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Agricultural Outlook Forum  
U.S. Department of Agriculture

Presented: February 23-24, 2012

## **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.



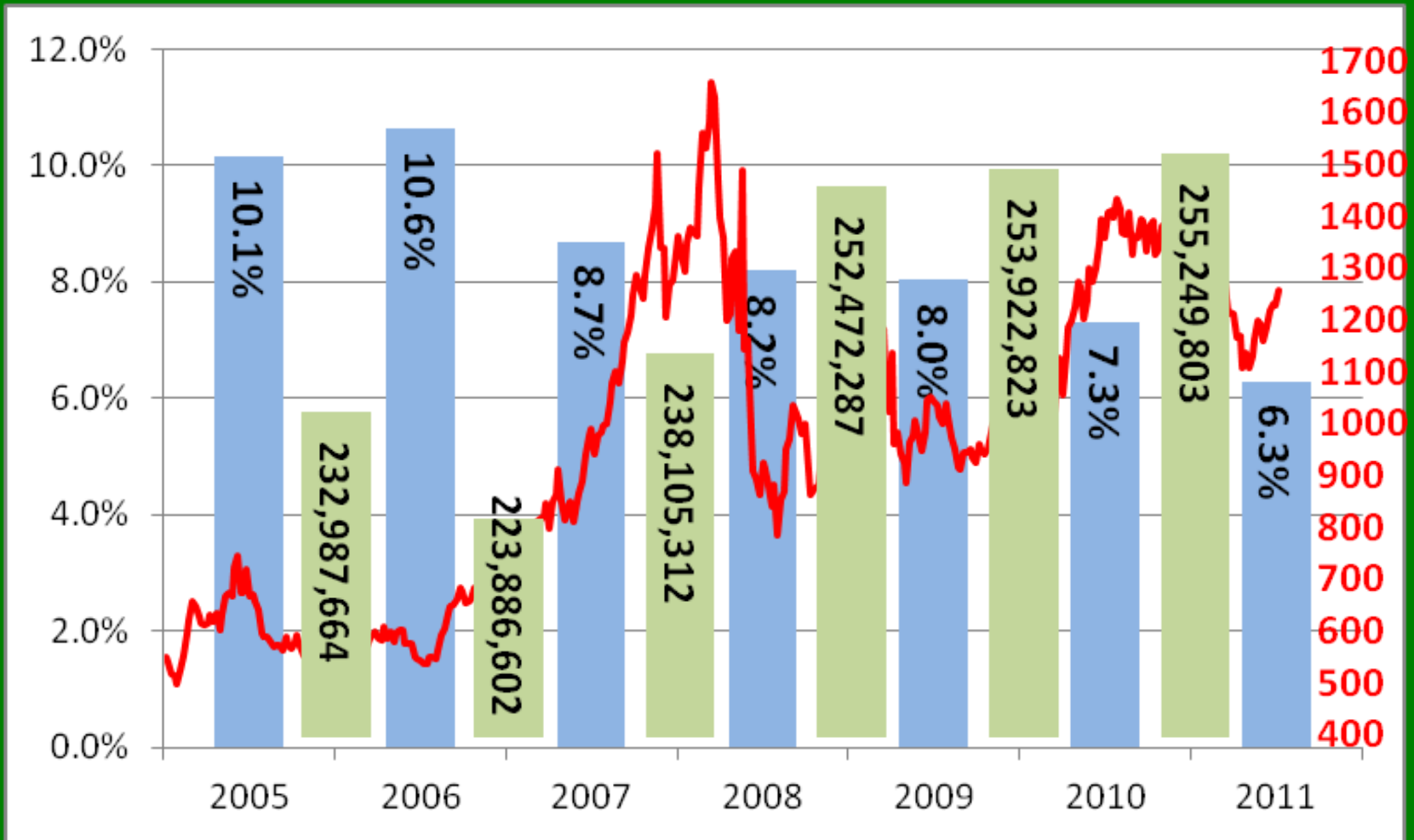
**Staple Cotton**

# Topics

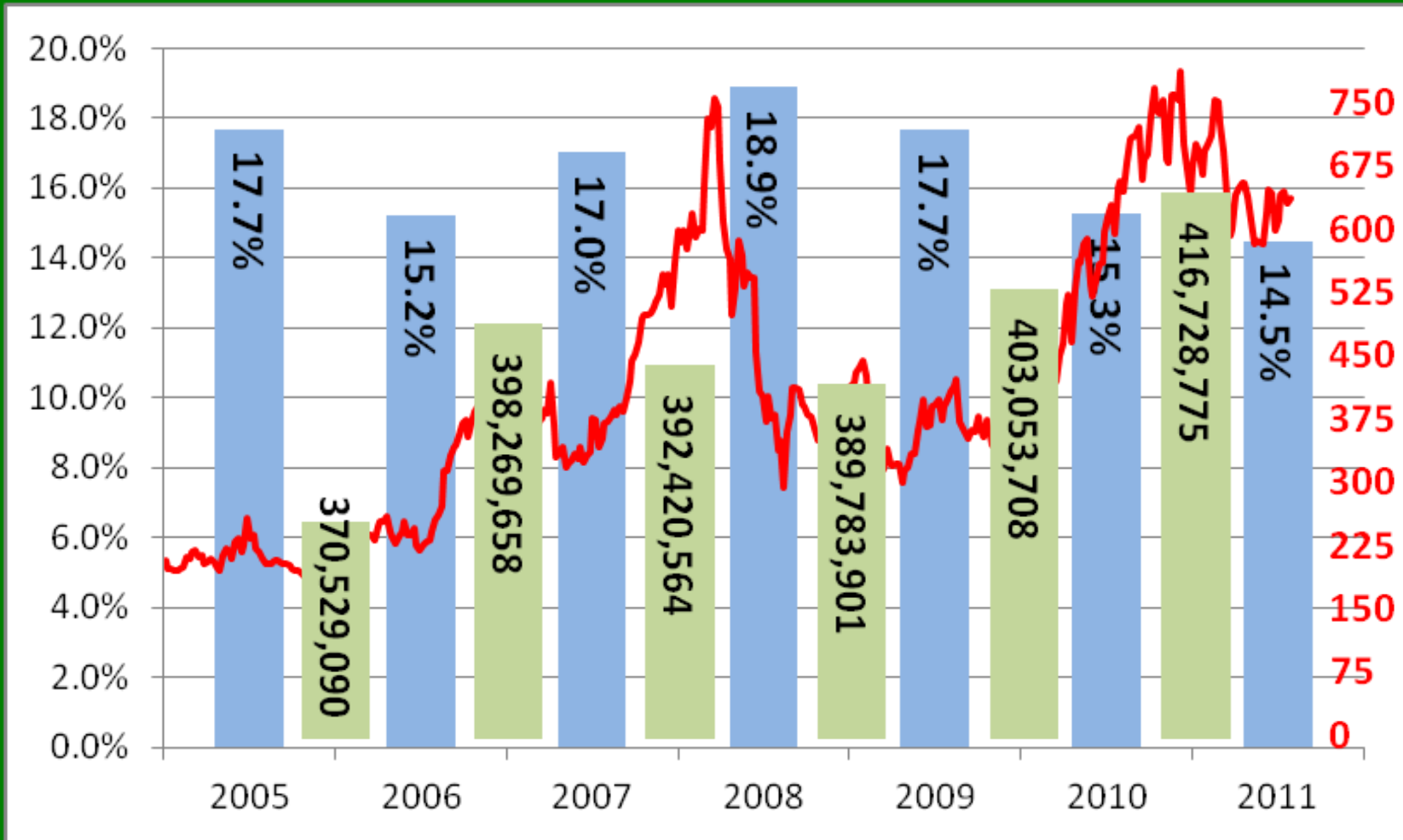
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- World Stocks to Use Ratio, Futures Markets & World Acreage for Soybeans, Corn and Cotton
- World Producers Vs. U.S. Producers Response to Markets for Soybeans, Corn and Cotton
- U.S. Position In World Fundamentals
- Profitability Index by U.S. Region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

