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**U.S. Cotton Planted Area
In 2012 and Beyond**

Jason Ward

U.S. Cotton Planted Area in 2012 and Beyond

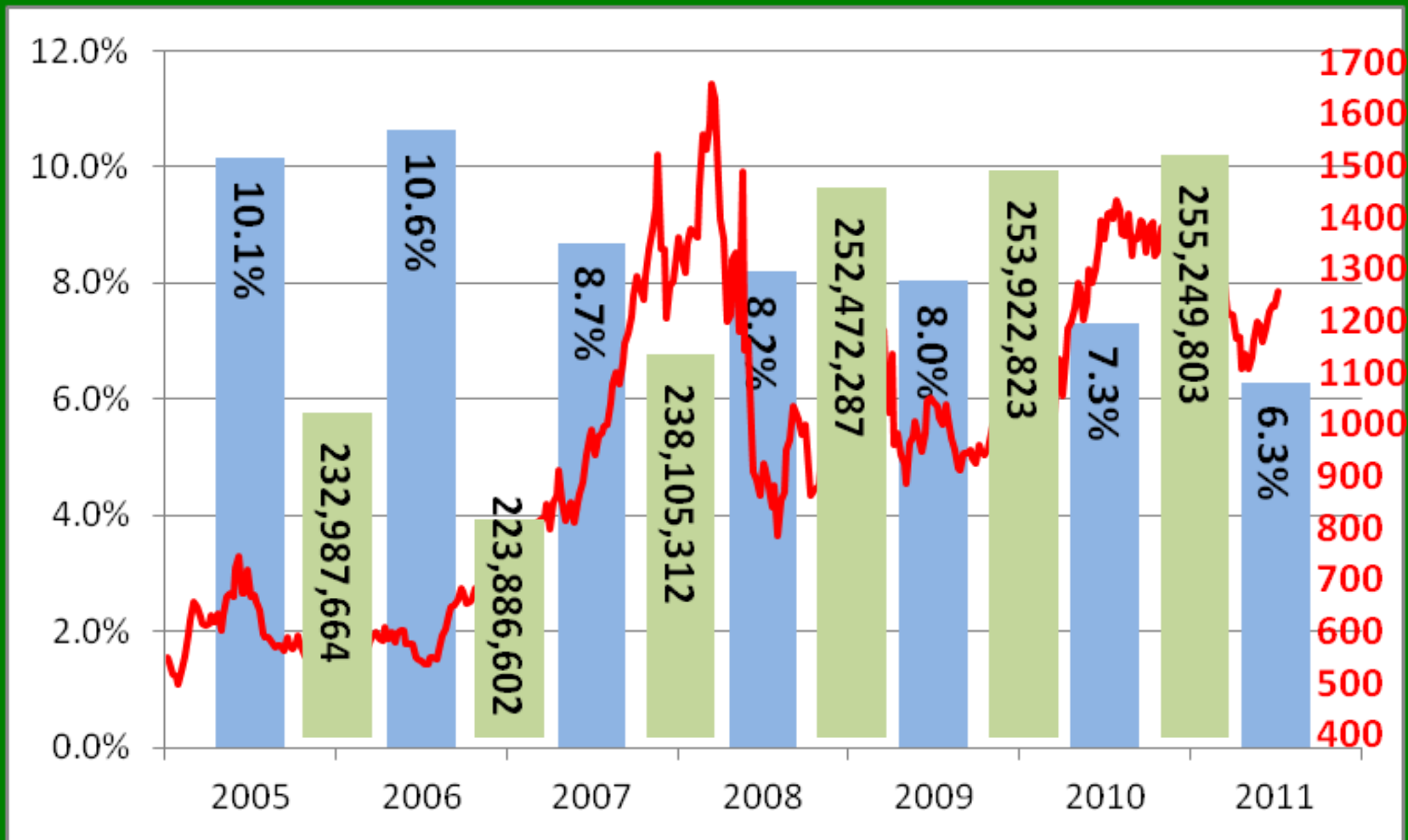
February 24, 2012

Jason Ward
Staple Cotton Cooperative Assn.

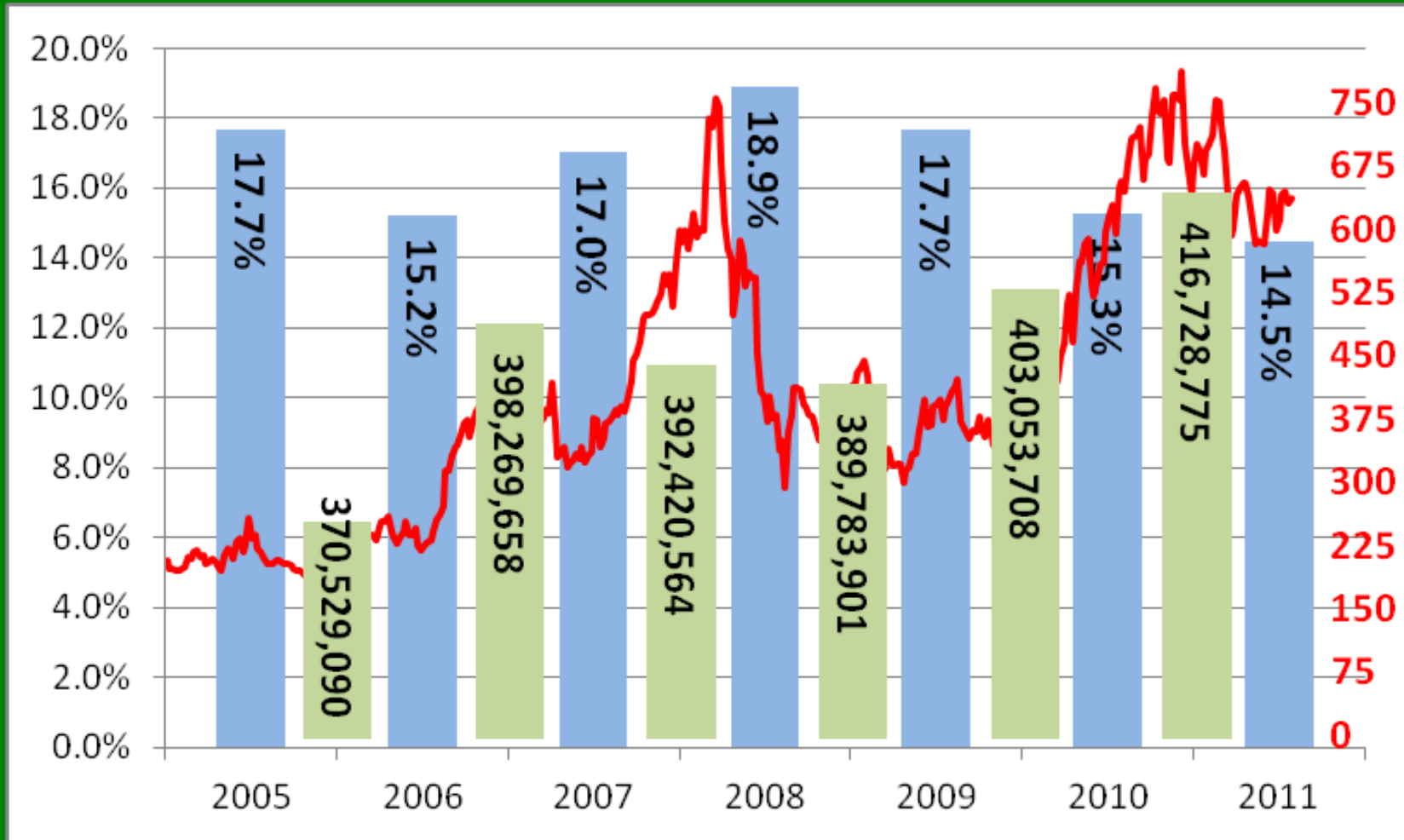
Topics

- World Stocks to Use Ratio, Futures Markets & World Acreage for Soybeans, Corn and Cotton
- World Producers Vs. U.S. Producers Response to Markets for Soybeans, Corn and Cotton
- U.S. Position In World Fundamentals
- Profitability Index by U.S. Region & Competing Crops
- Factors Facing U.S. Cotton in 2012 & Beyond

