

Cotton Situation and Outlook
Dec. 12, 2007
Mississippi Cotton
Producers' Short Course

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2007 Season

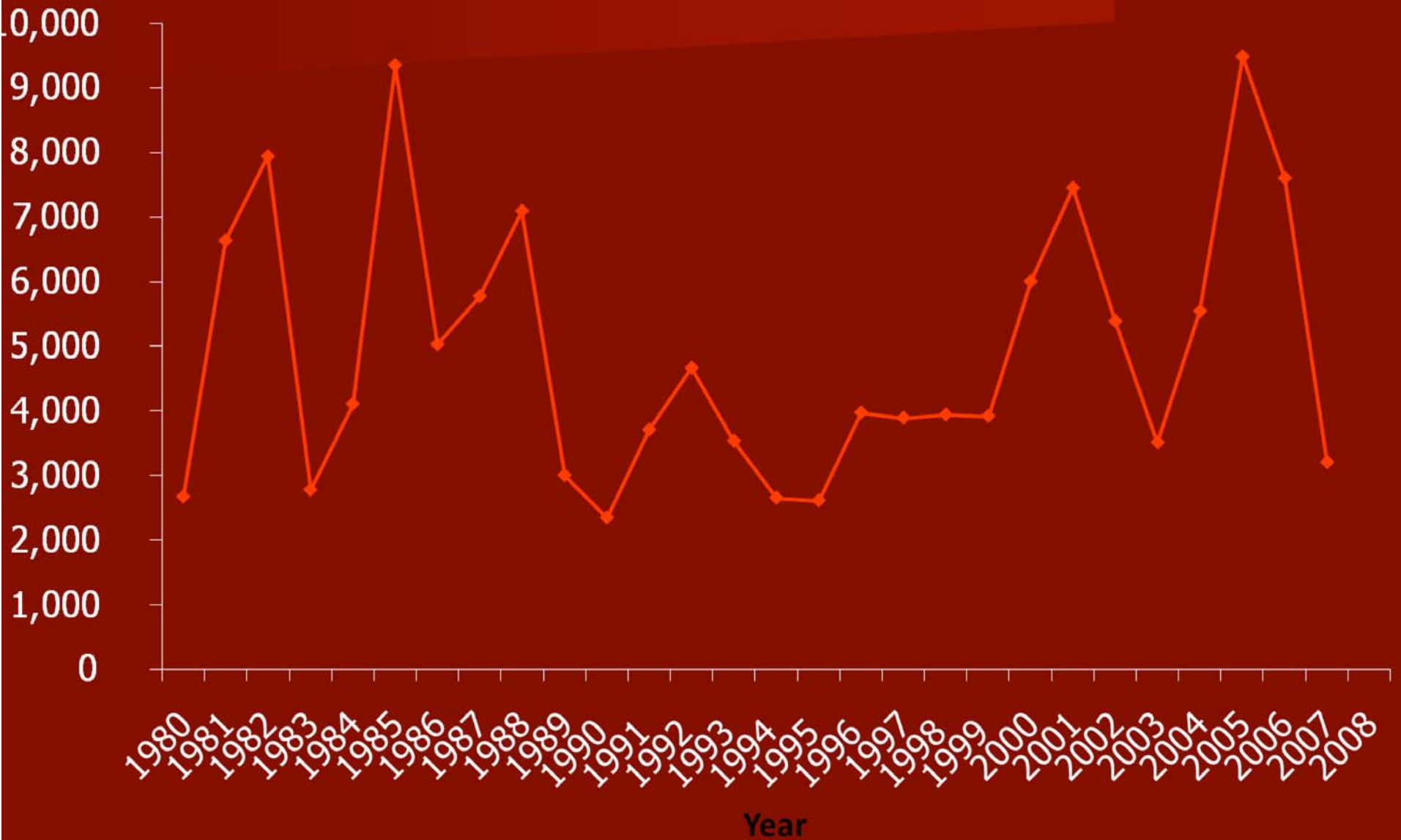
- ✓ Better prices because:
- ✓ Smaller Production
- ✓ Drought/Rain/Heat/Insects
- ✓ Yet, Strong Yields