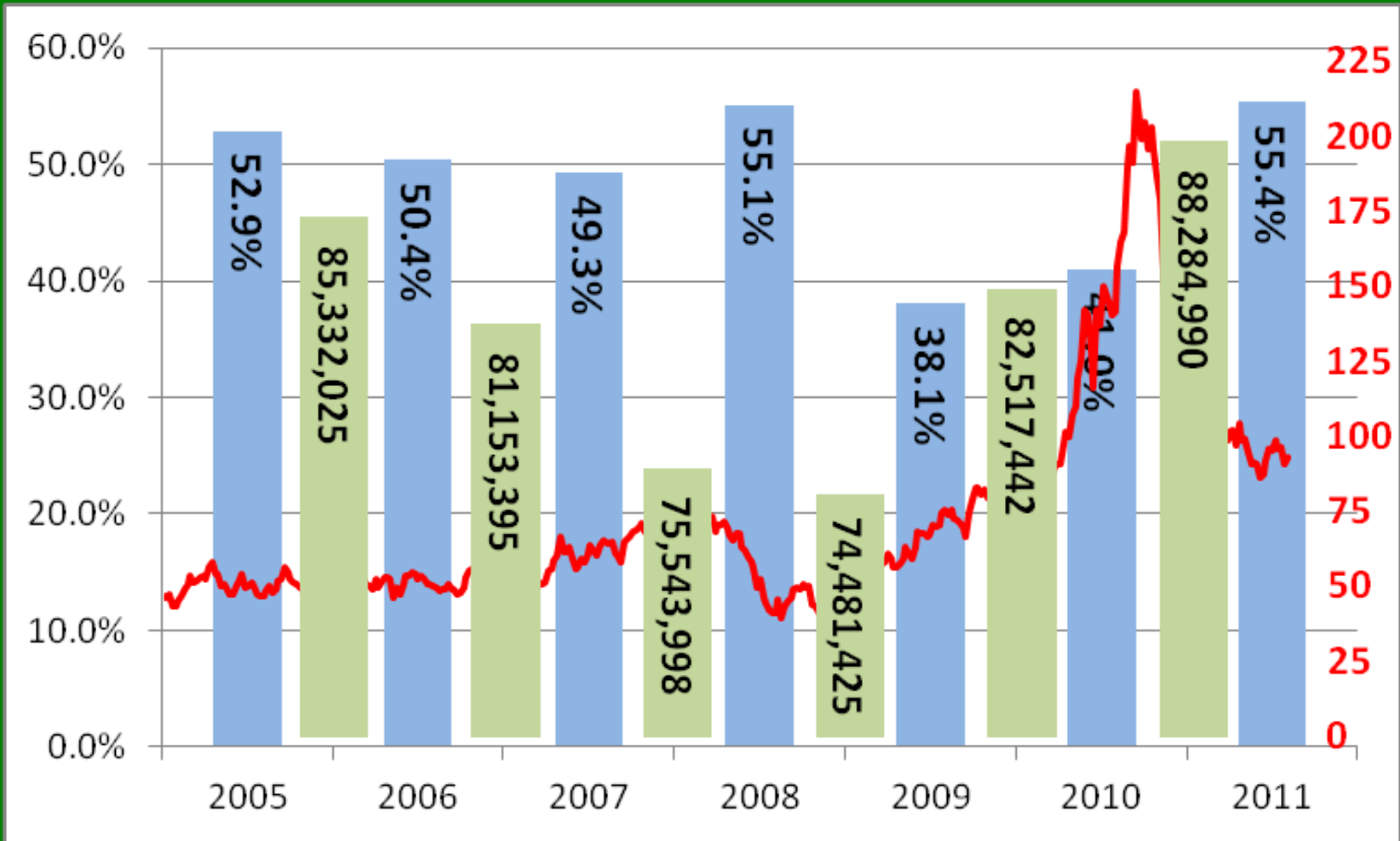
# Soybeans



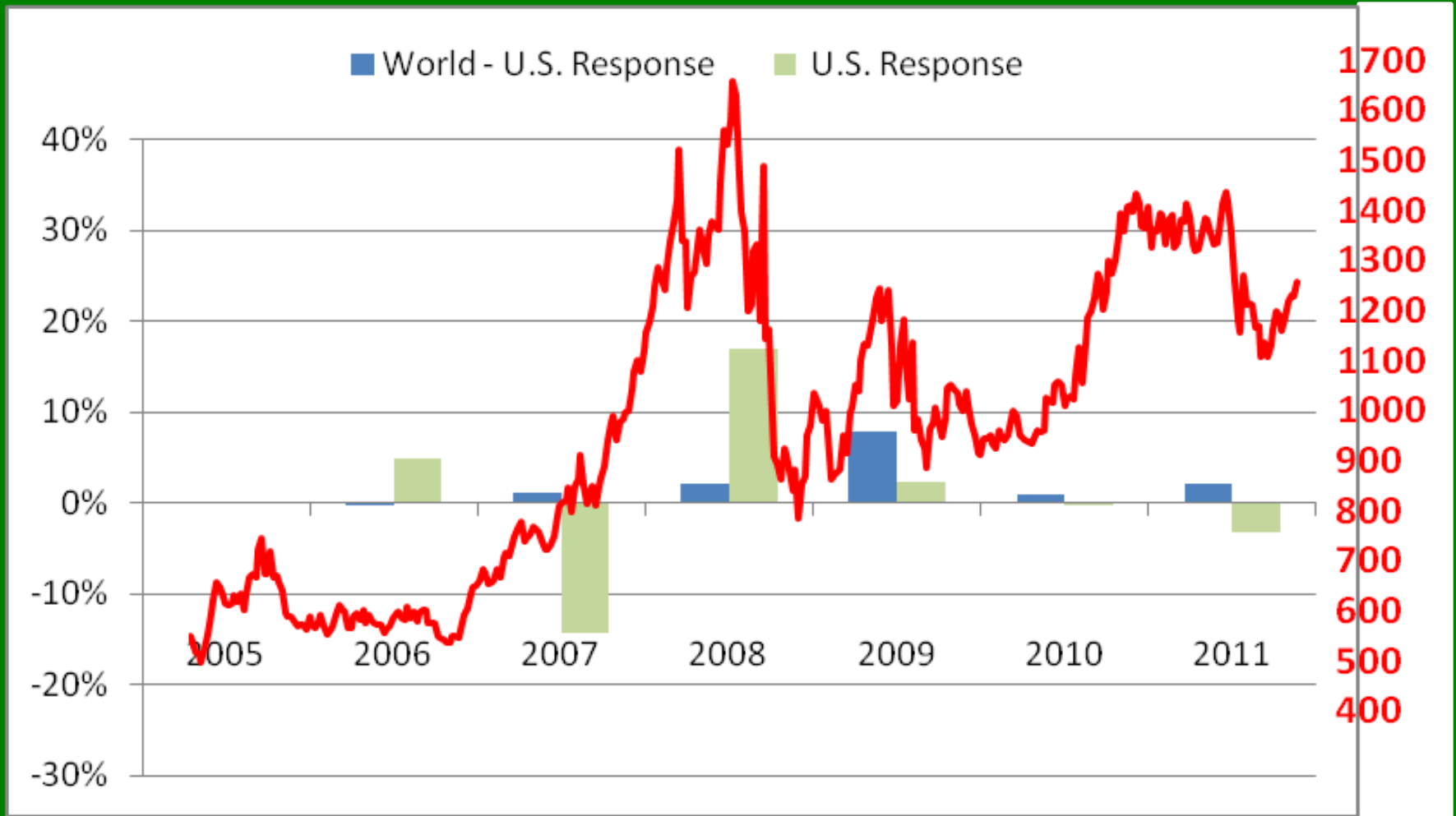
# Corn



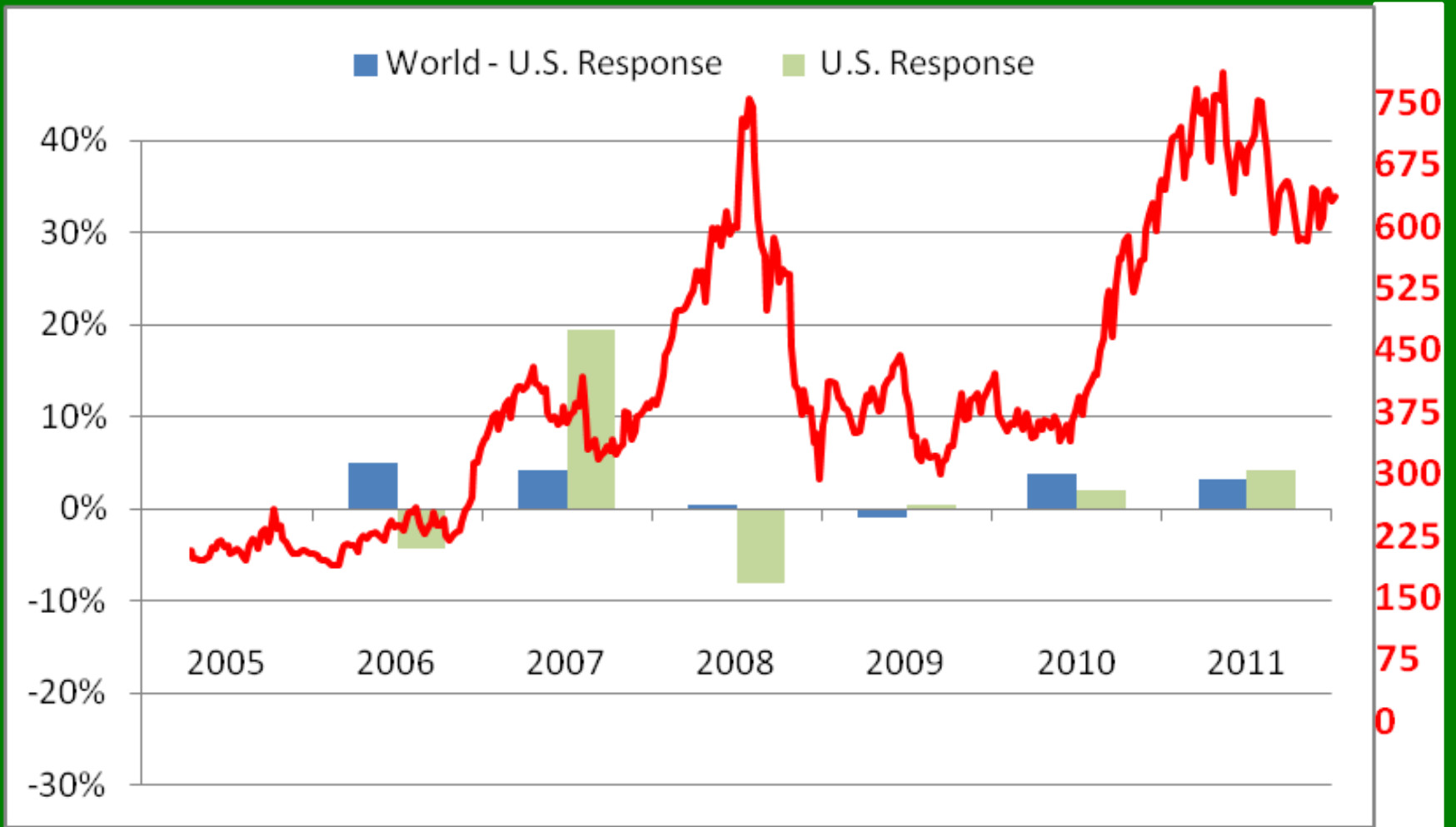