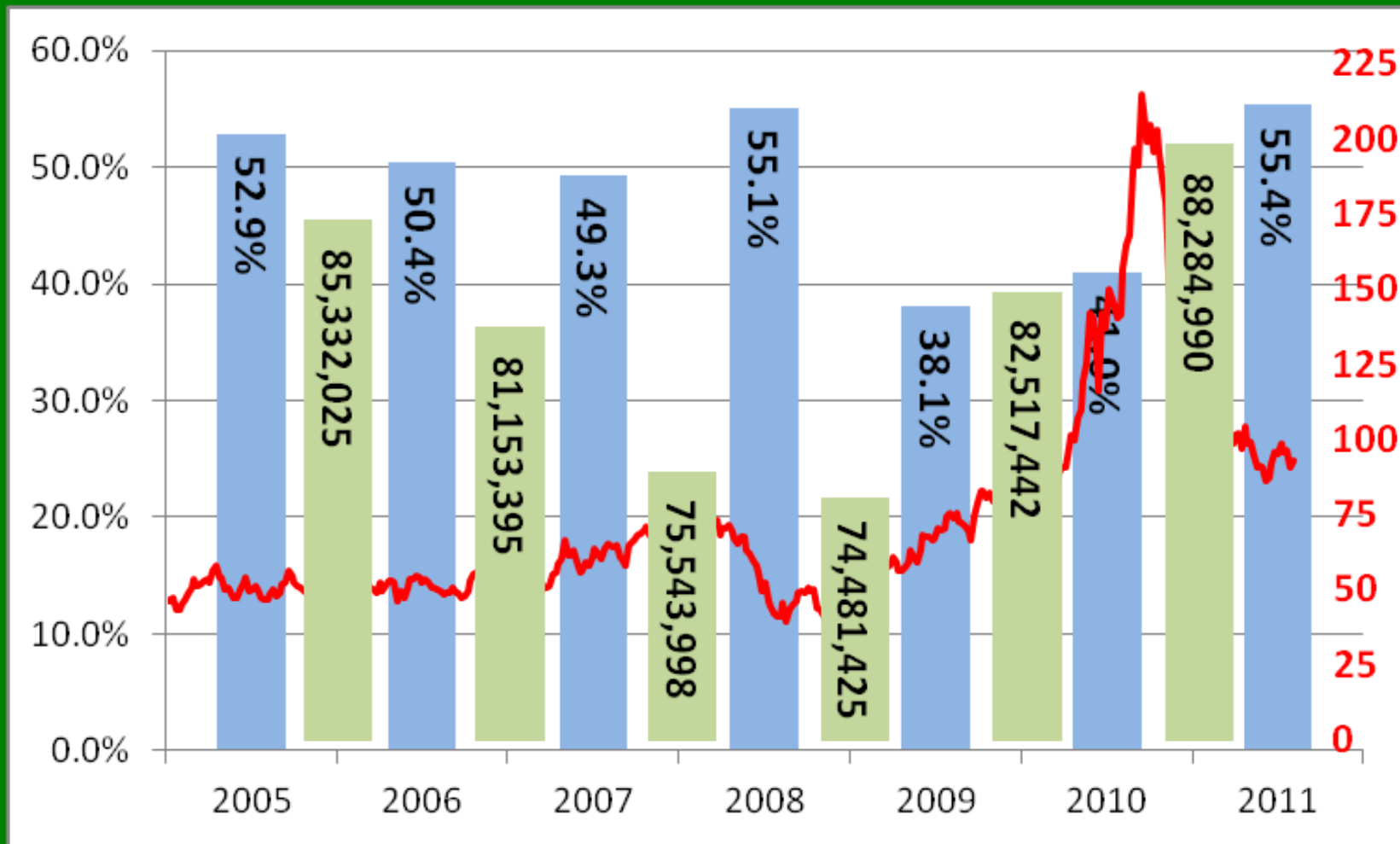
Soybeans



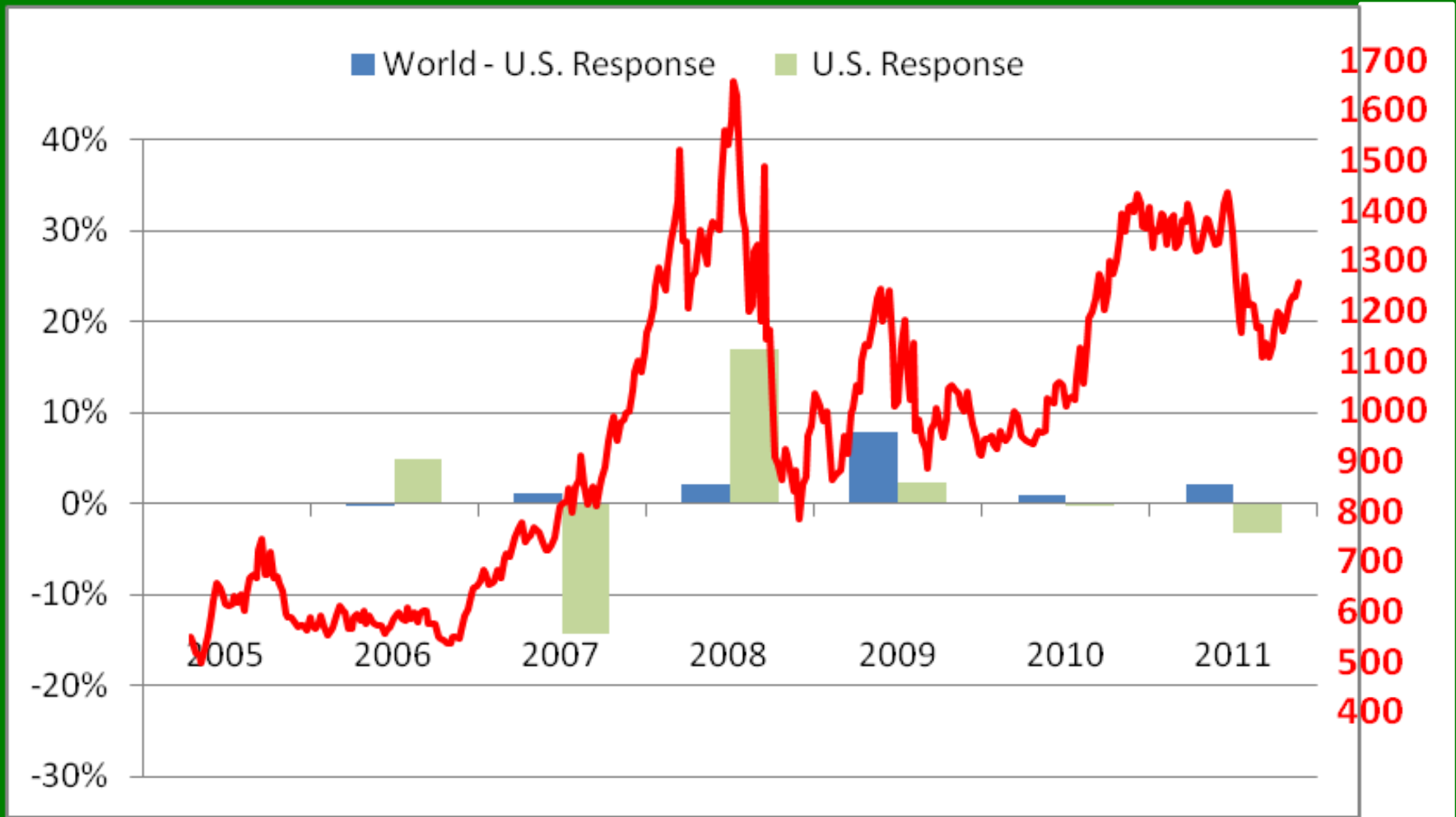
Corn



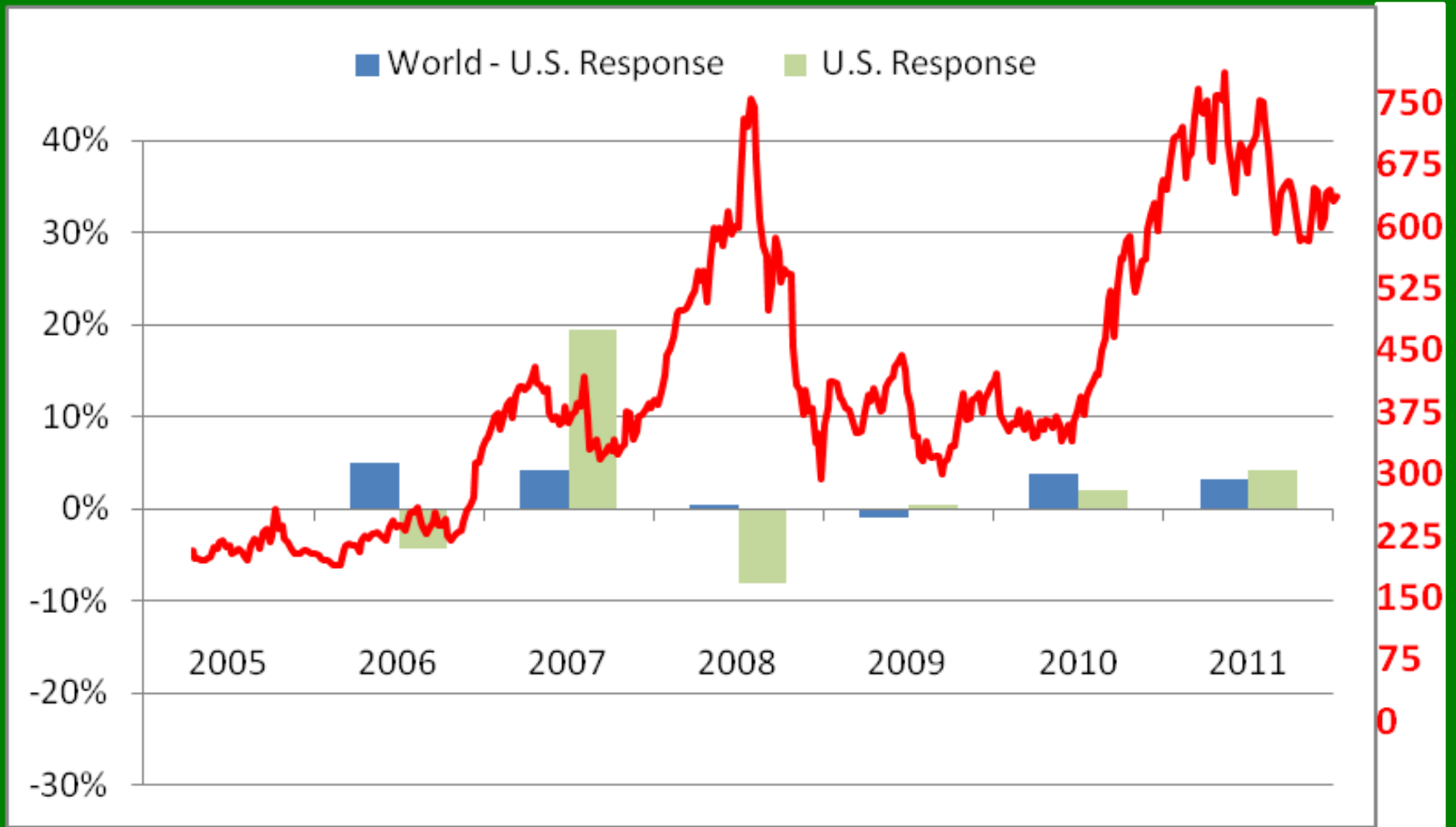
Cotton



Soybeans



Corn



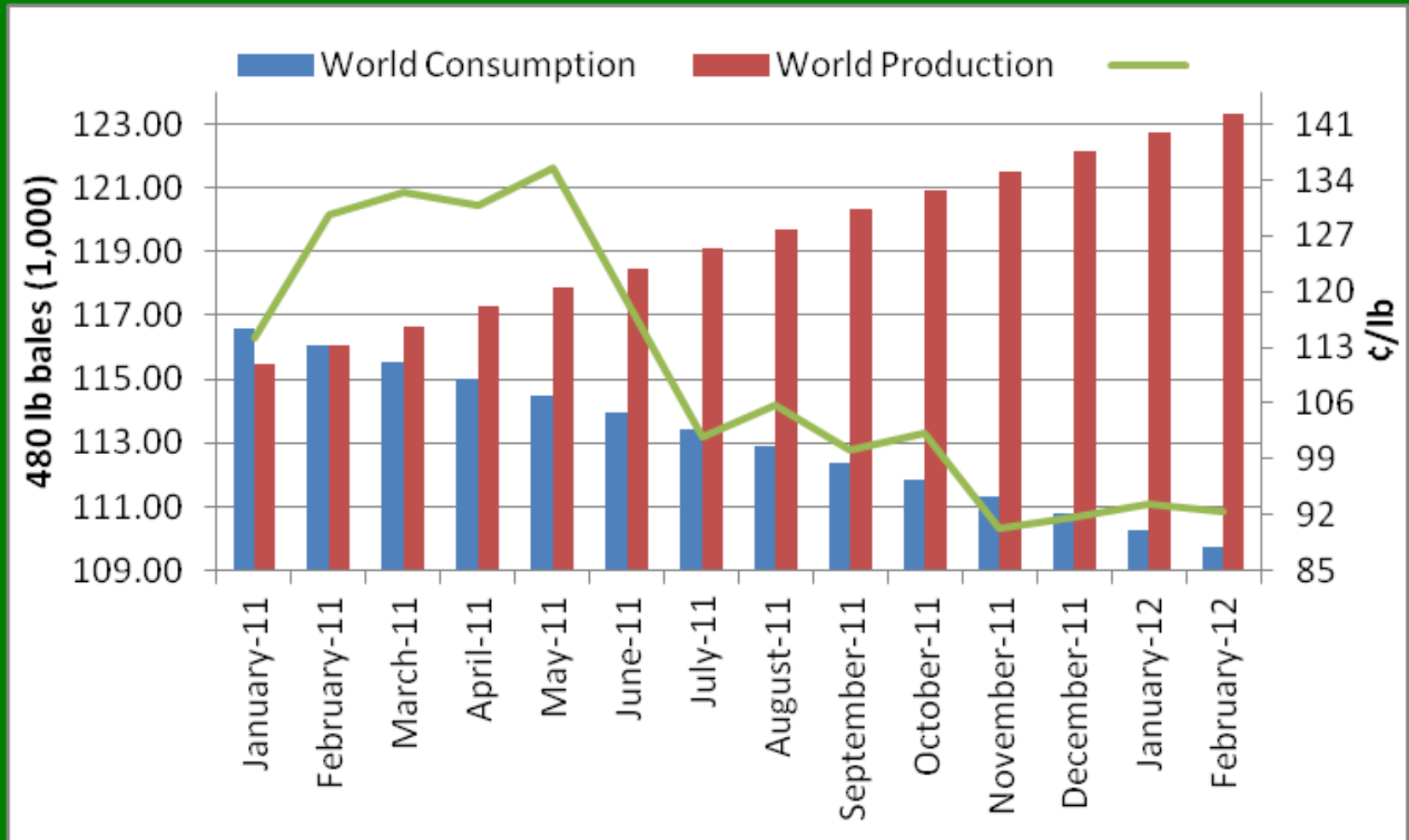
Cotton



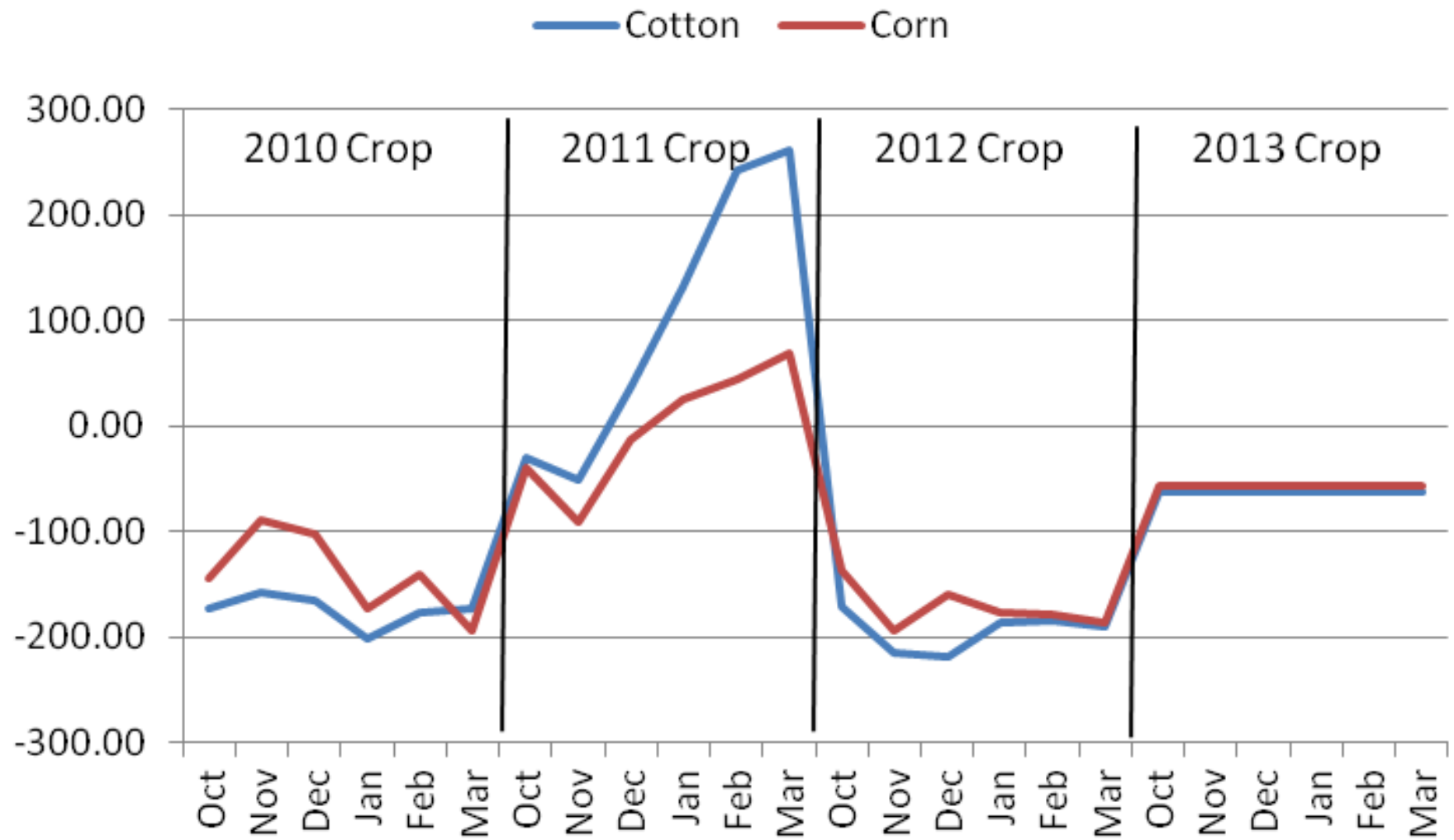
USDA Supply & Demand

Crop	World	Foreign		U.S.	World
<u>Year</u>	<u>Consumption</u>	<u>Production</u>	<u>Difference</u>	<u>Production</u>	<u>Ending Stocks</u>
2005	116,786	92,522	24,264	23,890	61,759
2006	123,914	100,657	23,257	21,588	62,480
2007	123,626	100,490	23,136	19,207	60,974
2008	110,322	94,659	15,663	12,815	60,808
2009	119,005	90,403	28,602	12,188	45,287
2010	114,637	98,354	16,283	18,104	46,990
2011 Est.	109,709	107,668	2,041	15,674	60,722

