

U.S. Cotton Area And Crop Projected Larger In 2010



According to USDA's first projections for 2010/11, U.S. cotton production is forecast at 16.7 million bales, 37 percent higher than the final 2009/10 crop estimate. Based on the Prospective Plantings report, 2010 cotton area is estimated at 10.5 million acres, 15 percent above 2009 and the highest in 3 years. Harvested acreage is projected at 9.8 million acres – 2.3 million acres above last season. The initial harvested area estimate is based on the 2000-09 average abandonment, weighted by region, and adjusted to reflect the unusually favorable soil moisture in the Southwest in 2010. The U.S. abandonment rate is forecast at only 6.5 percent, compared with 2009's 18 percent.

Weather conditions now and throughout the growing season will influence final acreage as well as crop size. With only about a third of the cotton area planted as of early May, the crop's potential will be unknown for several months, although favorable conditions indicate a likely rebound in the average U.S. cotton yield in 2010. The national yield – projected at 815 pounds per harvested acre – is based on the 5-year average yield by region. Based on these projections, the 2010 U.S. cotton crop, like area, would be the highest since 2007.

Area for both upland and extra-long staple cotton are projected to rebound moderately in 2010 – after 3 years of decline – but will remain below their respective 5-year averages. For 2010, an increase in upland cotton area is indicated for each region of the Cotton Belt, a first in a decade. Despite the gains in each region, over half of the upland area remains concentrated in the Southwest, where abandonment and yield variability is often dramatic. In 2010, the Southwest region is forecast to plant nearly 5.9 million acres of upland cotton, the highest in 4 years. In addition, the region's share of the U.S. total area is forecast at 57 percent, similar to the last 2 years but more than 10 percentage points above the 2003-07 average. This is significant because the 5-year average abandonment in the Southwest is nearly 22 percent, compared with the rest of the Cotton Belt at approximately 2 percent. In addition, the 5-year average upland yield in the Southwest region is the lowest across the Cotton Belt. However, this year's favorable soil moisture in the Southwest is expected to keep abandonment below average.

2010/11 Demand Forecast to Rise with Production

As world cotton demand is expected to continue its post-recession rebound, demand for U.S. cotton is projected to increase along with gains in U.S. production. Total U.S. cotton demand in 2010/11 is projected at 16.8 million bales, 9 percent above the latest 2009/10 estimate and similar to demand in 2008/09.

U.S. exports continue to account for the bulk of U.S. cotton demand and, at 13.5 million bales, 2010/11 U.S. exports are forecast to contribute 80 percent of the total. Despite a projected increase in foreign production in 2010/11, an anticipated rise in global cotton imports and consumption is expected to benefit U.S. exports. With U.S. exports forecast above 2009/10's 12 million bales and world trade rising, the U.S. share of global trade is projected to climb slightly in 2010/11. Based on the current estimates, the U.S. share of world trade is forecast at about 38 percent, equal to the 5-year average but above 2009/10's 35 percent.

U.S. cotton mill use for 2010/11 is projected at 3.3 million bales, 100,000 bales below the 2009/10 estimate and the lowest since the late-1890s. As demand rebounds and textile product pipelines are replenished, U.S. cotton mill use may rise above current mill activity levels but sustaining the higher mill use will be difficult. The U.S. cotton textile industry will continue to face competition for market share, both in the United States and abroad. In addition, higher-priced cotton relative to polyester will likely be a factor next season.

With U.S. cotton demand expected to expand with production in 2010/11, stocks are forecast to remain at a relatively low level. Stocks are projected at only 3 million bales on July 31, 2011, nearly identical to the beginning level; the stocks-to-use ratio is forecast to decline from 2009/10's 20 percent to about 18 percent, the lowest in 7 years. Relatively low stocks and a rebound in world consumption in 2010/11 are projected to push cotton prices higher. The U.S. upland farm price is expected to range between 60 and 74 cents per pound in 2010/11. At the midpoint of the range, the farm price would be 4 cents above the 2009/10 estimate.

2009/10 Production and Demand Adjusted Slightly

In May, USDA released final U.S. cotton area, yield, and production estimates for 2009/10. An increase in the national average yield more than offset a reduction in area harvested, resulting in a slightly higher U.S. production estimate than in April. Final estimates by State are presented in table 11. Meanwhile, 2009/10 U.S. mill use was lowered 100,000 bales this month to 3.4 million bales based on recent mill activity. The small adjustment reduced total demand and raised stocks by the same amount; 2009/10 ending stocks are now estimated at 3.1 million bales, compared with 6.3 million bales for 2008/09. △