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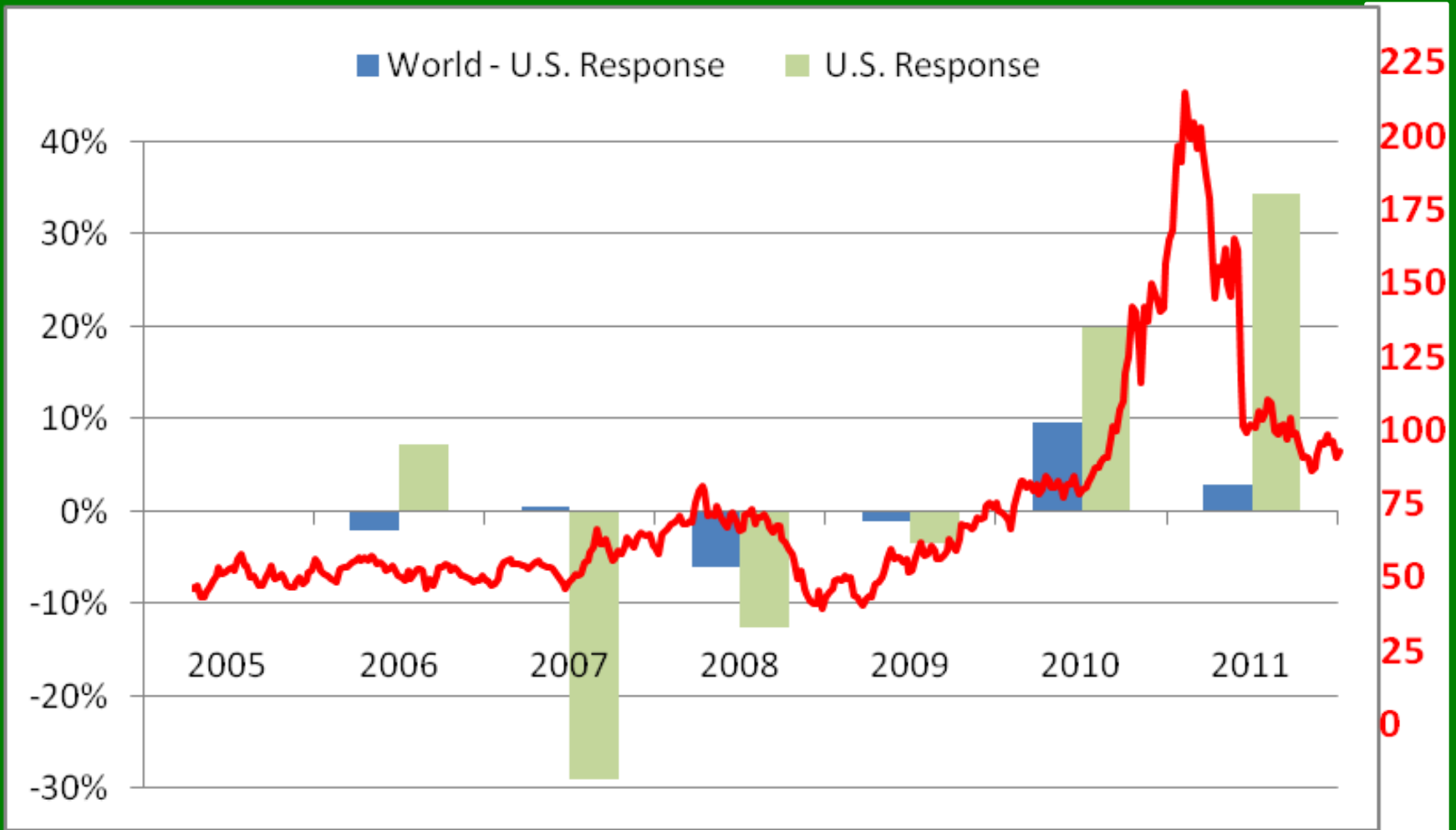
# Soybeans