2011 World Consumption & Production

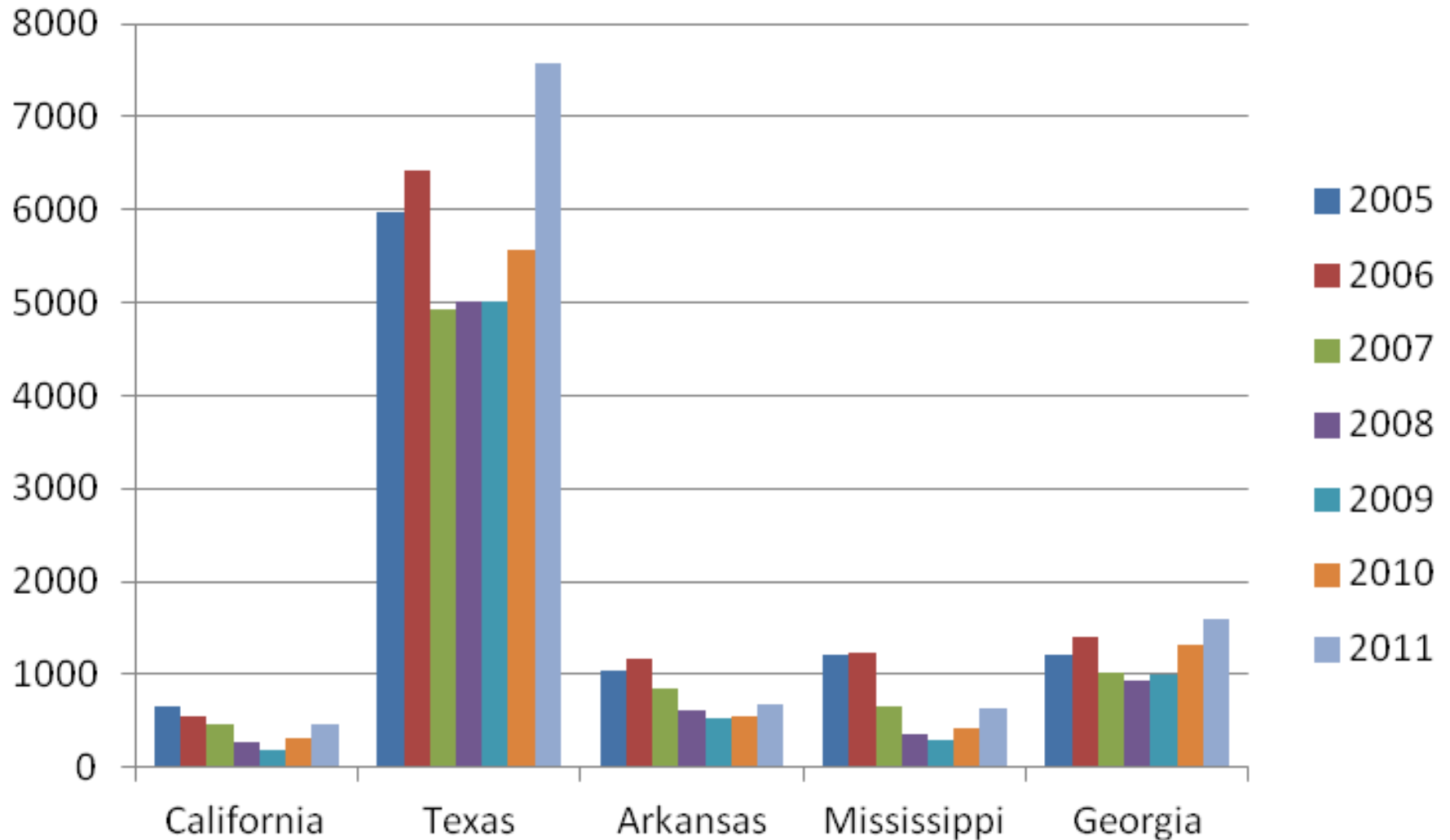


Far West Crop Profitability

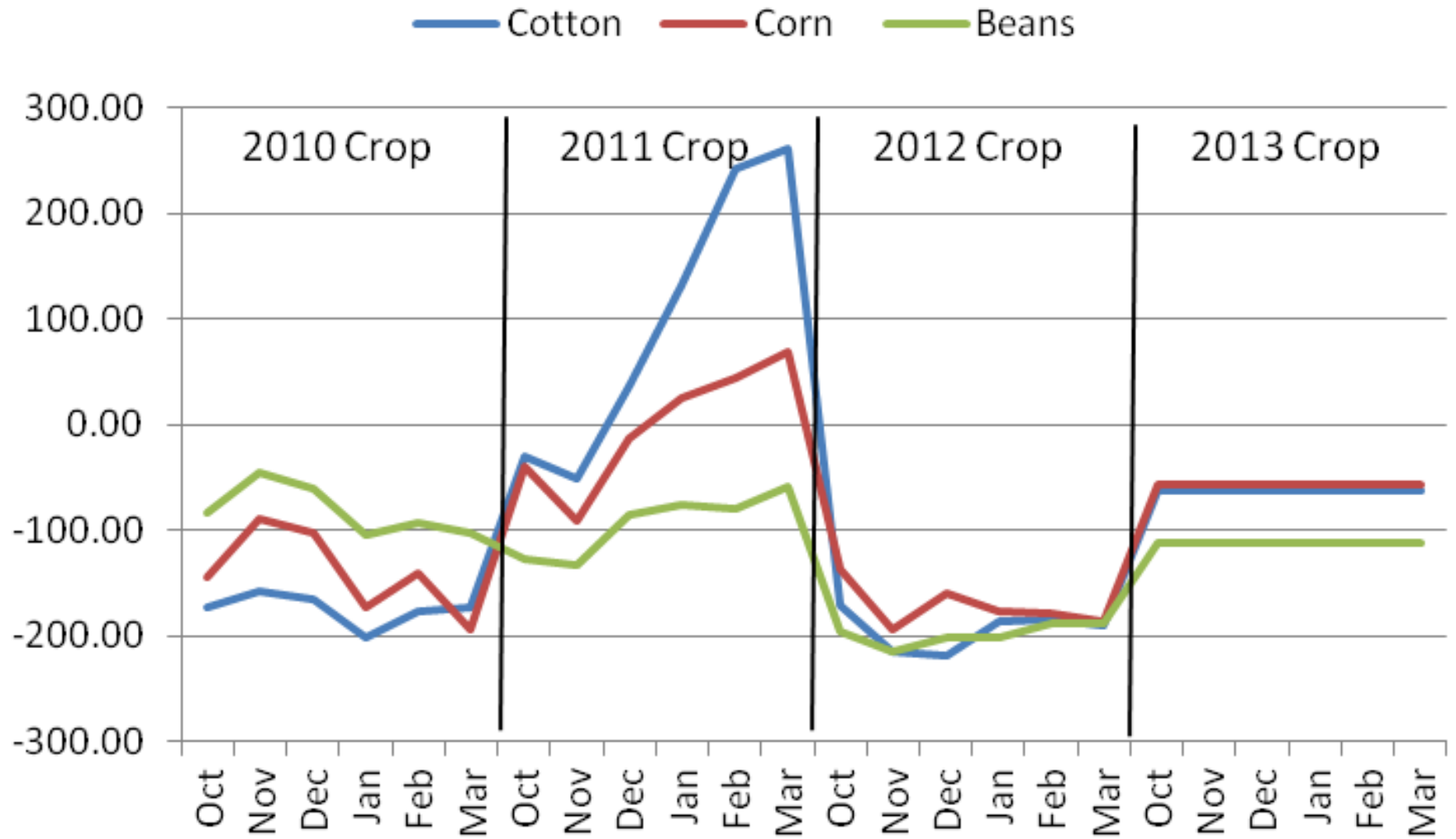


U.S. Cotton Planted Acres by State

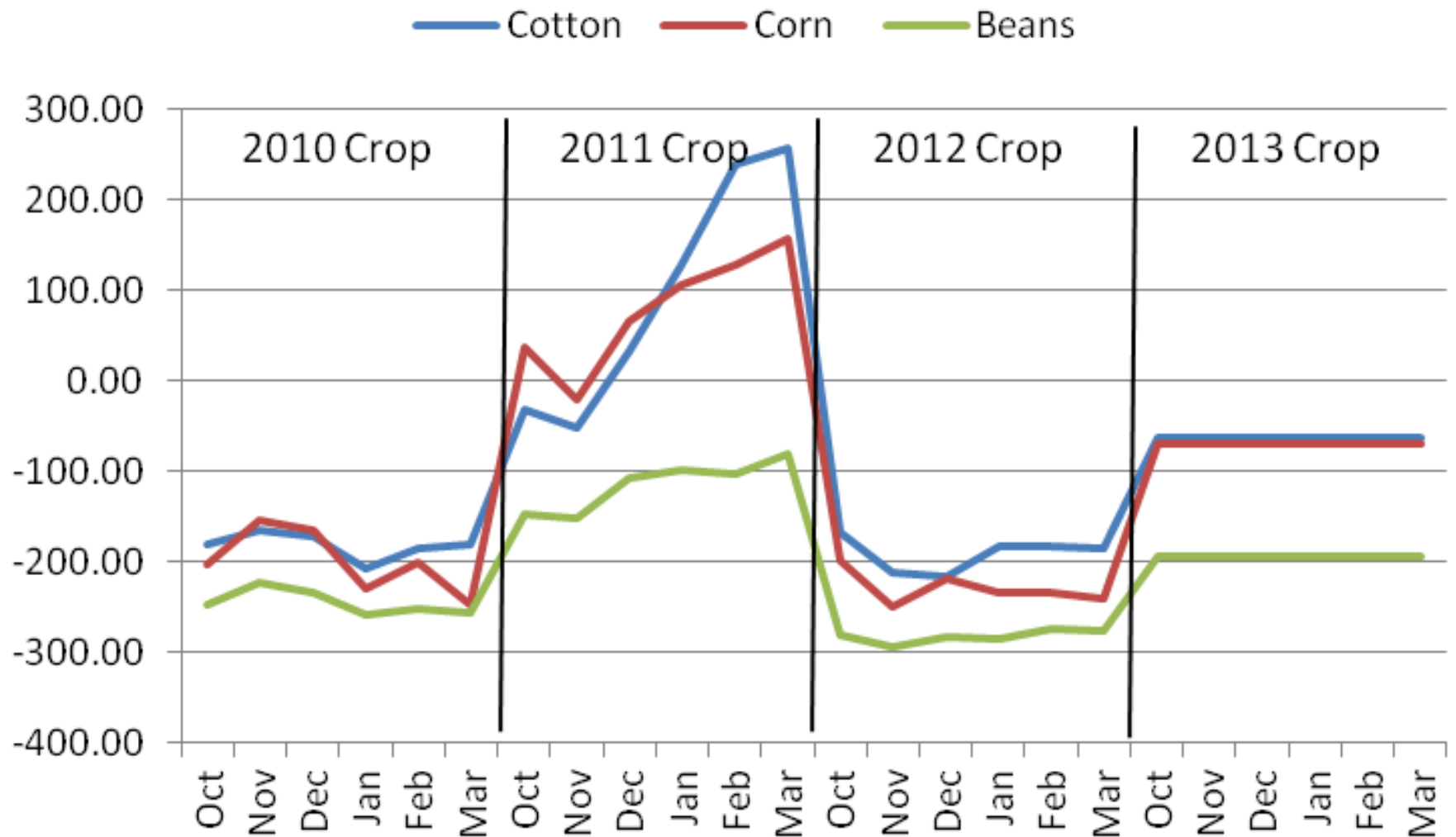
(1,000 acres)



