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The USDA Cotton Outlook for 2011/12

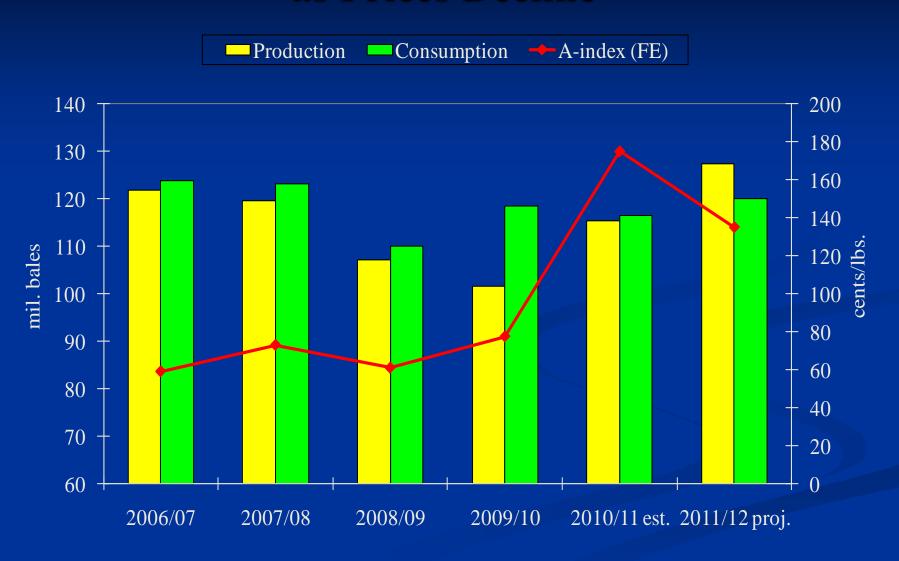
James Johnson

Foreign Agricultural Service
United States Department of Agriculture

USDA Agricultural Outlook Forum
Interagency Cotton Estimates Committee
February 25, 2011