# Corn



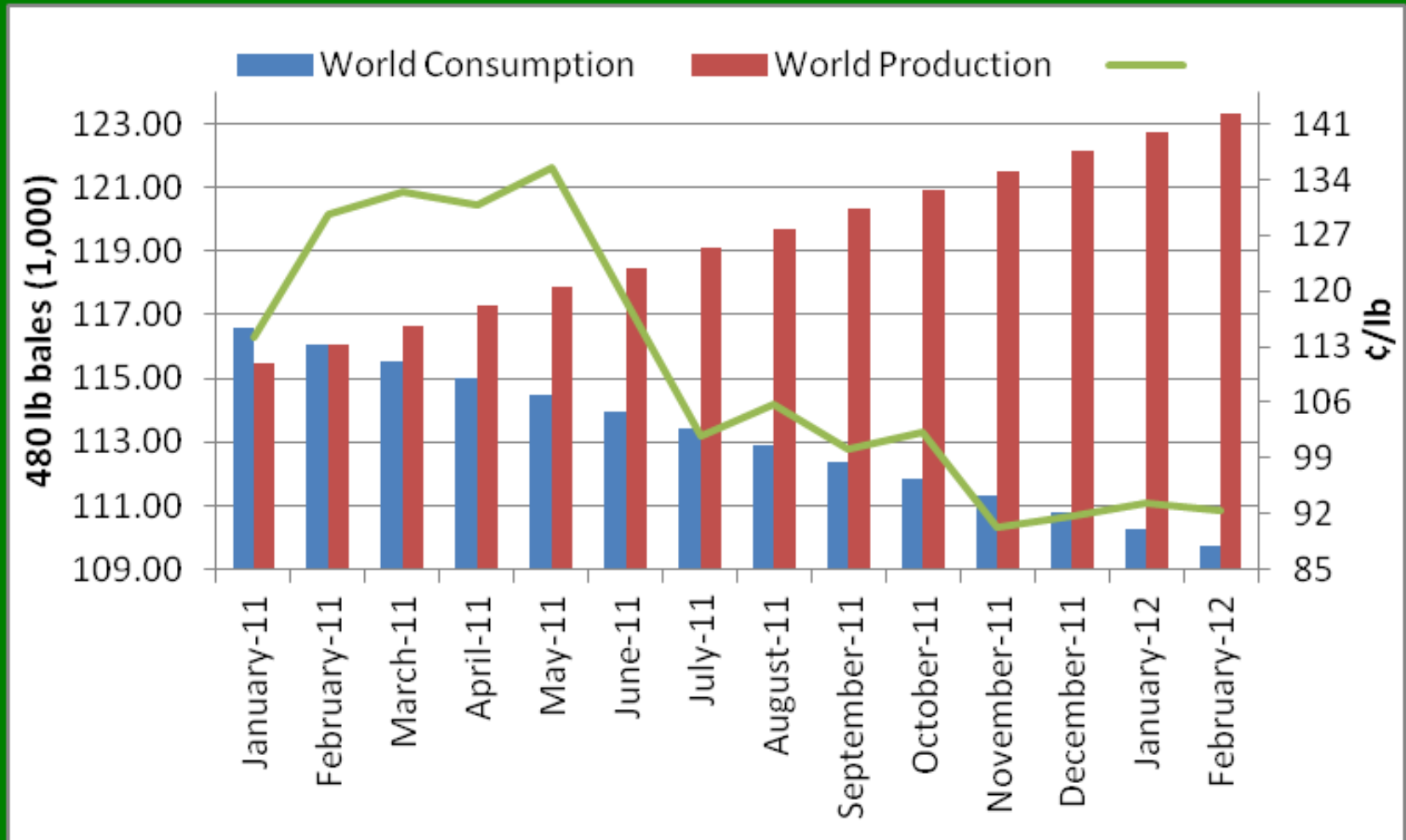
# Cotton



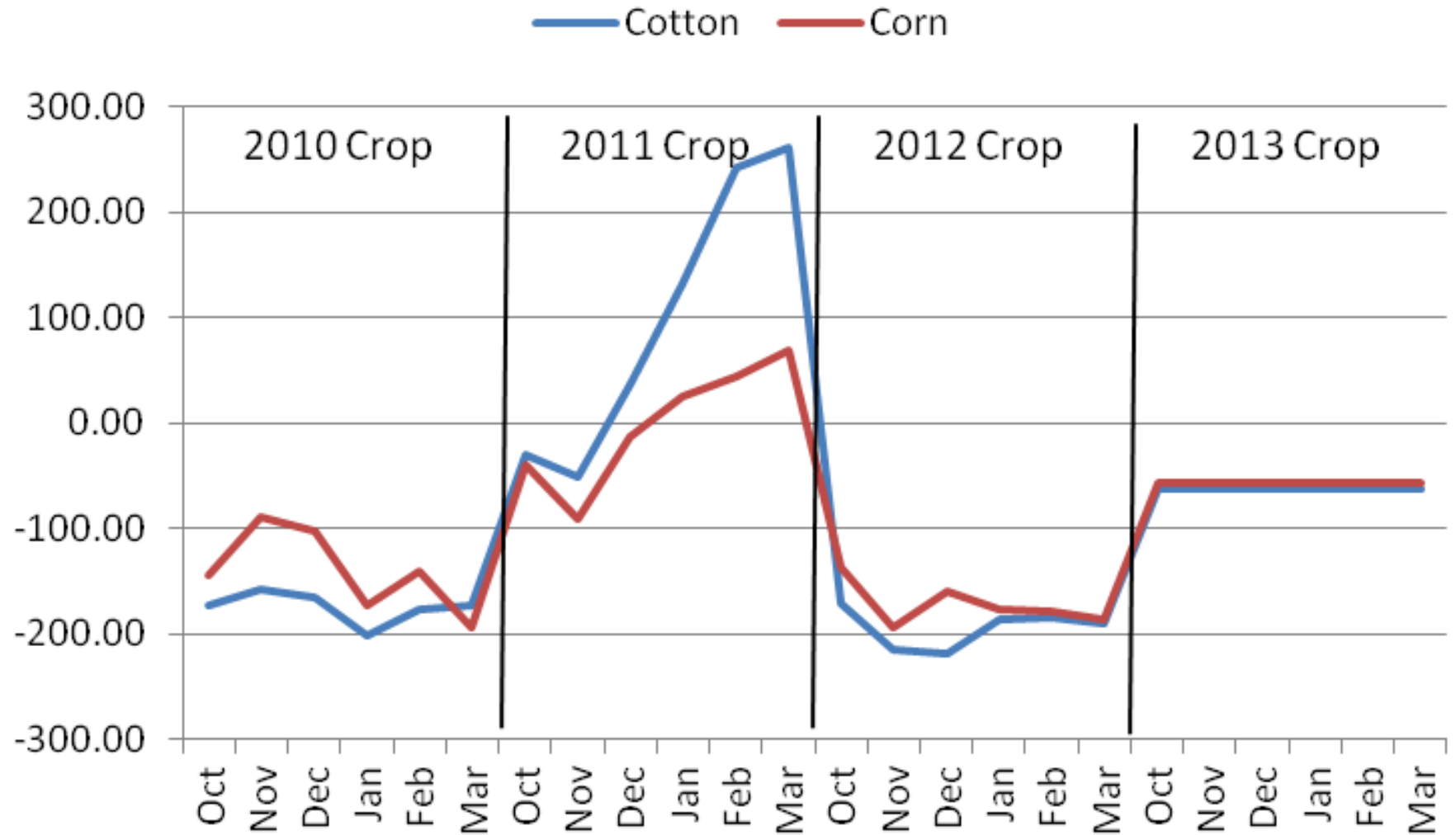
# USDA Supply & Demand

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

