

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

# COTTON MARKETING NEWS



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This newsletter is also available on the UGA Cotton web page at:  
<http://www.ugacotton.com>

**Prices Break.** Cotton prices (Dec13 futures) continued to slide this week and the market has taken a bit of a downturn over the past 2 weeks. Dec13 closed at 85.66 yesterday. Prices have inched even closer to 85 cents today but currently are back above 86. Dec13 at 85 would be the lowest price on new crop since late February-early March and would erase a good portion of the run made to near 90 cents.

Dec13 should find support at the 84 to 85 cent level, however, and hopefully growers took advantage of this run to get a comfortable level of expected 2013 crop priced. We may make another run upward—the growing season hasn't even begun and a lot can still happen to influence prices for better or worse.



**USDA April Numbers.** USDA's monthly supply/demand numbers were released on Wednesday this week. The 2012 US crop was raised 280K bales. 2012 crop US exports were raised 250K bales to 13 million bales.

Major foreign and World numbers worth noting include: 2012 World production was lowered slightly due primarily to a reduction in the Brazil crop, World use/demand was increased slightly, and projected World Ending Stocks were increased by 710K bales. Normally, lower production and increased use should lead to a reduction in carryover (stocks). Instead, we see another increase in Ending Stocks. The reason was a 1.18 million bale increase (revision) in 2012 crop year Beginning Stocks—revisions in 2011 crop year supply/demand and subsequent carry-out.

**China News.** USDA's April report increased 2012 crop year imports by China to 16.5 million bales—an increase of 1.5 million bales from the March estimate. All other China numbers were unchanged so the direct result was a corresponding increase on China's projected Ending Stocks by 1.5 million bales.

Other recent news and reports also suggest that the Chinese government is continuing to stockpile cotton. Chinese mills say this has artificially inflated Chinese cotton prices and seek import quotas to purchase cheaper foreign cotton. Chinese government officials claim the buildup of government reserves and corresponding increase in prices is to protect Chinese cotton producers and maintain competitiveness with other crops.

China is now projected to hold 55.3% of World Stocks compared to 54% based on USDA's March numbers. So, cotton supplies outside of China continue to tighten. This tightening of the "non-China situation" combined with some improvements seen in demand, and lower acreage and production for 2013 are the reasons for the higher prices we've experienced.

**US Acreage.** The USDA *Prospective Plantings* report said US farmers intend to plant 10.026 million acres of cotton this year. This compared to the National Cotton Council earlier estimate of 9.015. Actual acreage will likely be even higher. Actual planting could be in the 10.5 million acre range. If so, what if any, impact will this have on prices?

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