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## **Prices Continue to Improve**

Old crop (2012 crop Mar13) futures have improved markedly over the past couple of weeks—giving producers with some of last year's crop to sell a good opportunity to do so.

Since the low of last November, prices improved to the 75 to 78 cent area providing growers a sell opportunity particularly if still holding the majority of the crop. The more recent advance to the 80 cent area now represents yet another good opportunity.

Mar13 reached almost 83 cents yesterday but then finished back down at 80 ½ today—perhaps signaling

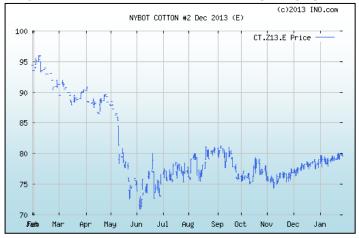


that bulls have adjusted their sights a little. Still, old crop gained almost 2 cents for the week. The basis continues to be very good for better grades (31-3/35) and another reason to consider if thinking about selling. Typically, the basis can widen a bit if the market improves but that has not been the case thus far. Southeast cash bids for 31-3/35 are even the March futures. Base grade 41-4/34 is -325.

New crop Dec13 closed today at just under 80 cents (79.7). Prices continue to make a slow assault on the 80-cent level but have yet not quite been able to crack it. I believe the 80-cent area is where you might want to consider making your first new crop selling. Prices could move yet higher in the weeks and months ahead but pricing a portion

of the crop at around 80 cents wouldn't be a bad start and if prices move higher, sell some more. If prices go lower (and they could) you'll be glad you took at least some action earlier.

Prices will continue to move based on, among other things, weekly export numbers. These weekly report have been mostly positive and supportive of these better price levels. China continues to be a buyer in addition to holding ½ the Worlds old crop stocks. This will be a key factor now and moving forward. Although China holds a lot of cotton, if their policies result in relatively little of it being used, that lowers the "effective stocks" supply significantly.



The market will also begin focusing on prospective 2013 acreage. Acreage will be down but will the recent uptick in prices, if it holds or continues, result in not quite as much cotton acreage shifting out? The National Cotton Council's survey estimate will be released February 9<sup>th</sup>. Estimates from other sources already released range from 9.7 to 10.3 million acres. The USDA estimate will be March 28<sup>th</sup>.

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