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

COTTON MARKETING NEWS

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US Acreage Down 14%

US cotton acreage planted is estimated at 12.635 million acres-- down 14.3% from last year. This is in line with most industry analysts expectations of 12.5 to 12.8 million acres. Acres actually planted are 520,000 acres less than what farmers said they intended to plant based on a USDA survey back in March. Because of down-trending cotton prices since April and stronger soybean prices, it was expected that acreage would shift and actual planting come in less than intentions. Peanuts also took acreage from cotton.

Of the 17 states, actual acres planted were less than intentions in 10 of the 17 states. Of the 520K acre shift, most of it was accounted for by 5 states-- Georgia (-150K), North Carolina (-150K), South Carolina (-60K), and Tennessee and Louisiana (both -40K). Georgia, North Carolina, and South Carolina made major increases in peanut acreage. All 5 states also show increased soybean acreage.

Texas acreage will be down 10% from last year but acres actually planted were unchanged from March intentions. While this might be surprising, the real issue in Texas will be acreage harvested, not planted. Hail damage is reported in some areas and although the drought outlook is improved, conditions are still mostly dry and uncertain.

Prices (Dec12 futures) seem to be nesting in the 65 to 75-cent area. After falling to around 65 cents, prices improved to the 68-cent area last week and again this week. Currently (this morning), Dec12 has moved back above 70 cents.

I do not expect today's report to have much impact on prices. The numbers were within expectations and prices have been encouraging less cotton and that's what we got. The outlook is volatile and uncertain, but unless crop problems develop or demand shows marked improvement, prices are likely to move mostly within +/- a nickel of the 70-cent level.

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US Cotton Acreage, 2011 and 2012

	2011 Actual	2012 Intentions[1]	2012 Actual[2]	Change[3]
Alabama	460	400	390	-15.2%
Florida	122	110	115	-5.7%
Georgia	1,600	1,400	1,250	-21.9%
South Carolina	303	340	280	-7.6%
North Carolina	805	700	550	-31.7%
Virginia	116	95	85	-26.7%
TOTAL SOUTHEAST	**3,406**	**3,045**	**2,670**	**-21.6%**
Arkansas	680	590	580	-14.7%
Louisiana	295	270	230	-22.0%
Mississippi	630	580	580	-7.9%
Missouri	375	375	375	0.0%
Tennessee	495	420	380	-23.2%
TOTAL MID-SOUTH	**2,475**	**2,235**	**2,145**	**-13.3%**
Kansas	80	55	55	-31.3%
Oklahoma	415	350	330	-20.5%
Texas	7,570	6,813	6,813	-10.0%
TOTAL SOUTHWEST	**8,065**	**7,218**	**7,198**	**-10.8%**
Arizona	260	204	204	-21.5%
California	456	400	365	-20.0%
New Mexico	73	53	53	-27.4%
TOTAL WEST	**789**	**657**	**622**	**-21.2%**
TOTAL US	**14,735**	**13,155**	**12,635**	**-14.3%**

1/ *Prospective Plantings*, USDA, March 30, 2012. Thousand acres.
2/ *Acreage*, USDA, June 29, 2012. Thousand acres.
3/ 2012 Actual compared to 2011 Actual