

2010 U.S. Cotton Progress And Conditions Above Average



Planting of the 2010 U.S. cotton crop was complete or near completion in all but a few States across the Cotton Belt in early June. As of June 6th, 91 percent of the expected U.S. cotton area had been planted, compared with 86 percent last year and the 5-year average of 88 percent. Although planting progress was below 90 percent in early June for Georgia, Kansas, Oklahoma, and Texas, these States' progress was above their respective 5-year averages. In addition to planting progress, 8 percent of the national crop area was squaring, slightly below the 5-year average.

Meanwhile, early cotton crop conditions indicate a very good start to the U.S. growing season. As of June 6th, 66 percent of the cotton area was rated "good" or "excellent," while only 4 percent was rated as "poor." This season's conditions are similar to the beginning of the 2004 season, when conditions remained very good throughout the season and a then-record yield was produced.

Minor Revisions to 2009/10 and 2010/11 Estimates

Adjustments to the U.S. cotton supply and demand estimates were limited in June. This month's revisions included a 200,000-bale reduction in ending stocks for each season that resulted from an increase in 2009/10 exports. For 2009/10, U.S. cotton exports were increased to 12.25 million bales in June, reflecting strong sales which reached 13 million bales as of early June. As a result of the increased demand, 2009/10 ending stocks are now estimated at 2.9 million bales, 3.4 million below the beginning level and the lowest since 1995/96.

For 2010/11, there were no revisions to production or demand this month. The U.S. crop remains forecast at 16.7 million bales based on area reported in USDA's Prospective Plantings. An update to cotton area will be issued at the end of June in the Acreage report, which will combine actual plantings as of early June with estimates for any remaining cotton to be

planted. Projected demand in 2010/11 remains estimated at 16.8 million bales, 7 percent above the latest 2009/10 estimate and similar to 2008/09. Consequently, the reduction in 2009/10 ending stocks followed through to the 2010/11 projection, as stocks on July 31, 2011 are now forecast at only 2.8 million bales, the lowest in 15 years. Likewise, the stocks-to-use ratio – at 16.7 percent – is at its lowest since 1995/96. The forecast for the 2010/11 U.S. average farm price is projected to range between 60 and 74 cents per pound, compared with a 62.5-cent average estimated for 2009/10.

U.S. Cotton Textile Trade Expands in First-Quarter 2010

U.S. cotton textile trade rose during the first quarter of 2010 as the global economy rebounded. During January-March 2010, cotton product imports reached 2.1 billion (raw-fiber equivalent) pounds, up nearly 11 percent from the corresponding period in 2009. Likewise, cotton textile and apparel exports expanded, rising about 15 percent from a year ago to 418 million pounds. As a result, the cotton product trade deficit for first-quarter 2010 was 1.7 billion pounds, or 10 percent above the comparable period in 2009. Cotton products continue to account for the largest share of the total textile fiber product deficit.

The rise in U.S. product imports thus far in 2010 has benefited most of the leading suppliers, particularly China, the single largest source for U.S. cotton products. For January-March 2010, the top five suppliers combined for nearly 63 percent of the cotton product total imported by the United States. This share is slightly above the 2009 calendar year share but modestly above the 59-percent share recorded during the first quarter of 2009. The most recent quarterly data indicate that import volume from Pakistan, India, and Mexico increased but accounted for a similar share as a year ago. Meanwhile, China's 31-percent share in first-quarter 2010 was well above a year ago and more than offset a slight decline from Bangladesh.

U.S. cotton product exports are even more concentrated than imports. The top five destinations for U.S. cotton products exceeded 85 percent during January-March 2010, slightly below first-quarter 2009 but similar to the last calendar year. Honduras and Mexico – the top two destinations – led the increase thus far in 2010. These two countries received more than 60 percent of all U.S. cotton textile exports during first-quarter 2010, compared with about 55 percent in all of 2009. Δ