

Increase Projected In 2010 U.S. Cotton Area



US. cotton area in 2010 is expected to rise for the first time in three seasons. Based on the U.S. Department of Agriculture's (USDA) Prospective Plantings report that surveyed farmers at the beginning of March, producers intend to plant 10.5 million acres to cotton in 2010. This initial planting projection is nearly 1.4 million acres (15 percent) above 2009. Area for both upland and extra-long staple (ELS) cotton are expected to be at their highest since 2007. Upland plantings are estimated at 10.3 million acres while ELS area is projected at 190,000 acres. These projections will be updated at the end of June in USDA's Acreage report. As of April 4th, cotton plantings were just under way with 4 percent of the expected acreage planted, equal to that in 2009.

U.S. cotton area was expected to rise this spring as cotton futures prices were considerably higher than a year ago, when compared with competing crop prices like corn and soybeans. While U.S. upland cotton area is forecast to rise in 2010, so are national plantings of corn and soybeans. For the Cotton Belt regions in total, however, the Prospective Plantings report indicates that more corn and fewer soybean acres are expected in 2010.

Compared with 2009, only the Southeast was expected to plant fewer acres of both corn and soybeans in 2010.

Although U.S. upland area is forecast to rise in each region, the majority of the increase is attributable to the Southwest and Southeast regions (fig. 2). The Southwest is expected to plant nearly 5.9 million acres this year, more than 600,000 acres (12 percent) above 2009 and near its 10-year average. Meanwhile, 2010 corn and soybean area also is expected to rise in the Southwest. For the Southeast, the region intends to plant 2.4 million acres in 2010, about 500,000 acres (26 percent) above a year earlier and near its 5-year average. In addition, the Southeast's share of the total U.S. area is expected to be its largest since 2002.

On the other hand, the Delta is projected to plant 1.7 million acres in 2010, up only 100,000 acres (6 percent) from last season's record low, as corn still is expected to gain acreage in the region. The Delta's share of U.S. upland area in 2010 is only projected at 17 percent, the lowest in more than 90 years. In the West, upland area is expected to rebound to 320,000 acres, 73,000

acres (30 percent) higher than in 2009, but still less than half the most recent 10-year average. Water limitations in the West have shifted irrigation priorities to permanent crops over the last decade, which has led to the declining cotton acreage trend.

U.S. 2009/10 Cotton Supply Lowered; Demand Unchanged

The 2009/10 U.S. cotton crop was lowered this month to 12.15 million bales as indicated in the March 2010 Cotton Ginnings report; upland was reduced to 11.75 million bales while the ELS crop was increased to 399,000 bales. USDA will release final production estimates for 2009/10 on May 11th. With beginning stocks and imports unchanged in April, this season's cotton supply is now estimated at 18.5 million bales, 4.4 million (19 percent) below 2008/09 and the lowest since the 1998/99 season.

Meanwhile, U.S. cotton demand estimates were unchanged in April, with total demand this season projected at 15.5 million bales, 1.4 million (8 percent) below 2008/09. Like the supply estimate, U.S. cotton demand in 2009/10 is projected at its lowest since 1998/99. U.S. mill use is currently estimated at 3.5 million bales for the season – about 100,000 bales below 2008/09 – as rates of mill use have recovered from early-season lows. U.S. mills have used about 2 million bales of cotton through February, compared with 2.2 million a year ago.

U.S. cotton exports for 2009/10 remain projected at 12 million bales in April, 1.3 million (10 percent) less than a year ago and the smallest shipment total since 2002/03 when only 11.9 million bales were exported. With a smaller U.S. production estimate this month, available supplies for the export market have been reduced further. In addition, a small decrease in world cotton trade was projected this month, effectively raising the U.S. share of global trade slightly to 35.1 percent; this share is below last season's 44 percent, but is similar to the trade share in both the 2006 and 2007 seasons.

With demand unchanged and a lower supply estimate this month, U.S. cotton ending stocks are reduced further. Stocks at the end of 2009/10 are forecast at only 3 million bales, less than half the level of a year ago and the lowest level since 1995/96, when stocks were only 2.6 million bales. Based on these supply and demand estimates, the stocks-to-use ratio is currently forecast at 19.4 percent; this compares with last season's 37.6 percent and is the lowest since 17.2 percent was recorded for 2003/04. As a result of the tightening U.S. and world stock situation, the U.S. upland farm price forecast was increased slightly in April. The average price received by upland producers for 2009/10 is now projected to range between 61.5 and 65.5 cents per pound, compared with last season's final average price of 47.8 cents per pound and the 2007/08 average of 59.3 cents per pound. △



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