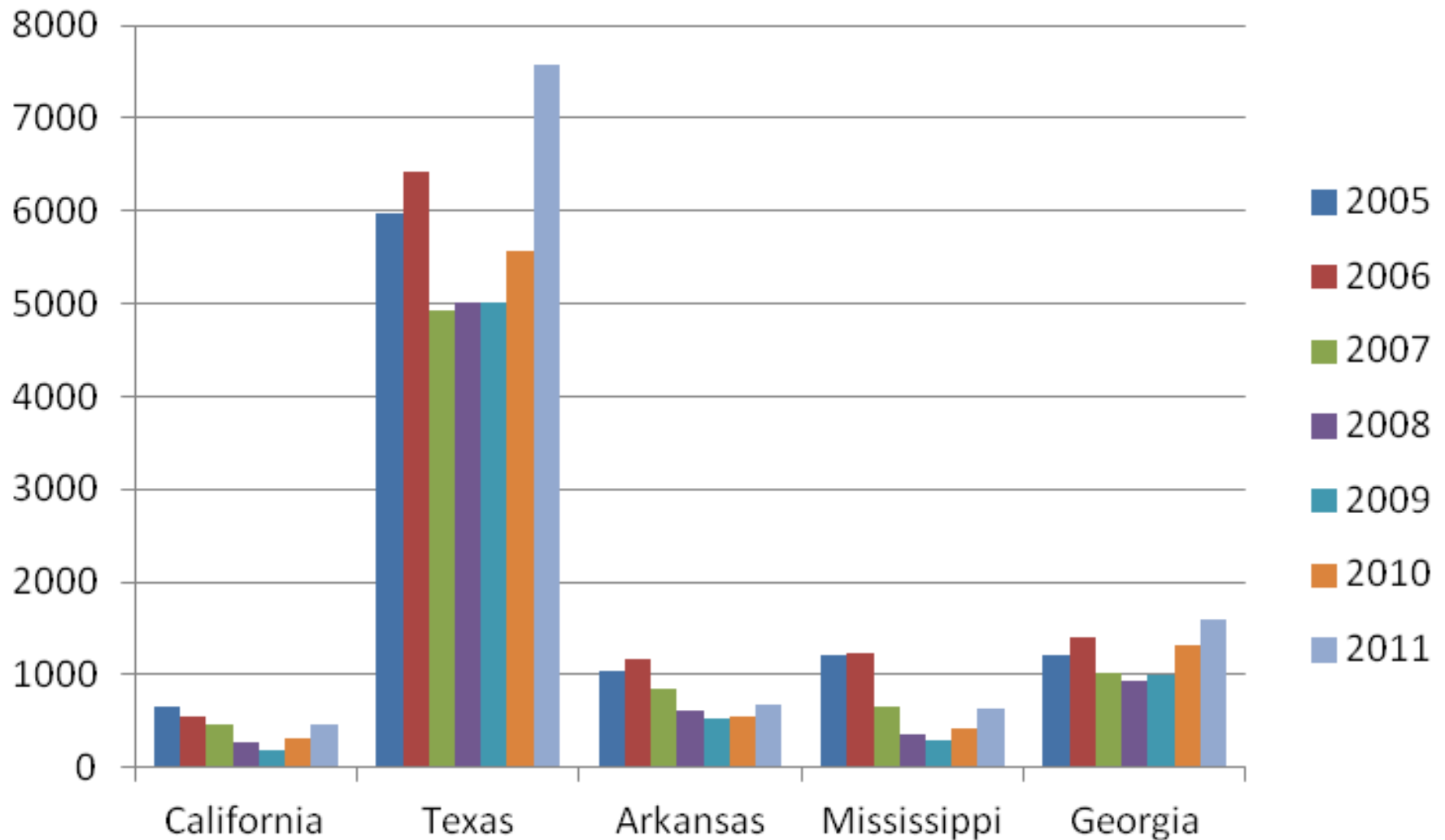


# Far West Crop Profitability

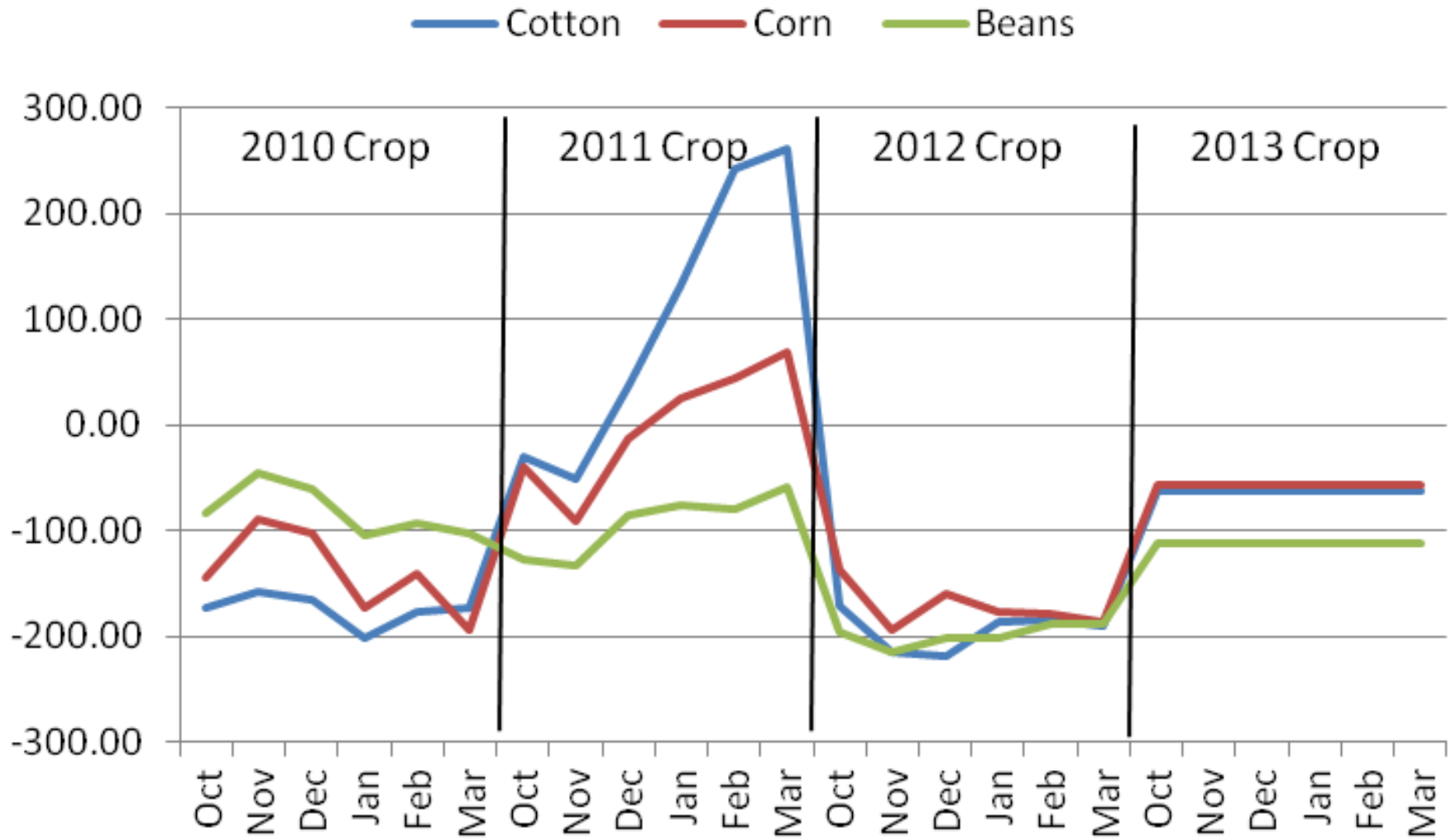


# U.S. Cotton Planted Acres by State

(1,000 acres)