Southwest Crop Profitability

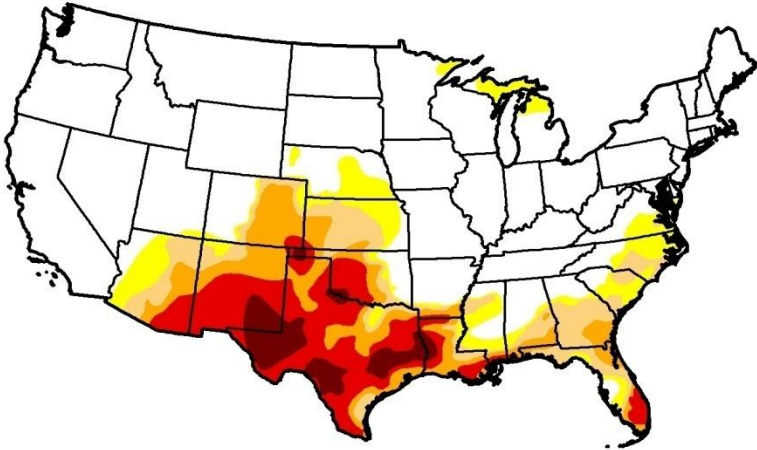


Texas Crop Profitability

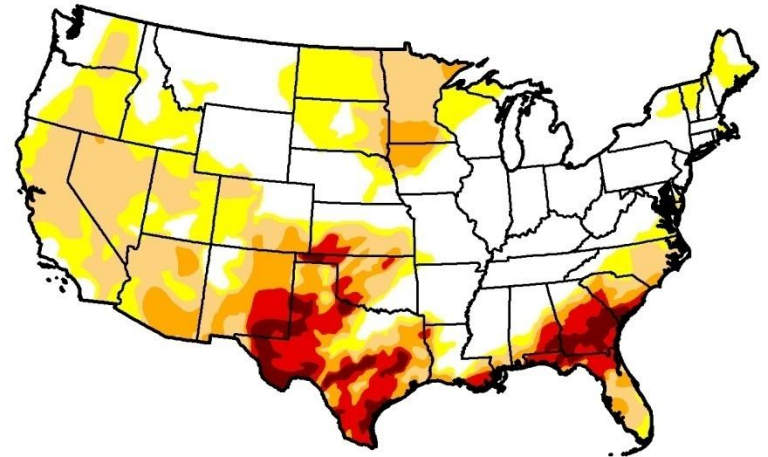


Texas Drought

Before 2011 Planting



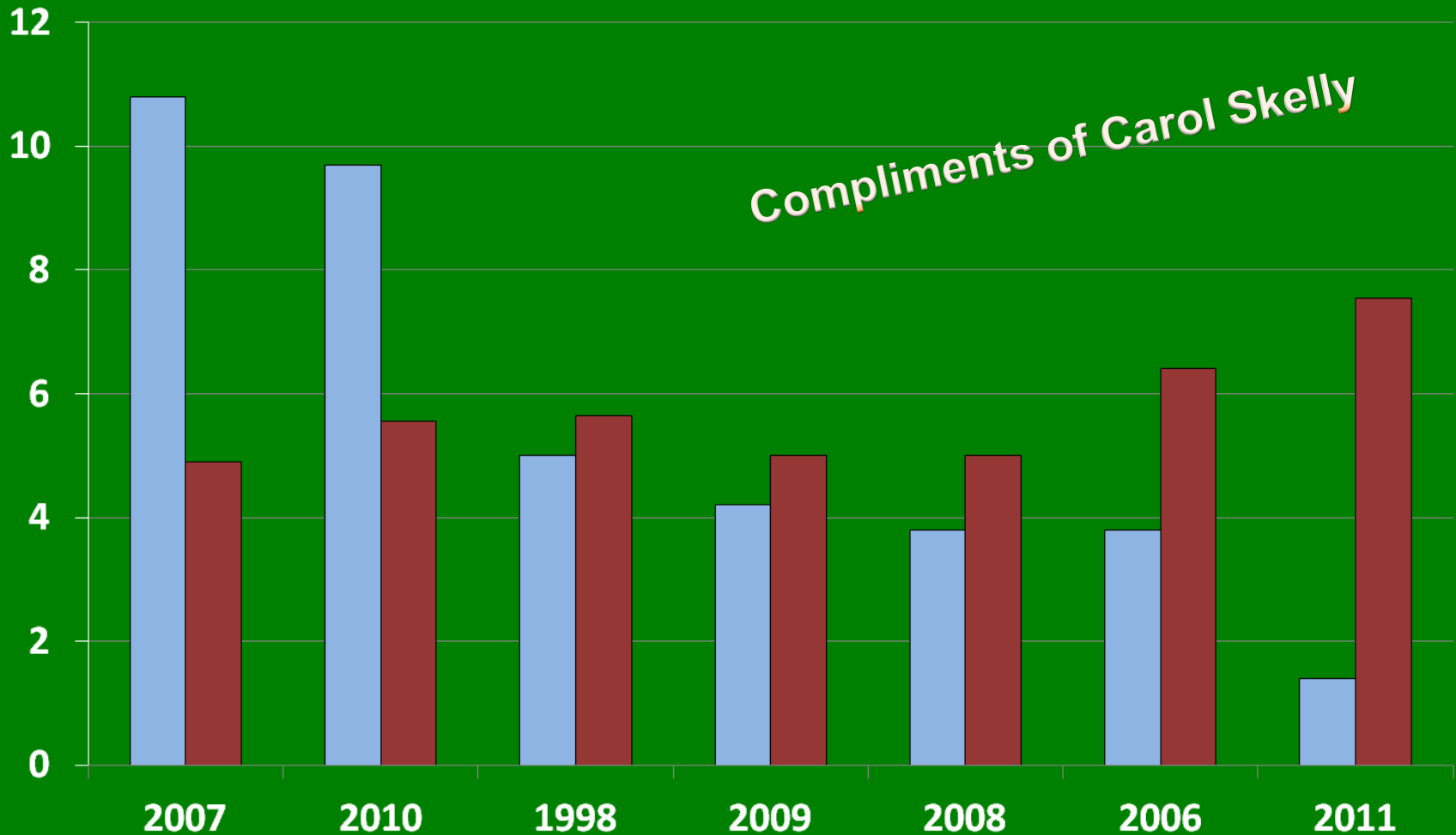
Before 2012 Planting



Texas Area

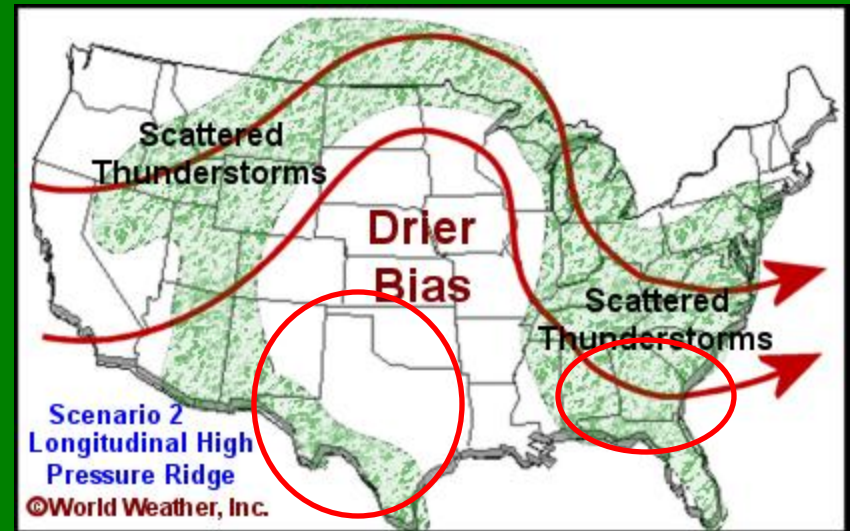
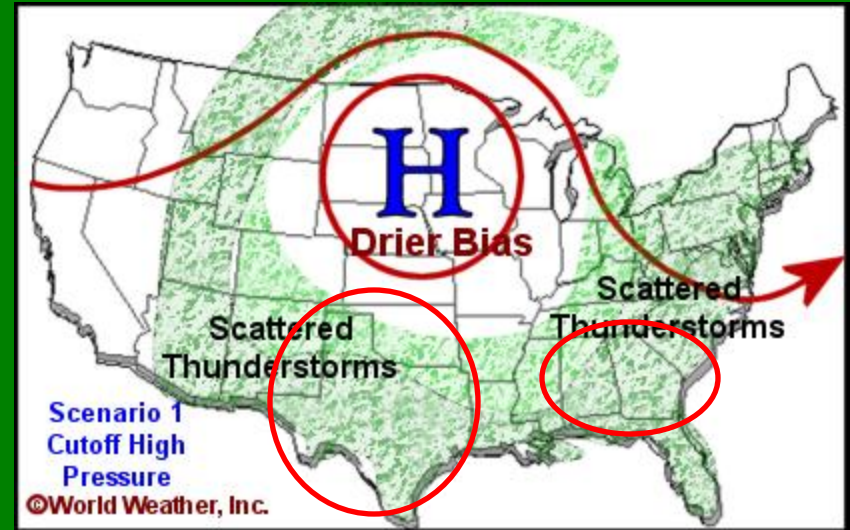
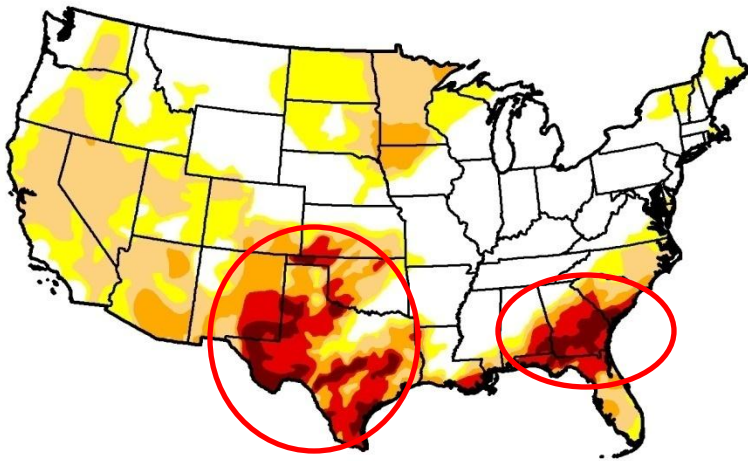
Positive Response to Drought

■ Jan-May rainfall (inches) ■ Texas planted (mil. acres)



