

2011 Cotton Prices Attractive: Considerations For New Cotton Growers

JONESBORO, ARK.

With December 2011 cotton futures trading at more than \$1 per pound this week, Arkansas' cotton acreage should increase again this year, according to Scott Stiles, extension economist for the University of Arkansas Division of Agriculture.

After hitting a decade-high 1.17 million acres in 2006, Arkansas' cotton acreage declined for three straight years. Following a bearish outlook for grains and signs of life in the cotton market last spring, 2010 cotton acreage increased a modest 25,000 acres to a total of 545,000.

"In doing economic comparisons among crops, some producers may even be considering cotton as part of their crop mix for the first time," Stiles said. "As longtime cotton growers will attest, cotton is a relatively complex crop to grow that requires some unique skills and agronomic knowledge."

Stiles said there are also some "business management issues to address if your farm is not already set up for cotton production."

To help growers determine whether cotton is the right choice, he also offered a list of questions to answer before growing cotton in 2011.

How will you finance your crop?

- Relative to soybeans, the cost of production for cotton is considerably higher.
- Make arrangements for operating credit well in advance of planting (before ordering seed).
- Discuss crop insurance coverage with an experienced agent in cotton insurance.

Who will buy your cotton?

- Cotton has unique marketing parameters associated with fiber quality. Discuss premium and discount sheets as well as 2011 pricing options with an experienced cotton merchant or marketing advisor.

- Consult with experienced local cotton growers; there are both merchants and cooperatives available to you with numerous marketing programs.

Is your current machinery adequate to grow cotton?

- Can you adapt your existing machinery to cotton production? Or will you need to custom hire some field operations (planting, spraying, harvesting)?

- Minimize machinery acquisitions until you are sure about your long-term commitment to cotton.

Who will harvest your crop?

- Cotton harvesting machinery is expensive. Many new growers hire custom harvesters.

- With the prospect of acreage increasing, custom harvesters could be in short supply. Discuss your expected needs with them prior to planting.

- If you employ a custom harvester, ensure that machinery entering or leaving your farm is washed down and reasonably clean to prevent the spread of resistant weeds.

Have you contacted a crop consultant?

- With a possible increase in 2011 cotton acreage, find a cotton consultant as soon as possible, particularly if you have limited cotton agronomy experience.

- Speak to experienced local cotton farmers for advice on the selection of a consultant.

"Cotton has unique management needs and will present new challenges and time demands for producers," Stiles said. "In addition, cotton is capital-intensive, requiring significant investment in both crop protection and machinery.

"Approaching cotton production with a long term plan and commitment may be wise," he said. △



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