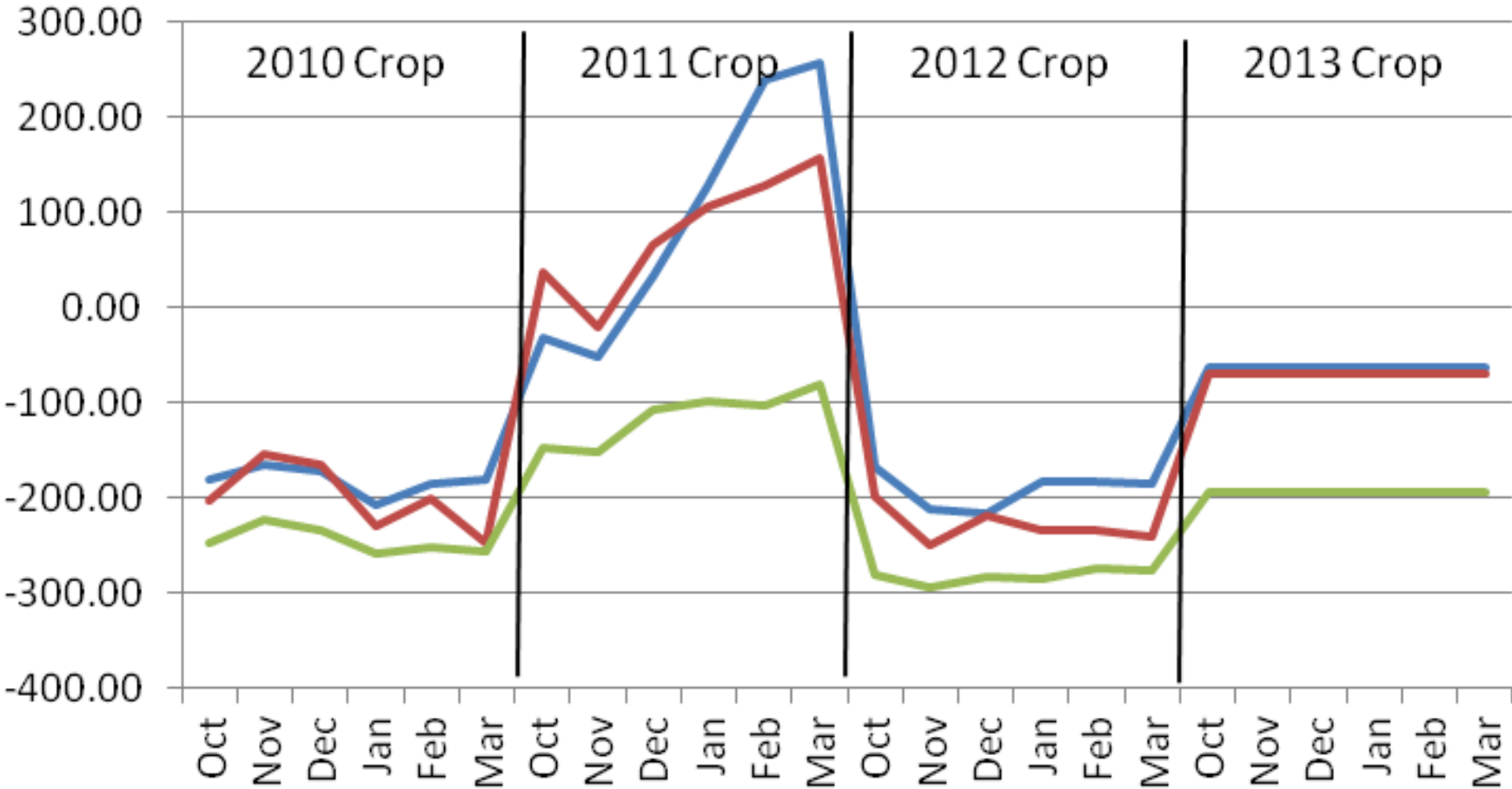


# Southwest Crop Profitability



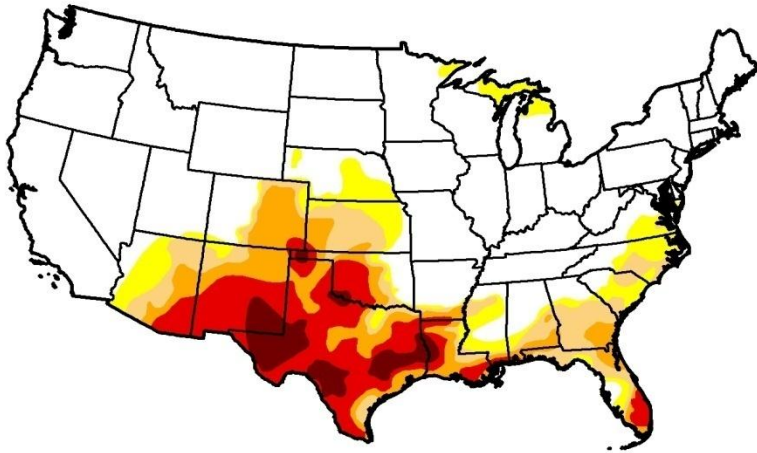
# Texas Crop Profitability

Cotton    Corn    Beans

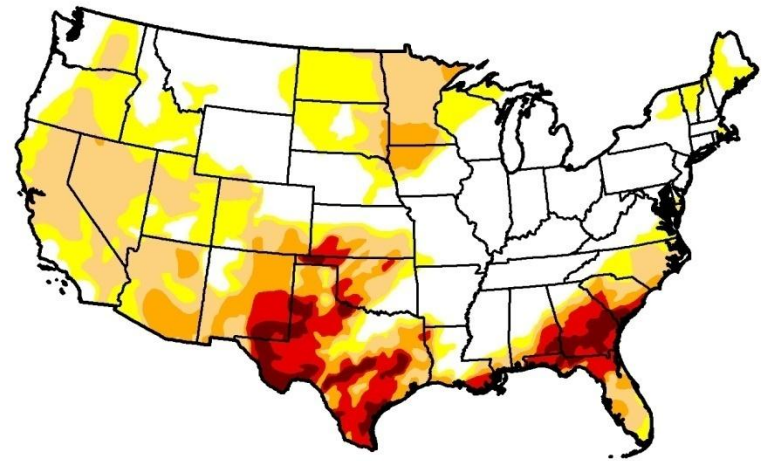


# Texas Drought

Before 2011 Planting



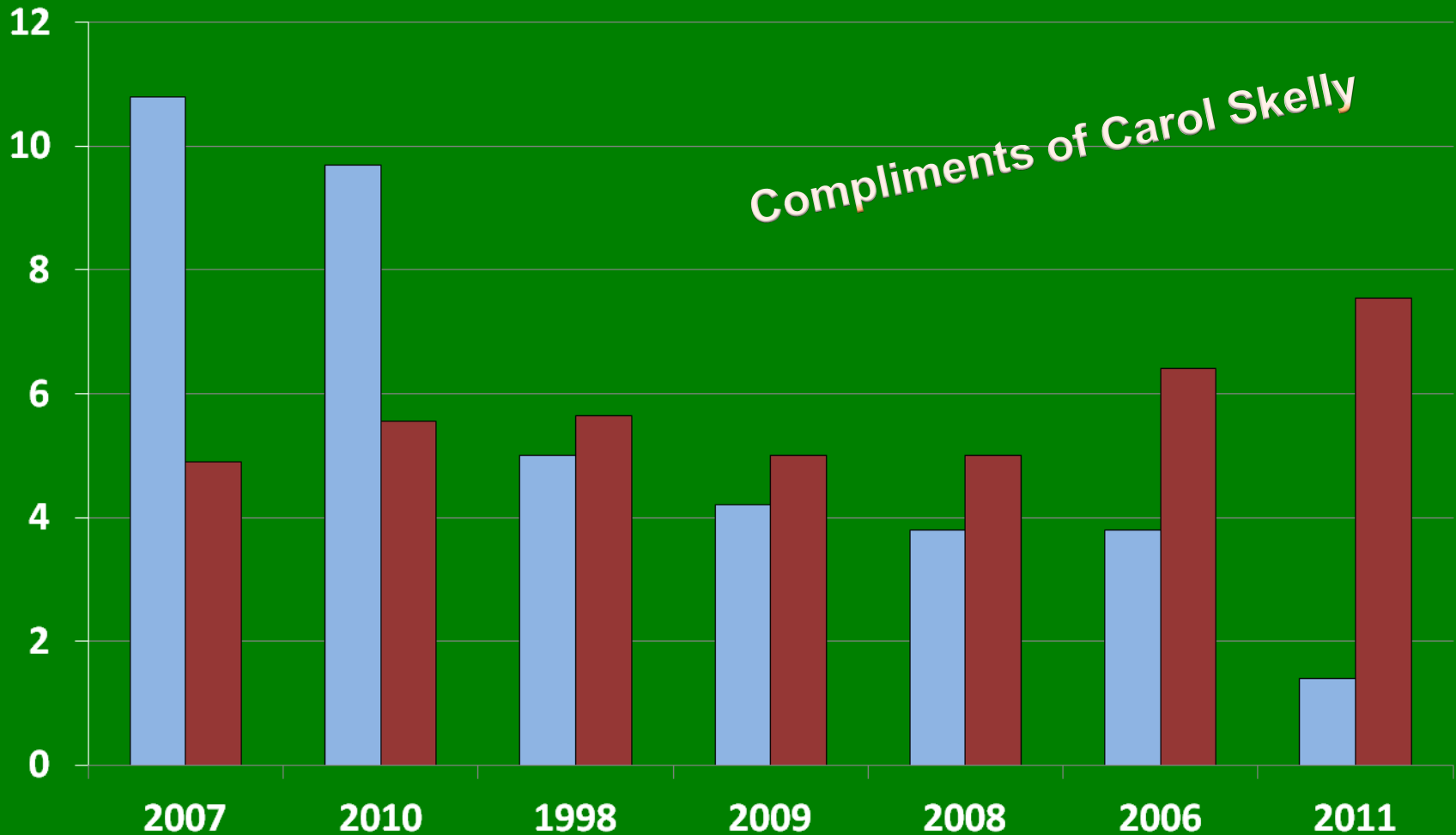
Before 2012 Planting



# Texas Area

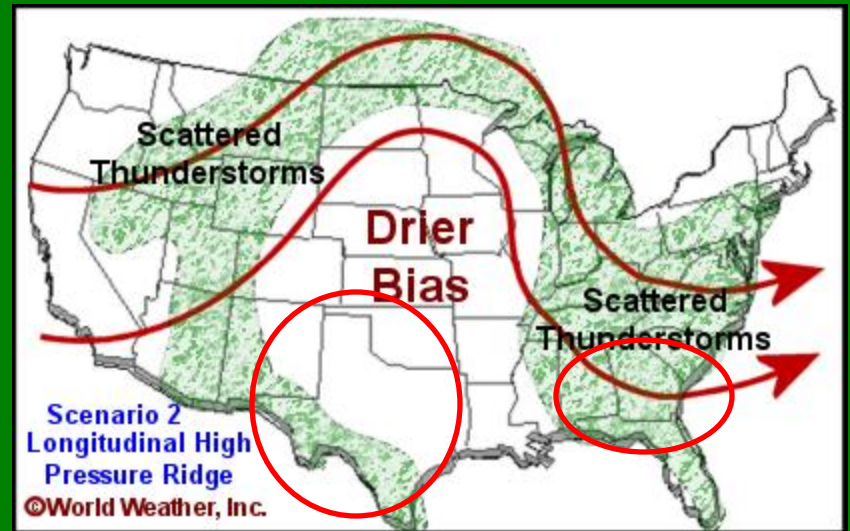
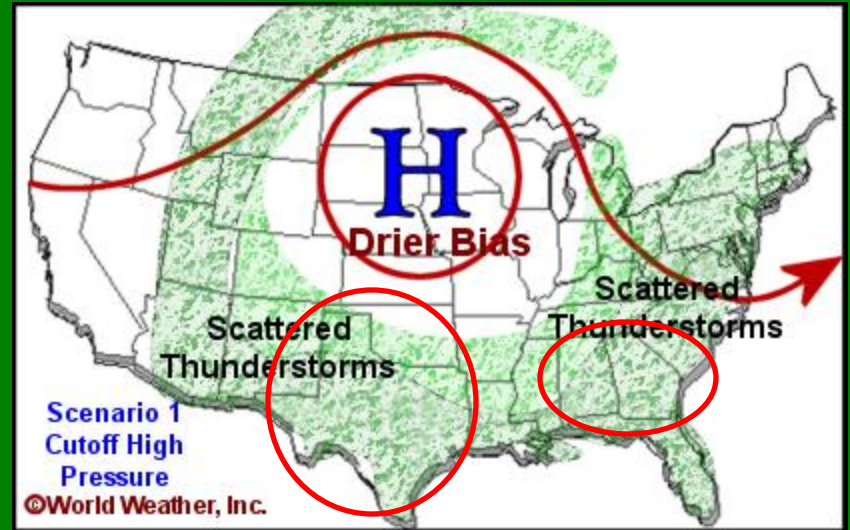
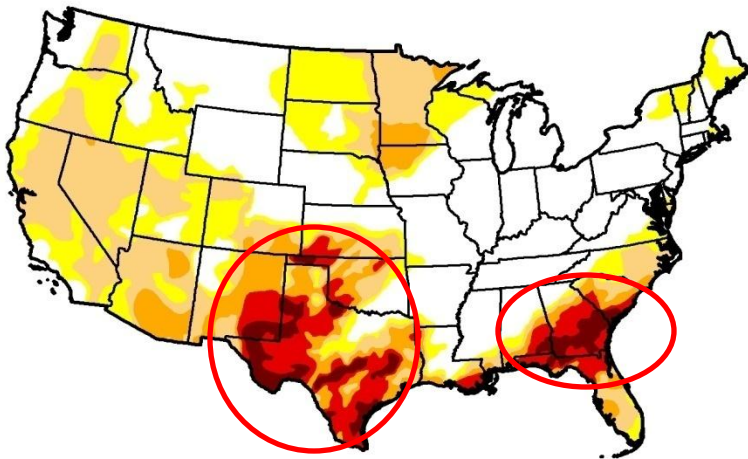
## Positive Response to Drought