Global Outlook

World Production Exceeds Consumption, as Prices Decline

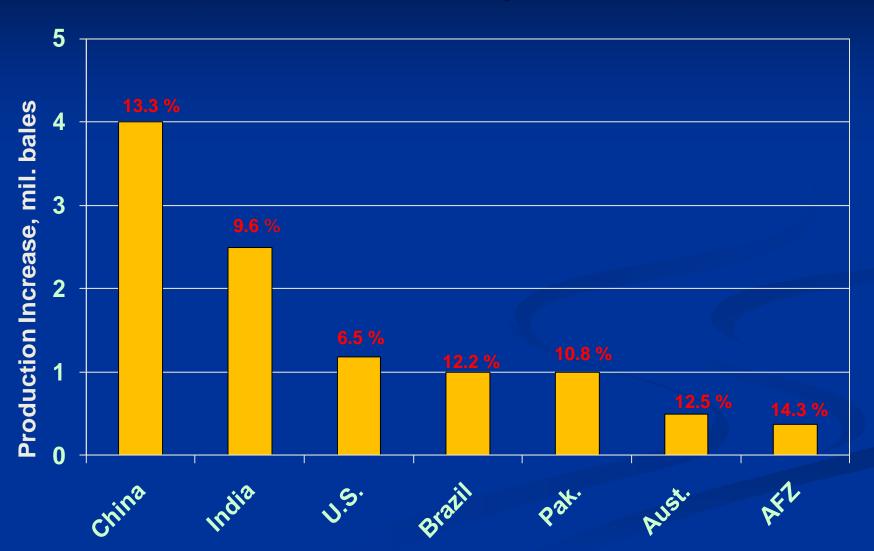


World Production Up Nearly 12% in 2011/12

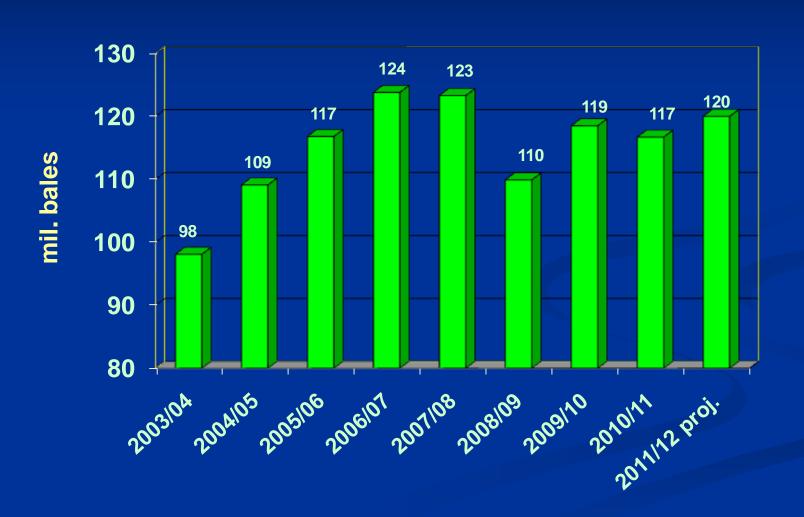
- Rising cotton prices combined with a return to normal weather will raise production more than 12 million bales.
- Production higher in all major cotton-producing countries.
- Over half of the increase accounted for by China and India.

Production Higher in All Major Producers

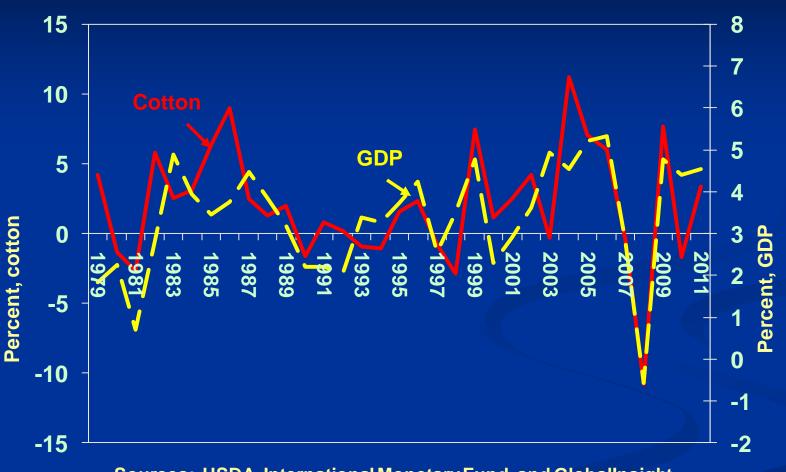
(Percent increase 2011/12 compared to 2010/11)



World Consumption Climbs



Economic Growth Indicates Higher Consumption

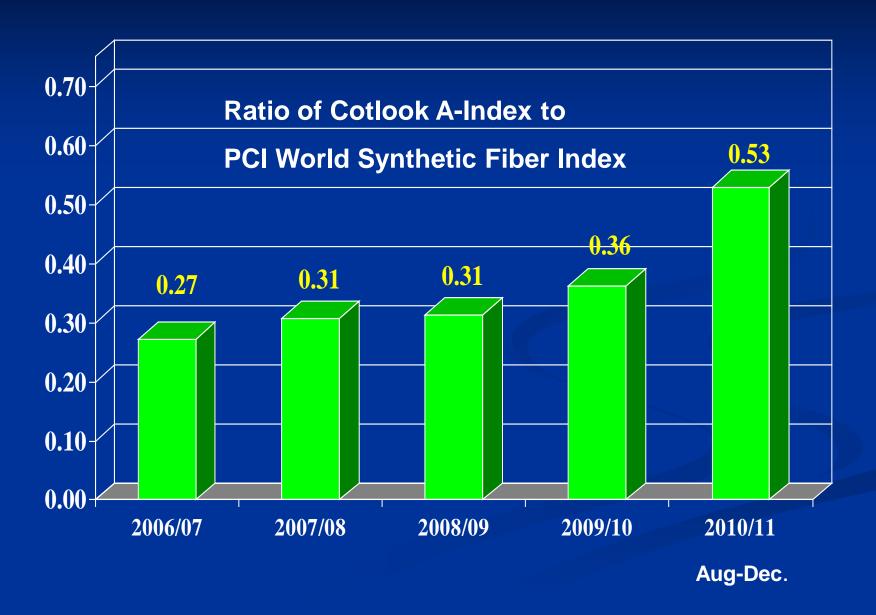


Sources: USDA, International Monetary Fund, and GlobalInsight.

