



COTTON MARKETING NEWS

Volume 20, No. 8

July 5, 2022

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Thoughts on the Acreage Report, Demand, Other Factors

With much higher costs this season, the present demise in price is reason for much concern. Profit will depend on marketing (how much is already priced, will prices recover and how much, and remaining price decisions) and yield and fiber quality.



The recent meltdown in price is due to 1-concerns about recession and demand and 2-some rainfall and improvement in Texas crop conditions. After losses of over 21 cents, prices have tried to stabilize in the 93 to 98 cents area but even this has proven difficult to sustain—a limit down move today, Dec closed at 93 ½.

USDA released its *Acreage* report last week—the first estimate of actual acres planted. I'm sure you've heard about or seen the numbers by now. Actual plantings are 11.3% more than last year and 244,000 acres more than what farmers said they intended to plant when surveyed back in March.

This report should be a non-factor. In addition to demand news, price will move on crop conditions, yield, and abandonment. Acres are higher but abandonment may also increase. USDA currently has yield at 867 lbs, abandonment at 25%, and the crop at 16.5 million bales. Assuming planting of 12.48 million acres and keeping yield at 867, increased abandonment to 27% or more would cut the crop to less than 16.5 million bales. This is not at all an unrealistic expectation.

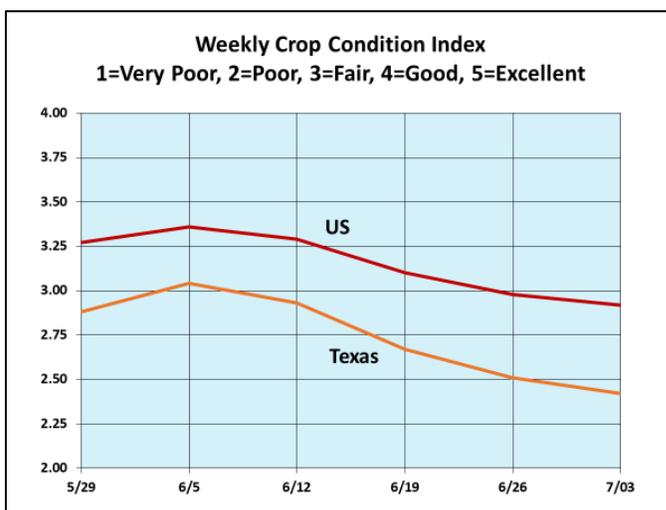
Despite recent rains, the overall condition of the Texas crop continues to decline. Unless more adequate rainfall occurs, abandonment may increase (may be higher than the market appears to be reacting to).

US Cotton Acres Planted (Thousand Acres)				
	2021	2022(I)	2022(A)	% Change
Alabama	405	420	425	+4.9
Arizona	129	120	102	-20.9
Arkansas	480	520	500	+4.2
California	114	142	125	+9.6
Florida	92	110	95	+3.3
Georgia	1,170	1,200	1,200	+2.6
Kansas	110	115	130	+18.2
Louisiana	110	200	170	+54.5
Mississippi	445	500	490	+10.1
Missouri	315	380	380	+20.6
New Mexico	48.5	62	79	+62.9
North Carolina	375	435	450	+20.0
Oklahoma	495	530	550	+11.1
South Carolina	210	260	260	+23.8
Tennessee	275	330	320	+16.4
Texas	6,367	6,822	7,122	+11.9
Virginia	75	88	80	+6.7
US	11,215.5	12,234	12,478	+11.3

2022(I) = *Prospective Plantings*, USDA, March 31, 2022.

2022(A) = *Acreage*, USDA, June 30, 2022.

% Change = 2022(A) / 2021



Crop concerns could rally price to the \$1.05-\$1.10 area but it will likely take a combination of that and a lessening of economic and demand concerns to push the market higher.

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