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



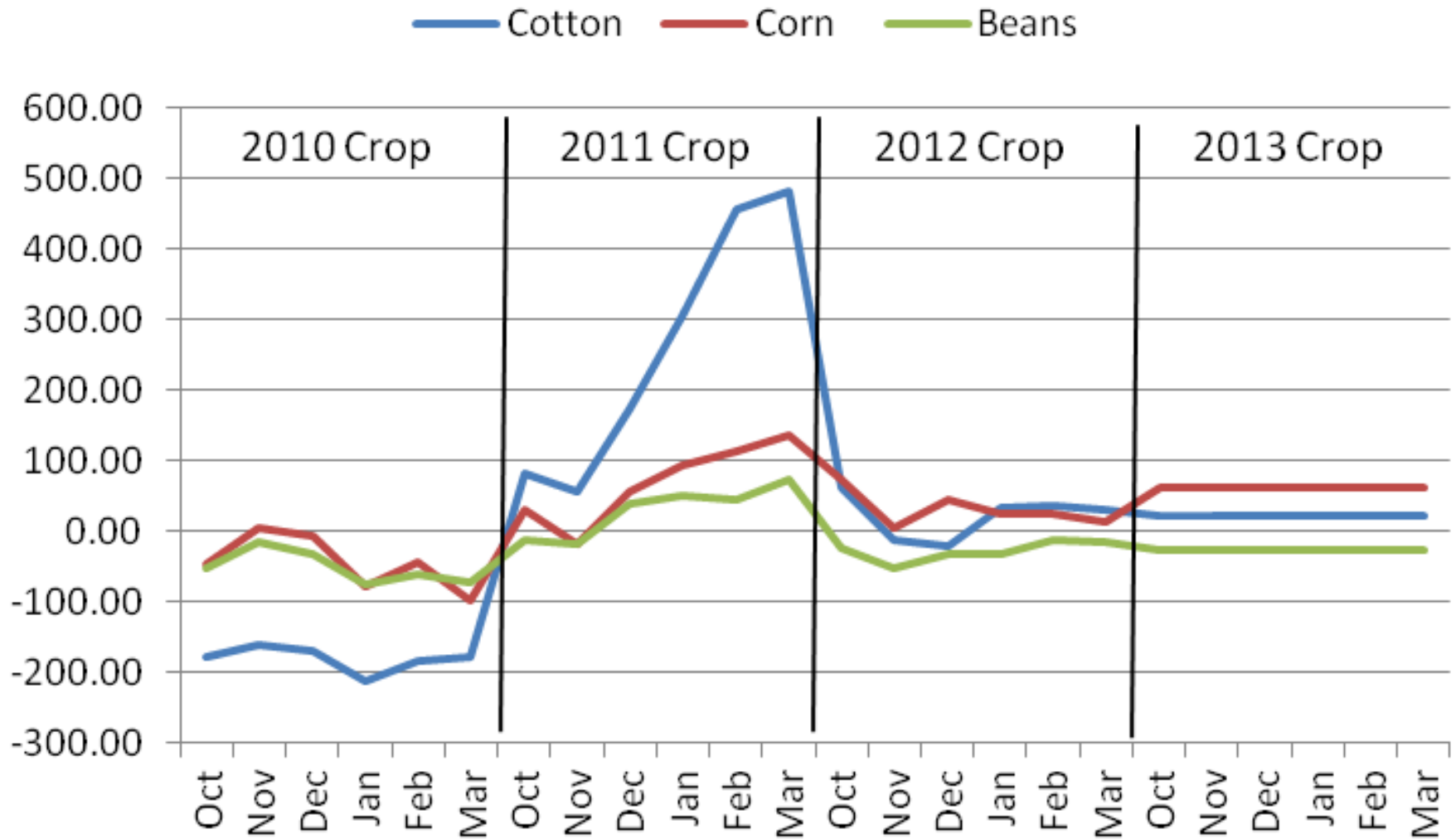
# Pre-Planting Conditions

Before 2012 Planting



Source: Drew Lerner

# Mid-South Crop Profitability



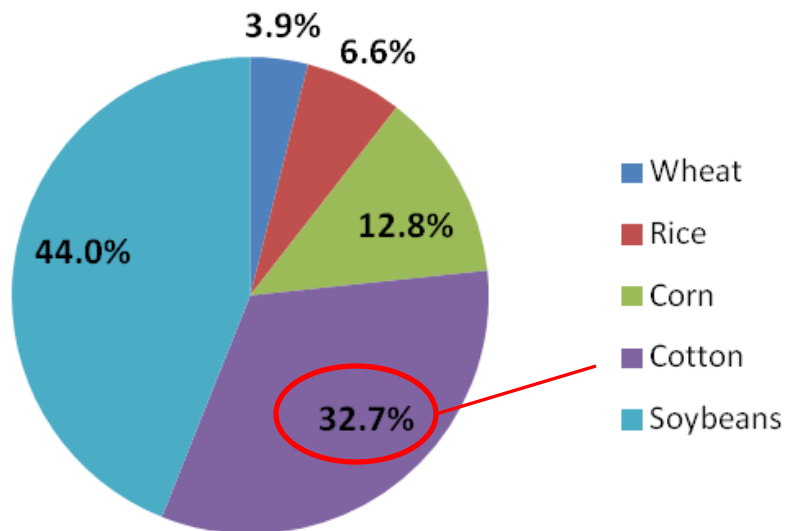
# U.S. Cotton Planted Acres by Region

(1,000 acres)

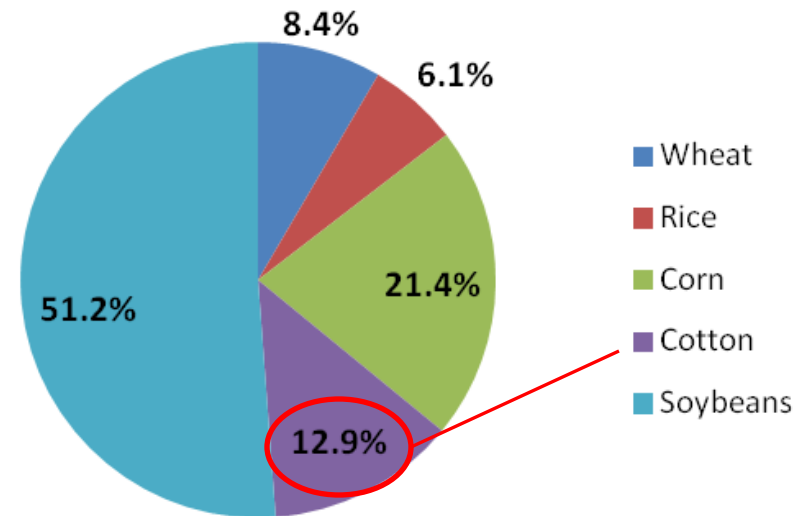
	Far West	Southwest	Mid-South	Southeast	U.S.
2006	820	6,866	4,235	3,353	15,274
2007	678	5,147	2,750	2,225	10,830
2008	451	5,221	1,876	1,923	9,471
2009	371	5,261	1,627	1,891	9,150
2010	555	5,903	1,920	2,597	10,974
2011 USDA January	786	8,065	2,475	3,406	14,732
% Change from 2006	-4%	+17%	-42%	+2%	-4%
Acreage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