U.S. Cotton Supply & Use

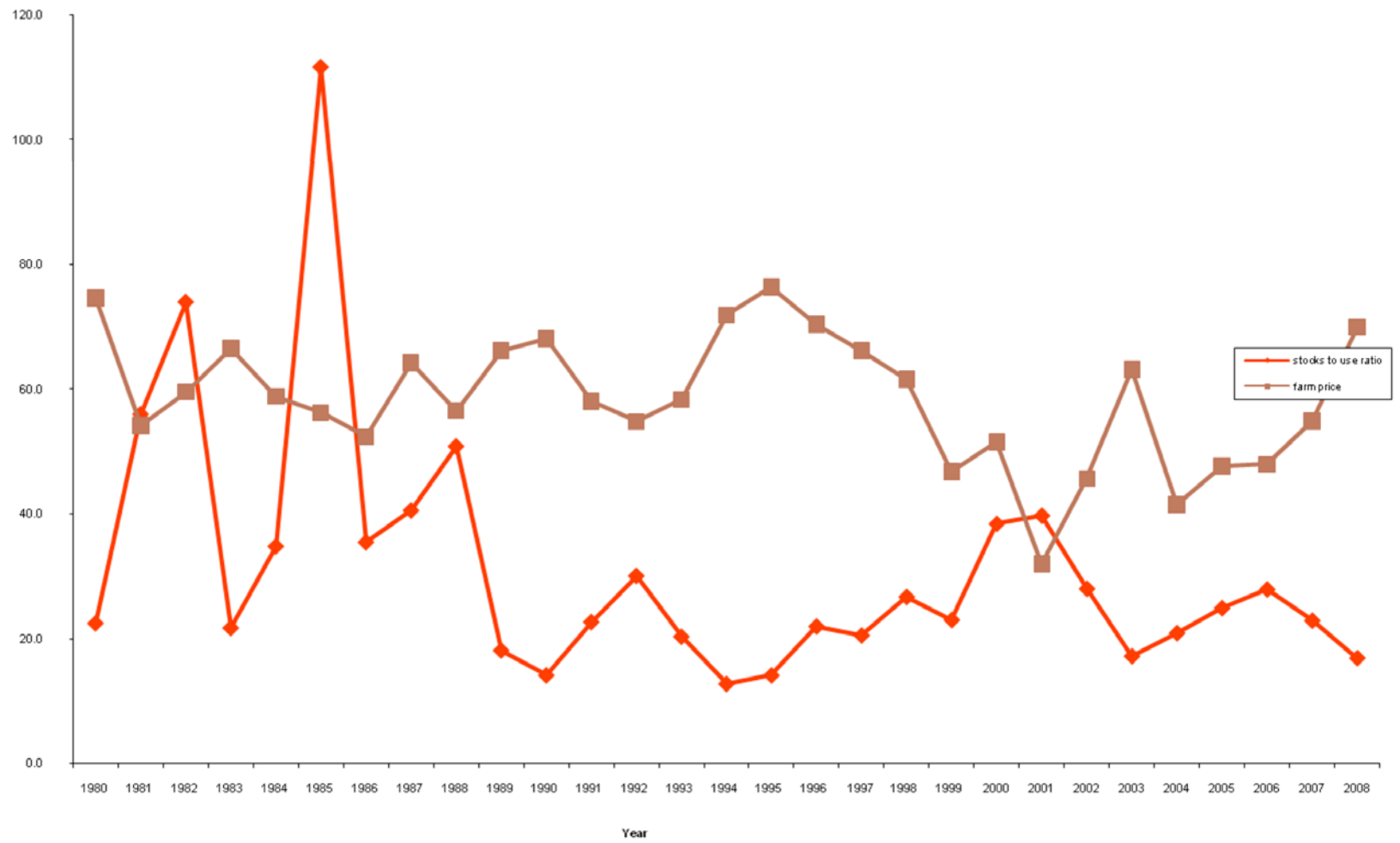
	2006/07E	2007/08F	2008/09S
	million bales		
Beginning Stocks	6.05	9.48	7.70
Production	21.59	18.99	17.00
Total Supply	27.66	28.48	24.70
Domestic Use	4.95	4.60	4.40
Exports	13.01	16.20	17.00
Total Use	17.96	20.80	21.40
Ending Stocks	9.48	7.70	3.30
Avg. Farm Price	46.50	55.00E	65-70