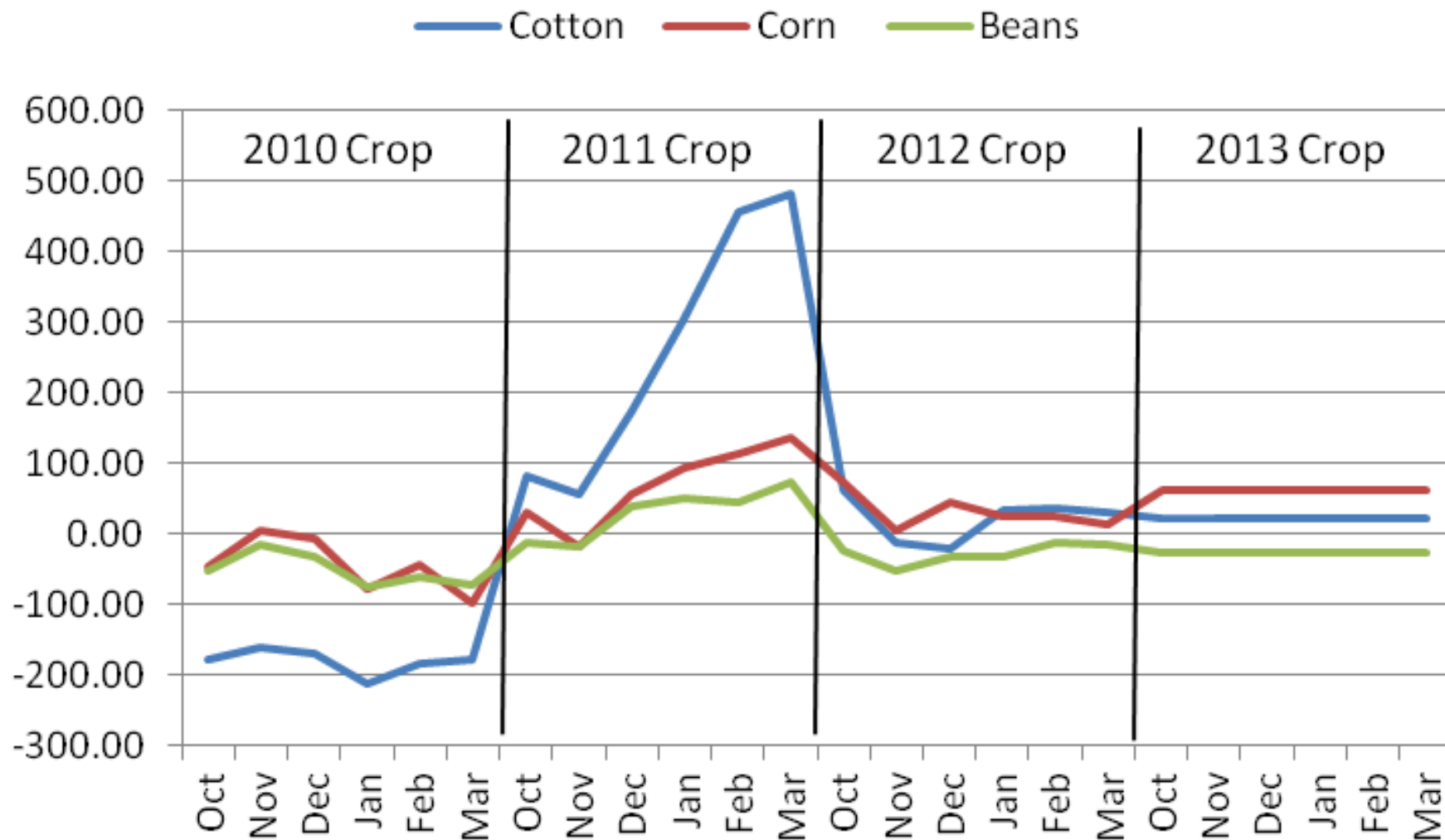
Pre-Planting Conditions

Before 2012 Planting



Source: Drew Lerner

Mid-South Crop Profitability



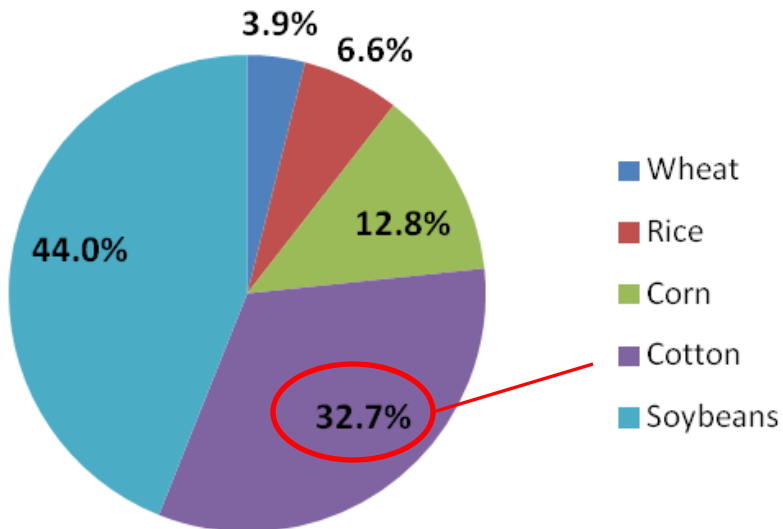
U.S. Cotton Planted Acres by Region

(1,000 acres)

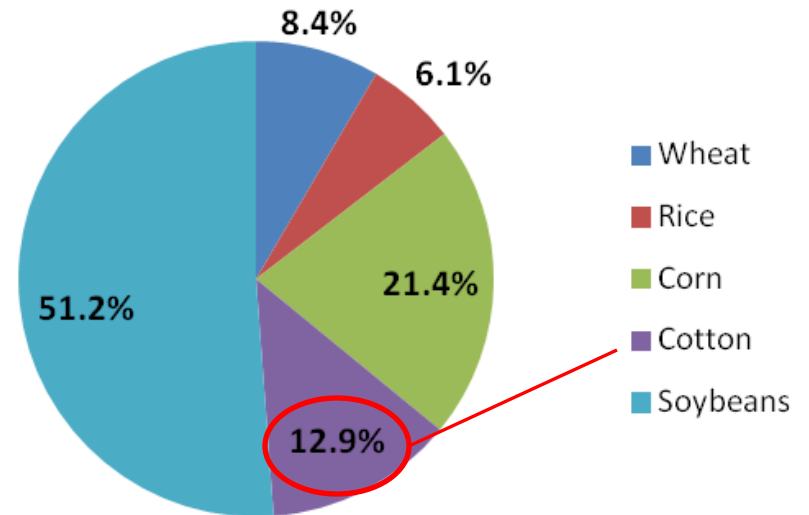
	Far West	Southwest	Mid-South	Southeast	U.S.
2006	820	6,866	4,235	3,353	15,274
2007	678	5,147	2,750	2,225	10,830
2008	451	5,221	1,876	1,923	9,471
2009	371	5,261	1,627	1,891	9,150
2010	555	5,903	1,920	2,597	10,974
2011 USDA January	786	8,065	2,475	3,406	14,732
% Change from 2006	-4%	+17%	-42%	+2%	-4%
Acreage Change from '06	-34,000	+1,199,00	-1,760,000	+53,000	-542,000

