



Southern Cotton Growers, Inc.

REPRESENTING COTTON GROWERS THROUGHOUT ALABAMA, FLORIDA, GEORGIA, NORTH CAROLINA, SOUTH CAROLINA, AND VIRGINIA

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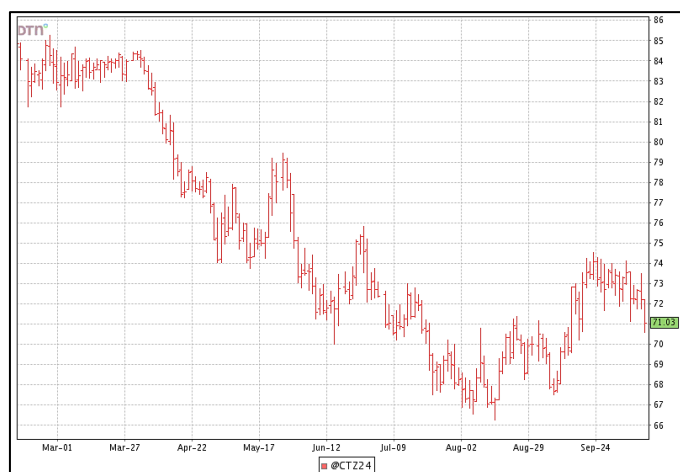
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Prices Can't Get Upward Traction Despite Supply Cuts

Cotton prices (Dec24 futures) continue to struggle. Prices have improved from lows in the 67 to 70 cents area but have trended down since recovering to 74 cents.

These prices are unprofitable and unsustainable. Cotton price has declined 14% since last March. Corn has declined 15% and soybeans 17%. The price patterns for cotton, corn, and soybeans all look the same—each is a mirror image of the other.



If any small profit or breakeven is made on cotton this year, it will likely be the result of a combination of higher-than-normal yields, crop insurance, disaster assistance, and possible PLC or ARP payment. Still, even with all these things, it will be very difficult to avoid loss at these prices.

USDA's October *Crop Production* report projects the 2024 US crop at 14.2 million bales—down 310,000 bales from the September estimate and 910,000 bales less than the August estimate. This October estimate includes what is considered to be the initial estimates of loss from Hurricane Helene.

The Texas average yield was increased 38 lbs per acre from the September estimate. But Georgia was reduced 176 lbs per acre or 400,000 bales. North Carolina was reduced by 66 lbs per acre or 55,000 bales.

Despite the now smaller US crop, prices have continued to be weak. If the current projection is realized, the 2024 crop would still be almost 2 ½ million bales higher than last year due to higher



yield, increased acres planted, lower acreage abandonment. A smaller US crop apparently is not enough to push prices higher due to demand weakness, concerns, and uncertainty.

Next year's Dec25 cotton futures are currently 72 to 73 cents. This compares to 81 to 82 cents on Dec24 futures at this same time last year. This is very concerning. Many farmers face financial difficulty this year due to high costs and low prices. Another low-price year for 2025 will not be sustainable.

The concern and challenge for the cotton industry is demand. If cotton is one of the crops that have a comparative advantage on the farm and farmers want to and need to plant cotton, then there must be markets for the crop at good prices.

I see several structural, market, and policy challenges that the cotton industry must address and solve:

- We seem to be losing the battle with man-made fibers; especially in women's clothing.
- What's happening to the US textile industry? Yes, it's been declining since 1998 but it's now almost zero. Aren't we paying EAATM payments to US mills? It doesn't seem to be working.
- We have lost export market share. The US is now, still important, but a lesser player in World production and exports.
- We need to concentrate technologies and management practices on things that lower the cost of production and that more growers can afford to obtain.
- We need to fix and strengthen the farm bill income safety net.

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