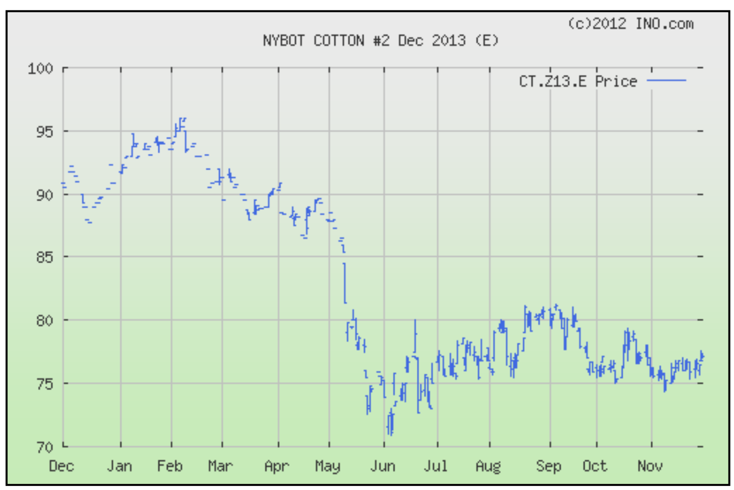
Prices Stabilize and Find Support

Merchants are now pricing the old crop (2012) off the March futures. Southeast spot prices are currently running 200 points (2 cents) under March for base grade 41/4-34 and 150 points over for better 31/3-35. That's a 350 point premium for the better grade.

Today, March currently stands at just under 74 cents. Prices seem to have found a firm floor of support at the 70-cent area and are showing improvement. March has gained almost 4 cents from the most recent low about 3 weeks ago. As of right now, we're up over 2 cents for the week.

Reports suggest that export sales have picked up, thus affirming that there is business at these price levels. This provides the floor of support. Prices are most likely to trade within a band of 70 to 77 cents. Producers looking for post-harvest pricing opportunities should give consideration to pricing on rallies to 75 or better. Also, keep a close watch on the basis. The basis right now it very good, especially for better quality fiber. If the basis should begin to decrease for whatever reason, this will negate some of any improvement in futures.



New crop Dec13 futures have also shown some improvement. Currently, prices are at just over 77 cents. The "premium" on the new crop has narrowed, however, due to a slightly better uptick in old crop futures.

At this point, it looks like the 2013 crop wants to trade mostly between 75 and 80 cents. This will no doubt result in an acreage decrease for 2013—but this is expected and already factored into prices. I would not expect prices to move higher out of this range since that might result in keeping some acres in cotton that are otherwise headed to another crop—a signal the market does not want to send right now.

New crop prices are likely to be held in check by large global supplies (stocks) and weak/stagnant demand that, while good recently, may be stymied by a trend to higher prices. Producers will have to eventually think about when (at what price) that 2013 marketing should begin. Decisions have to begin eventually. Something in the neighborhood of 80 cents could be a reasonable start.

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