Mississippi Planted Acres

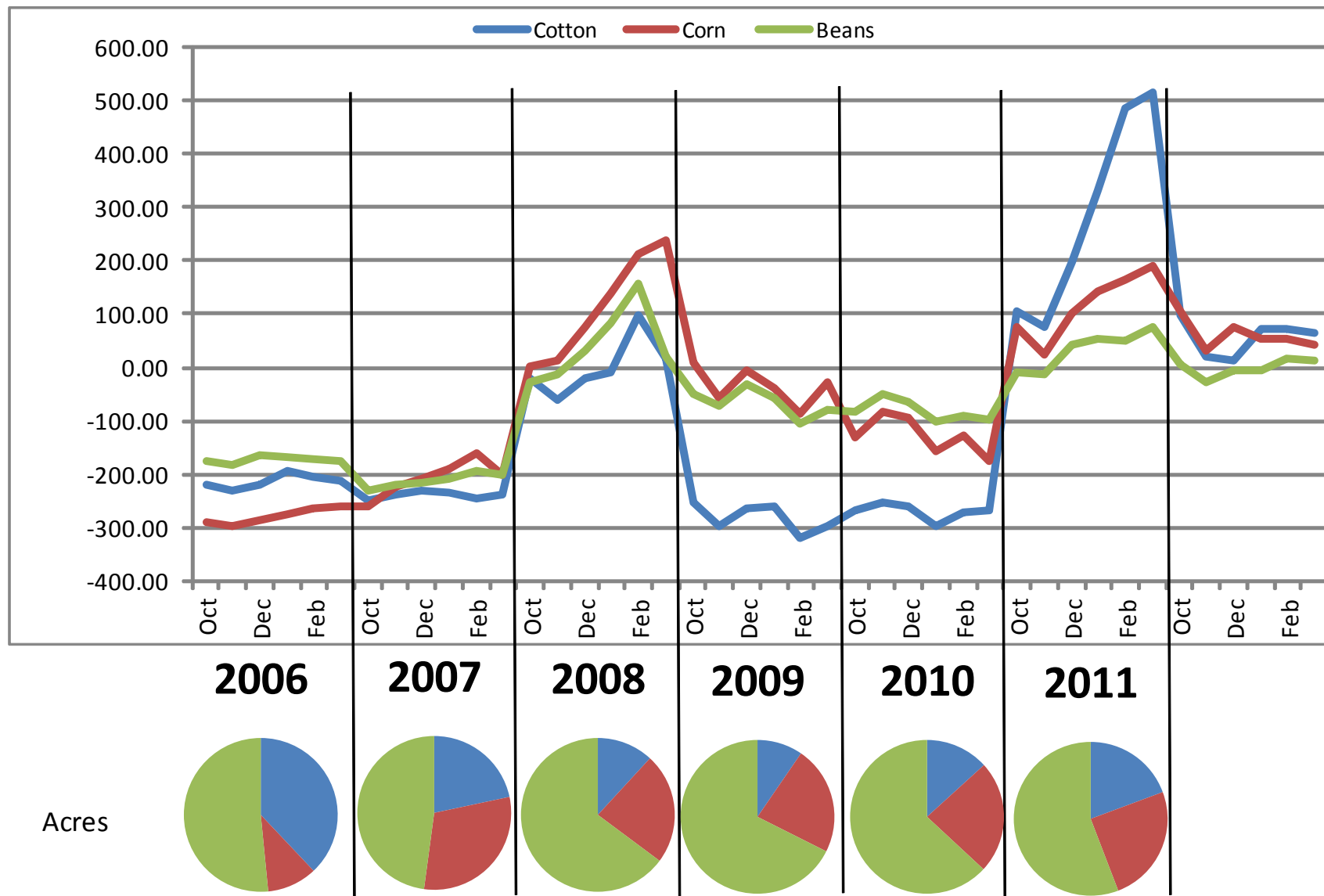
2002-2006



2007-2011

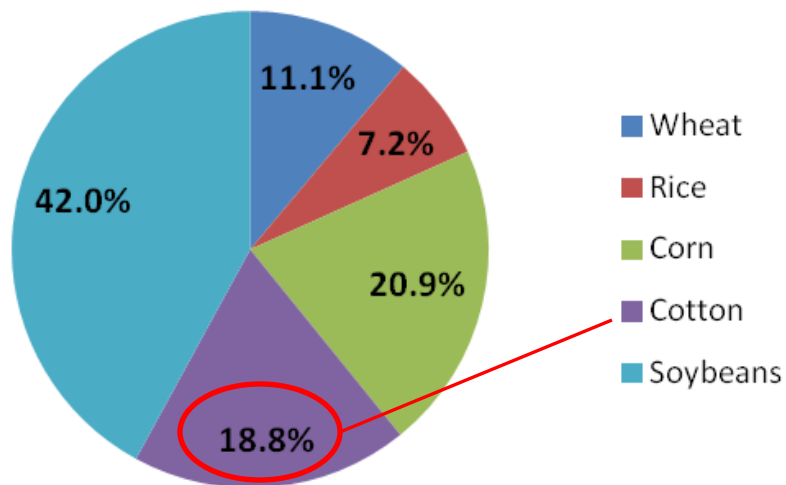


Mississippi Crop Profitability and Acreage Shift

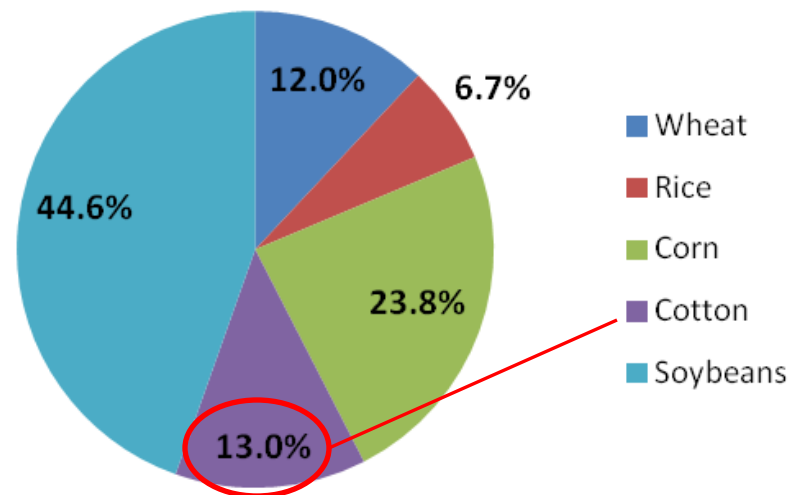


Mid-South/Southeastern Planted Acres w/o Mississippi

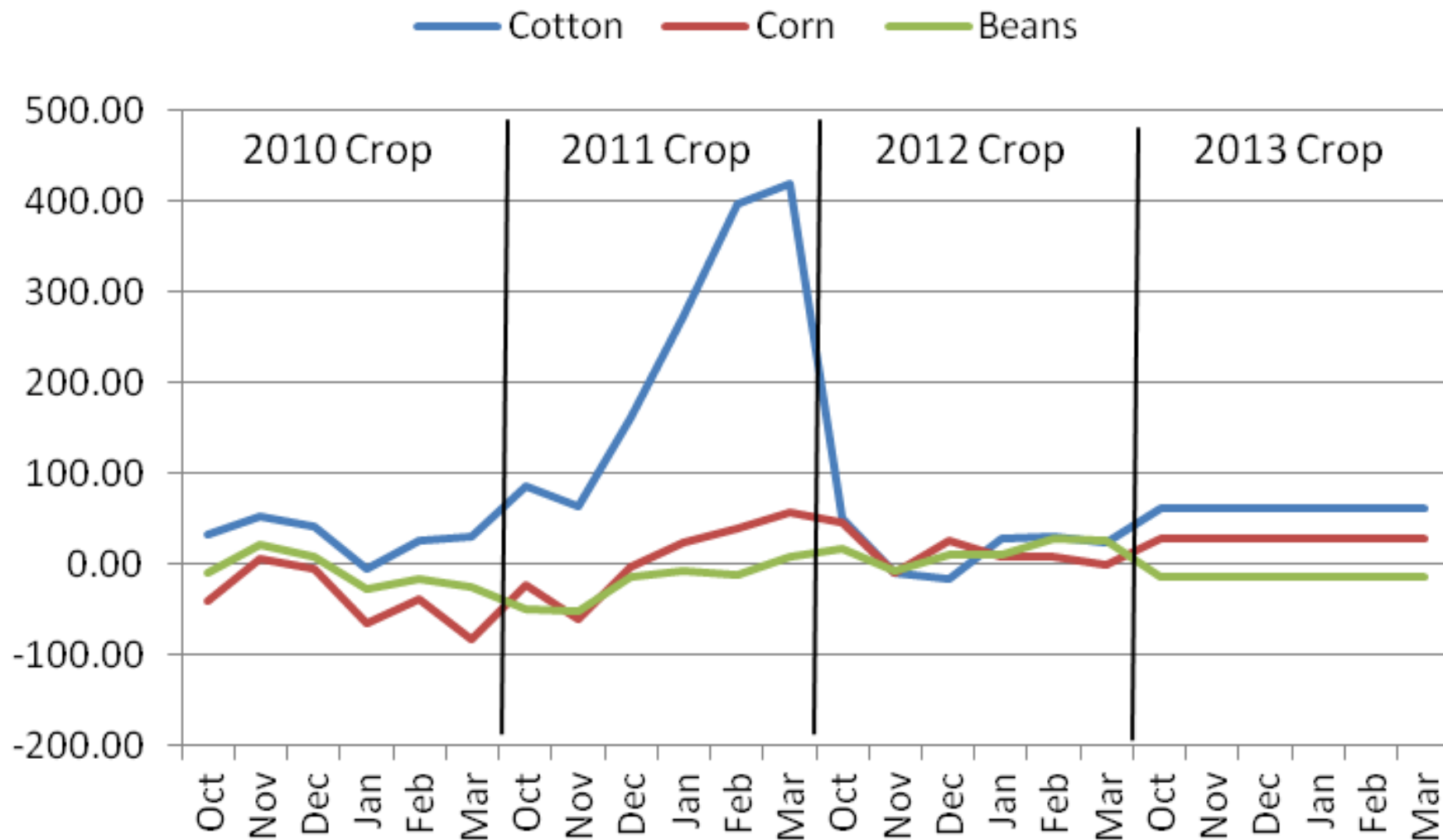
2002-2006



2007-2011



Southeast Crop Profitability



Comparative Future Market Prices as of February

	2011 Contract	Percent Increase	2012 Contract	Percent Increase	2013 Contract
Sept Corn	\$6.55	-9%	\$5.97	-6%	\$5.59
Dec Corn	\$6.25	-9%	\$5.68	-3%	\$5.53
Nov Soybeans	\$13.95	-10%	\$12.61	-5%	\$11.99
Nov Rice	\$15.04	0%	\$15.06	4%	\$15.60
Dec Wheat	\$8.66	-20%	\$6.91	7%	\$7.42
Dec Cotton	132.50¢	-30%	92.60¢	-1%	92.02¢

2012 U.S. Crop Projection

Region	Acres	Bales
Southeast	-13.8%	4,675
Mid-South	-5.8%	4,425
Southwest	-0.1%	6,650
Far West	-17.5%	2,000
Pima	-6.4%	750
Total	-4.9%	18,500

NOTE: Based on assumption drought lifts in growing season, still very little subsoil moisture

15.0 million bale crop with continued weather patterns

2012 World Crop Projection

	NCC Projection	Projection
Beginning Stocks	60.72	60.72
Production	119.40	120.68
Imports		
Mill Use	113.8	115.1
Exports		
Ending Stocks	66.32	66.22
Stocks-to-Use	56%	55%

2012 & Beyond

- Chinese Reserve
- Acres Around the World
- World Consumption
- Input Costs
- Ethanol Policy
- Farm Bill & Insurance Programs
- Weather
- Texas Acres