US Ending Stocks

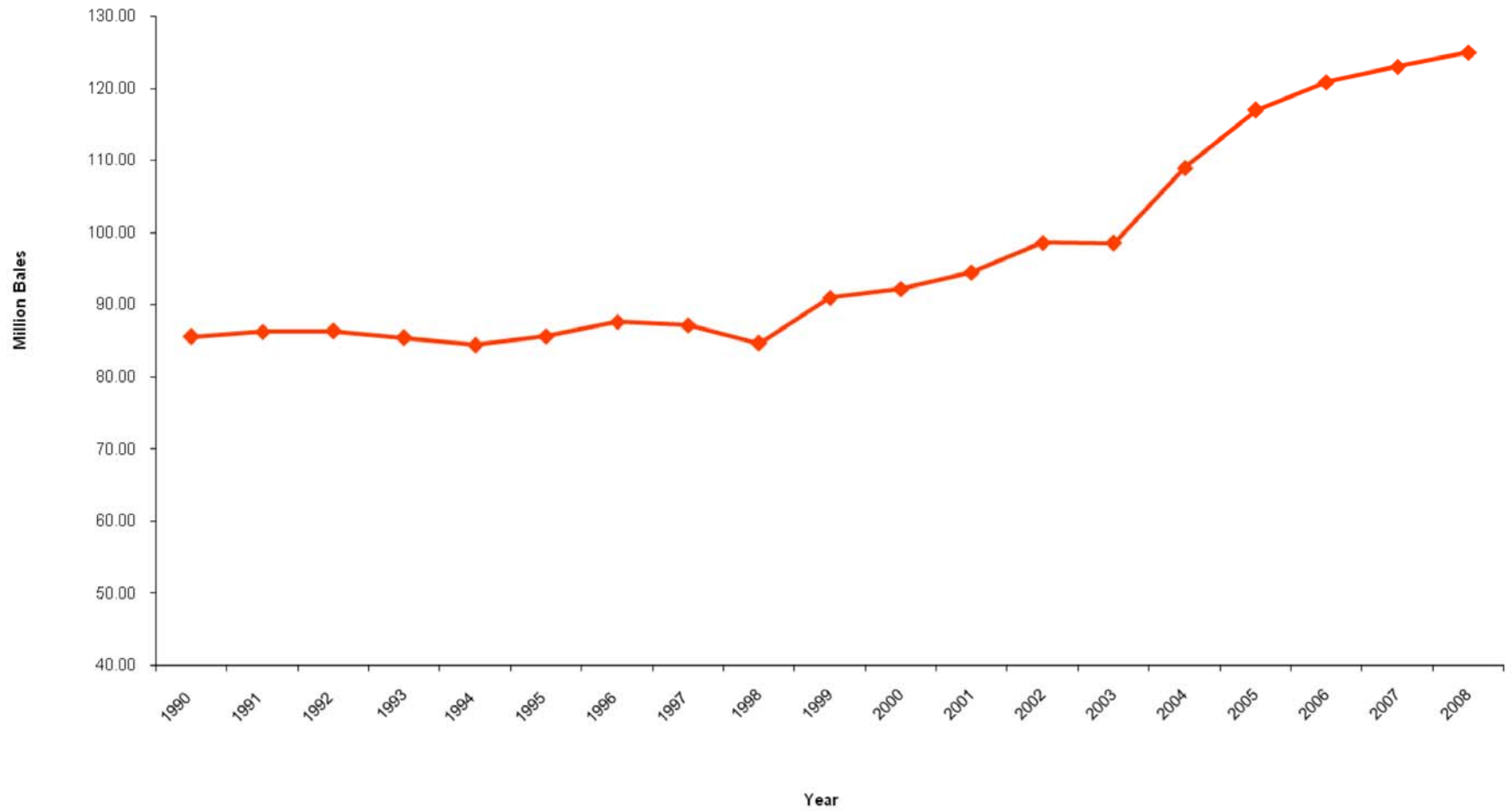
1,000 Bales



Stocks to Use/Farm Price



World Consumption



Crop Market Comparisons