# Mississippi Planted Acres

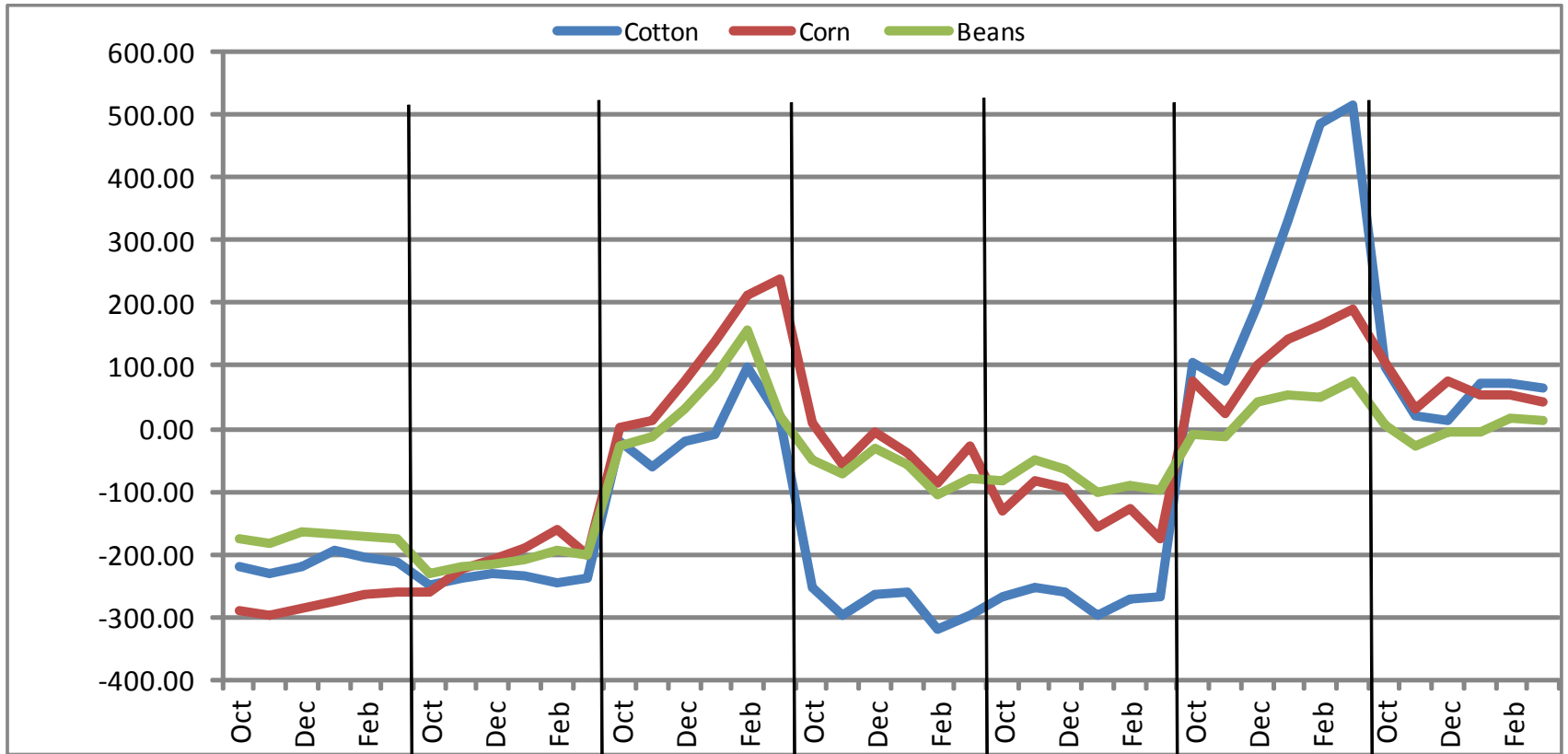
## 2002-2006



## 2007-2011



# Mississippi Crop Profitability and Acreage Shift



**2006**

**2007**

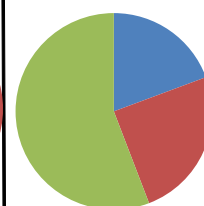
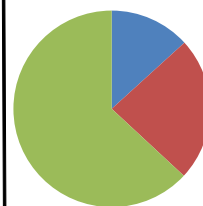
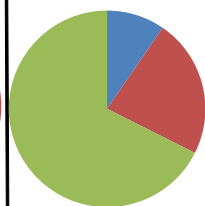
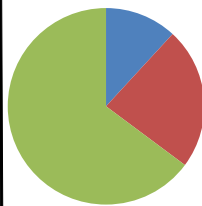
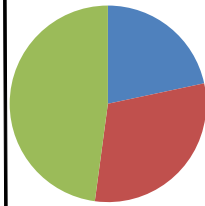
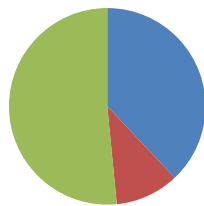
**2008**

**2009**

**2010**

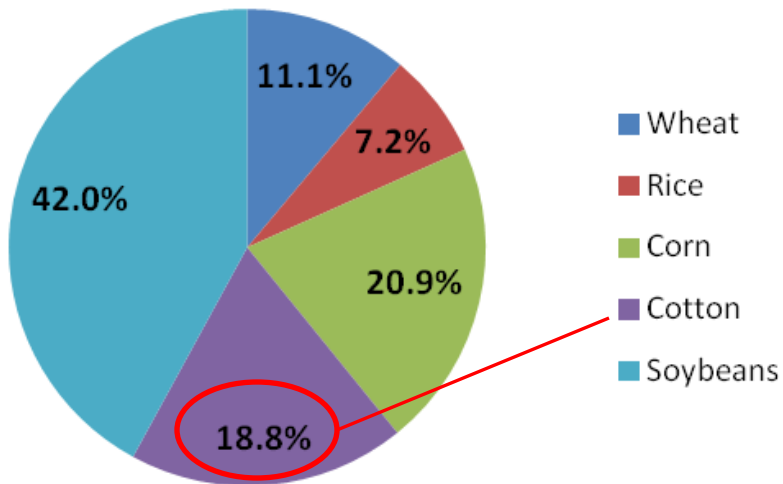
**2011**

Acres

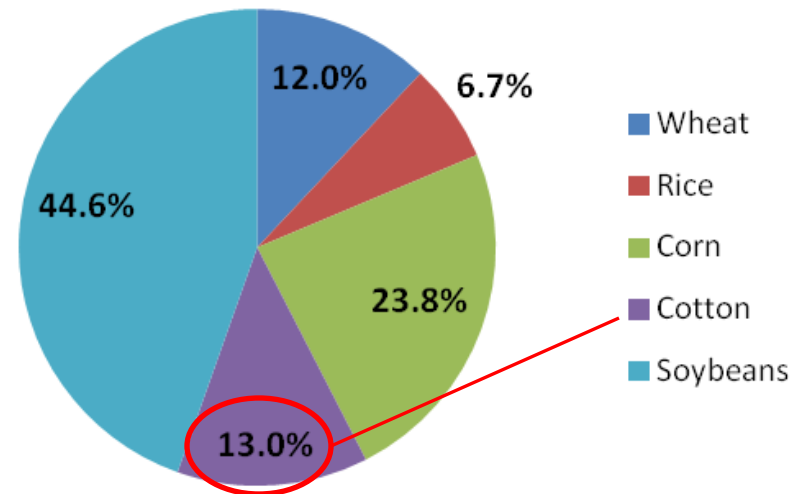


# Mid-South/Southeastern Planted Acres w/o Mississippi

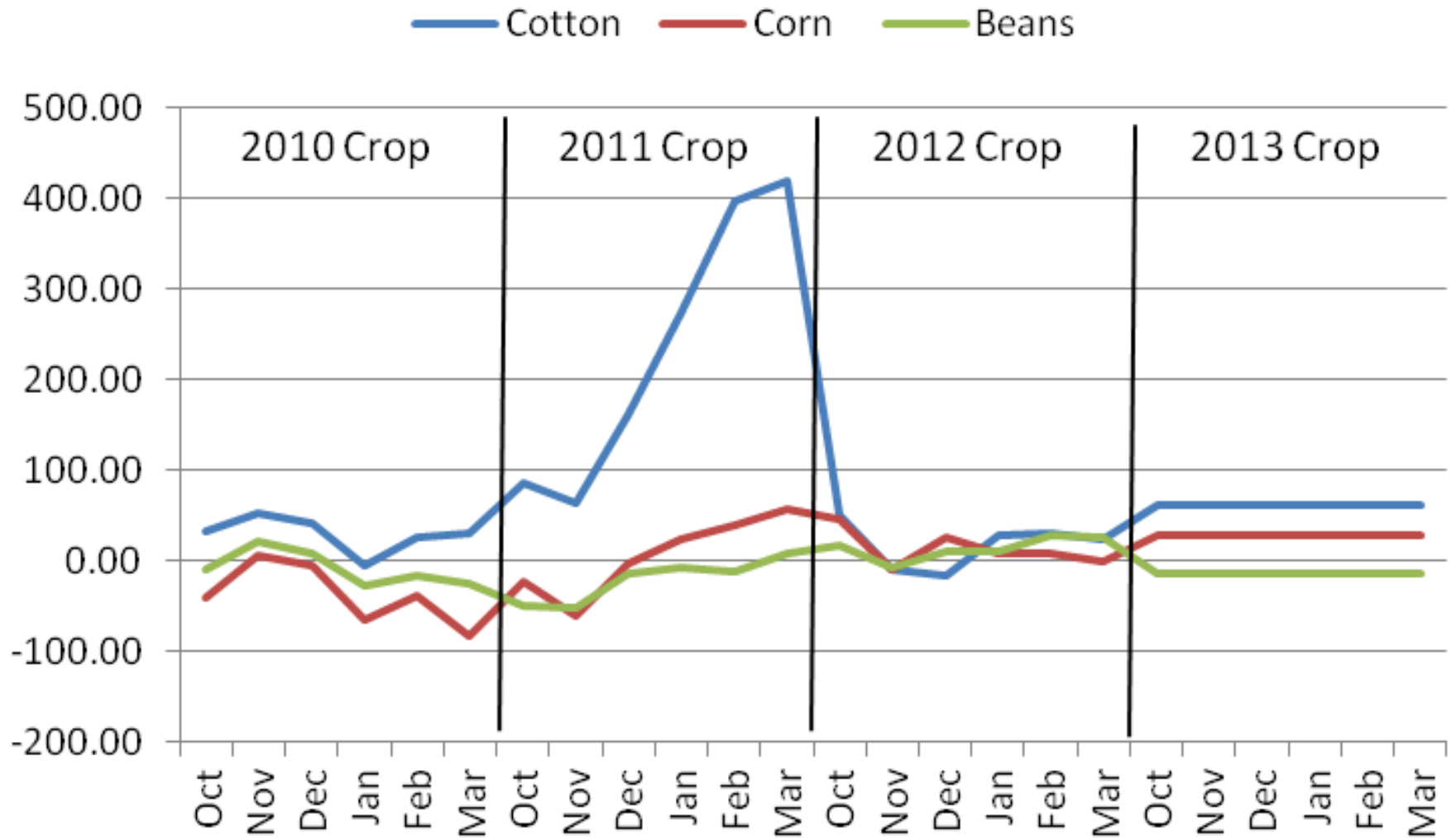
2002-2006



2007-2011



# Southeast Crop Profitability



# Comparative Future Market Prices as of February

	<b>2011 Contract</b>	<b>Percent Increase</b>	<b>2012 Contract</b>	<b>Percent Increase</b>	<b>2013 Contract</b>
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

	<b>NCC Projection</b>	<b>Projection</b>
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

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