

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

COTTON MARKETING NEWS



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Thankful For Little Things

New crop (December) futures closed at 47.83 cents per lb today—up 1.32 cents for the week. After a horrid February in which the market dropped about 10 cents, the little recovery we have witnessed this week is notable although we still have a lot of ground to make up yet.

It's probably not unrelated that the stock market also enjoyed a good week. Commodities will move in tandem with the stock market especially when there is little else of consequence to override it.

What's also notable about this week's mini-rally, USDA's monthly supply/demand numbers were released yesterday and the news wasn't exactly encouraging. Also, there is beginning to be more and more sentiment that 2009 US cotton acres may not be down as much as once thought—down for sure, but just not by as much as the National Cotton Councils number. The Council's estimate of 2009 acreage was 8.11 million acres. Since then, at the USDA Outlook Forum, economists were estimating acreage at 8.4 million and this week Informa Economics estimated acreage at 8.34. USDA's first official estimate of what farmers say they *intend* to plant will be released on March 31.



In this month's USDA report, US exports of the 2008 crop were raised ½ million bales while use by US mills was dropped 150,000 bales. So, there was a net increase in off-take of 350,000 bales and a resulting decline in US ending stocks. On the bearish side, however, foreign mill use was dropped by 1.37 million bales and projected ending stocks raised by 1.24 million bales. Projected US and foreign old-crop stocks on-hand when the 2009 crop marketing year begins on August 1 appear plentiful—particularly given the weakness in demand. The World ending stocks-to-use ratio is estimated to be 56.3%-- meaning we'll have almost 7 months of use on hand before harvesting the first bale of 2009 crop. I think there is still potential for price rally this spring and summer but it will most likely have to be weather related and may be short-lived due to large stocks and weak demand which is the over-riding market fundamental right now.

President Obama's budget proposal, which included further cuts to agriculture, is meeting opposition. The House ag committee sent a letter to the House Budget Committee unanimously rejecting the proposals on agriculture. The House Budget Committee is in the process of developing their own "budget resolution" which must then be voted on by the full House. That vote could come as early as Friday, March 20th. Both House and Senate are expected to vote on their versions of the budget the week of March 30th.

2009 Crop Outlook/2008 Farm Bill Area Meetings—March 23, 5pm- Camilla, GA; March 24, 12 noon- Midville, GA; March 26, 10 am- Hawkinsville, GA; March 27, 10am- Alma, GA. For more information contact the county Extension agent. Meetings co-sponsored by UGA Extension Service and the USDA Farm Service Agency.



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