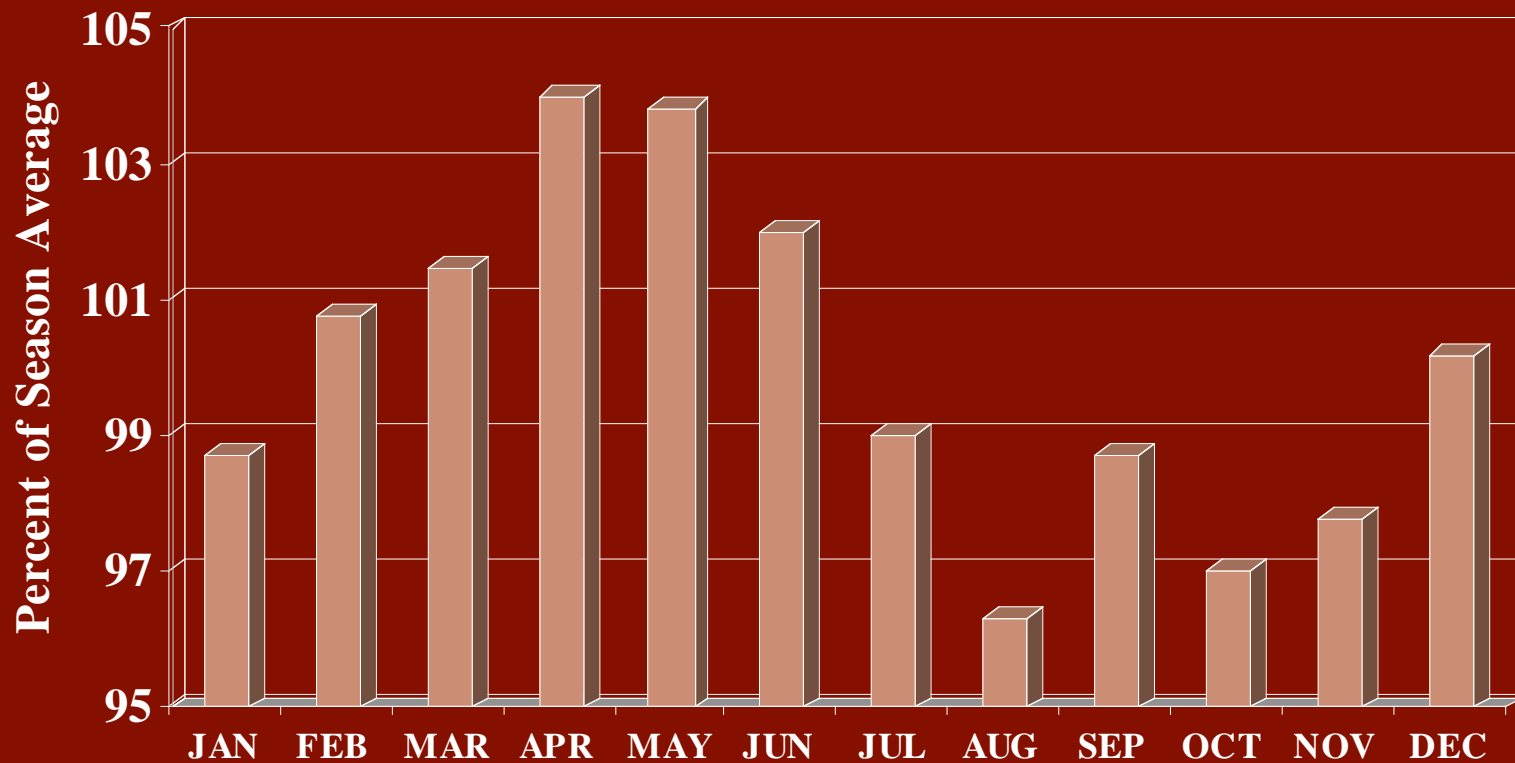
	♣ 2006	2007	2008
v Corn	\$3.00	\$3.45	\$3.90
v Cotton	\$0.48	\$0.57	\$0.68
v Soybns	\$6.50	\$8.00	\$9.75
v Wheat	\$4.50	\$5.00	\$7.00