A-Index Reaches Unprecedented Levels



Cotton-to-Synthetic Price Ratio Rises



Continued Low Stocks-to-Consumption Ratio Highlights Tight Stock Situation



U.S. Outlook

2011/12 U.S. Supply and Demand,

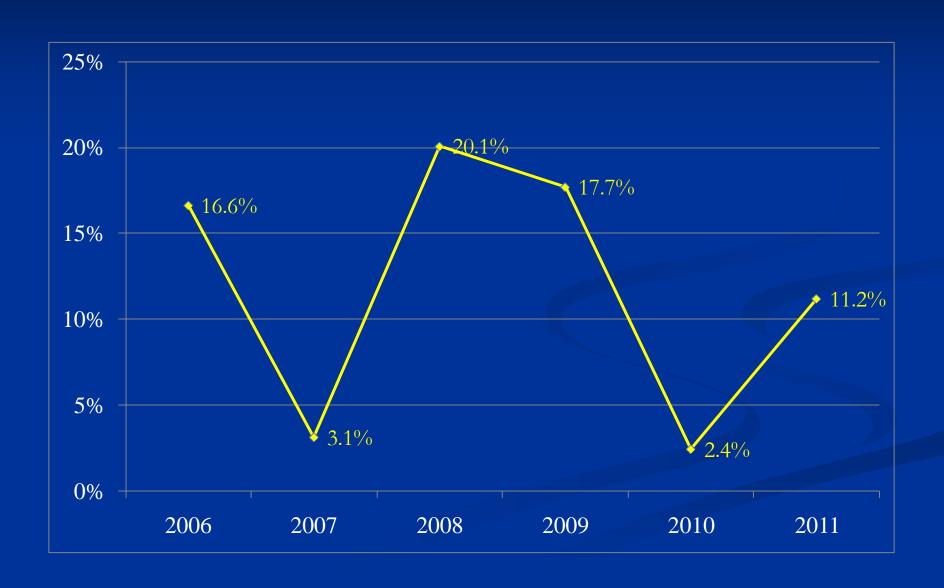
(mil. bales)

<u>Item</u>	<u>2010/11</u>	2011/12	Change (%)
Beg. stks	2.9	1.9	-34.5
Production	18.3	19.5	+6.6
Imports	0	0	0
Total supply	21.3	21.4	+0.5
Consumption	3.6	3.5	-2.8
Exports	15.8	15.0	-5.1
Total Use	19.4	18.5	-4.6
Ending stks	1.9	2.9	+52.6
Stocks-to-use (%)	9.8	15.7	
Farm price (cents/lb.)	81.5	110.0	+35.0

Projected U.S. Area and Production Up

- A 19-percent increase in acres planted to 13 million.
- With average abandonment of 11 percent, harvested acres would be 11.5 million.
- Average yield per harvested acre of 810 lbs.
- Production is forecast at 19.5 million bales.

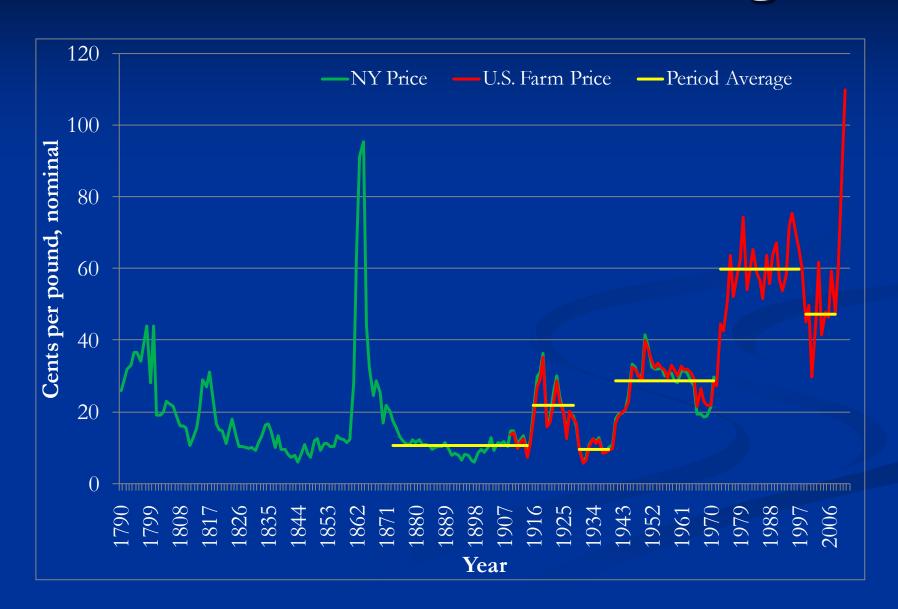
Higher Abandonment Rate Expected



U.S. Stocks-to-Use Ratio Remains Below World



Are Cotton Prices That High?



Thank You