Crop Return Comparisons

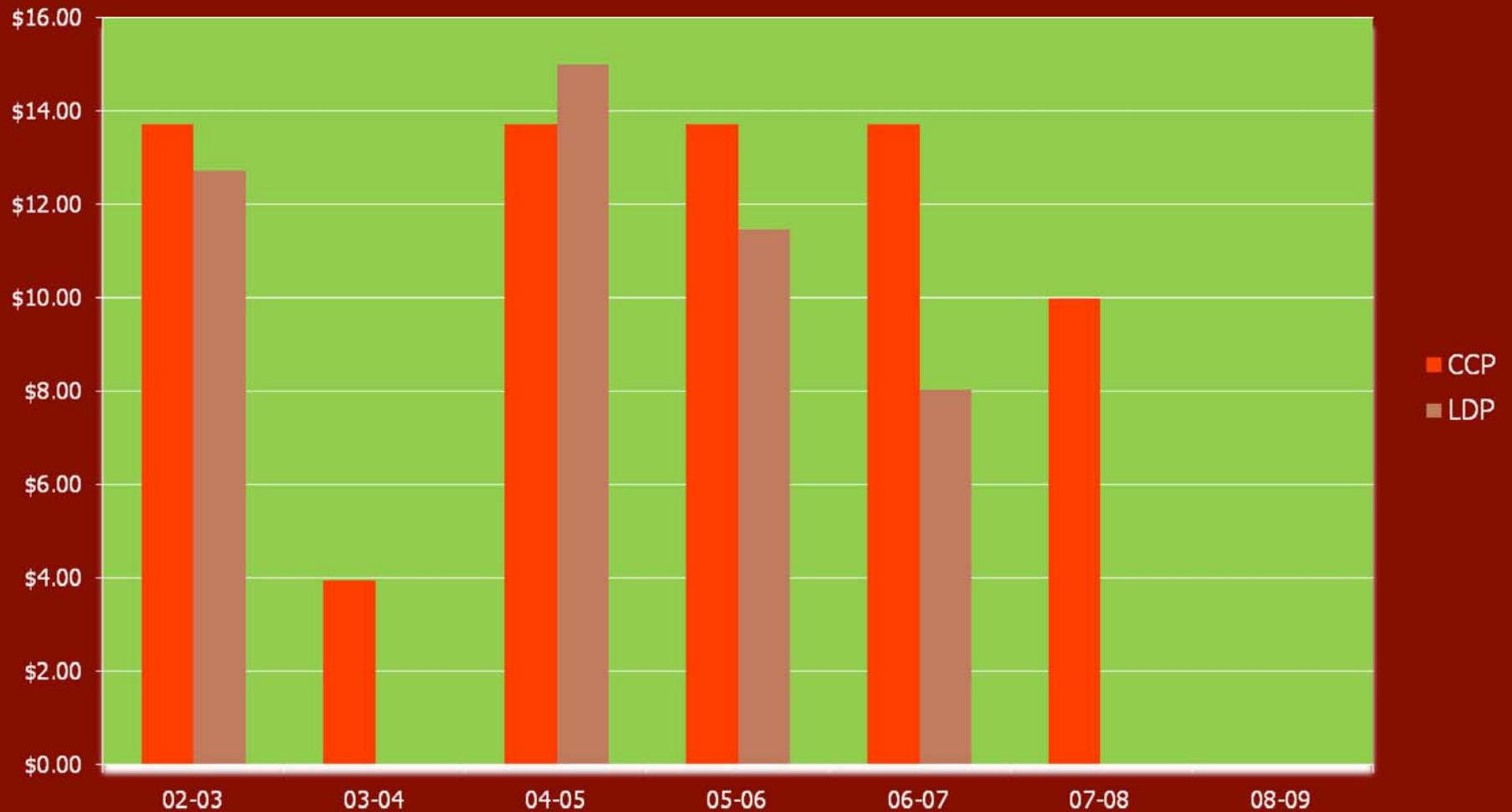
	Corn	Milo	Cotton	Soybean	Wheat
Cost of Production	\$450	\$200	\$600	\$250	\$220
Yield	175	100	1200	50	65
Price	\$3.90	\$3.50	\$0.70	\$9.75	\$7.00
Net	\$232.50	\$150.00	\$240.00	\$237.50	\$235.00

Cotton Seasonal Price Tendencies

December Futures Contract



Cotton CCP & LDP 2002-2009F

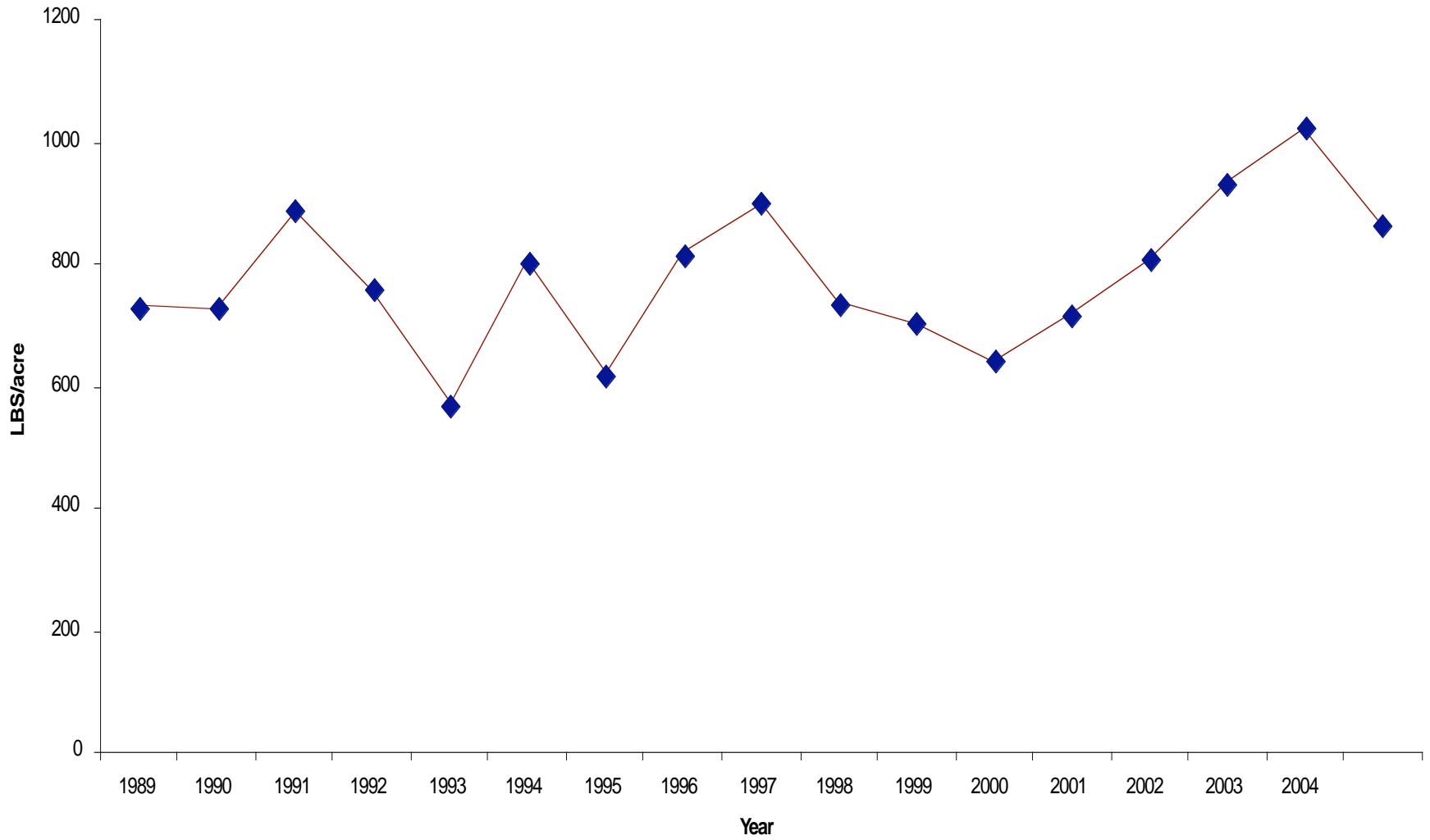


Key Things to Consider

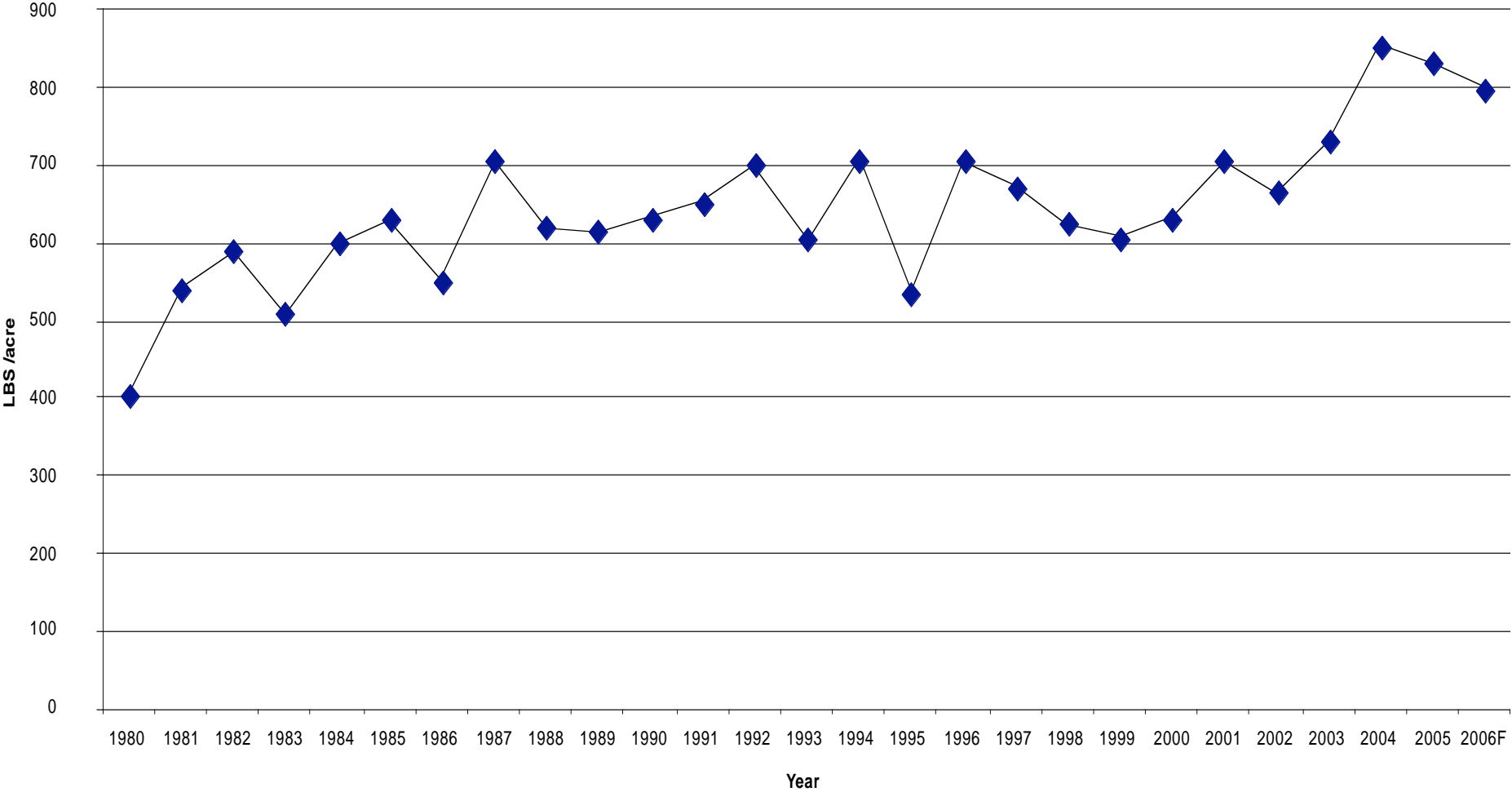
- ✓ Exports
- ✓ Planted Acreage Surveys
- ✓ Other Crop Prices
- ✓ Prices in the \$0.75-\$0.85 range basis the December 2008 NYBOT contract

Questions??? / Thanks!

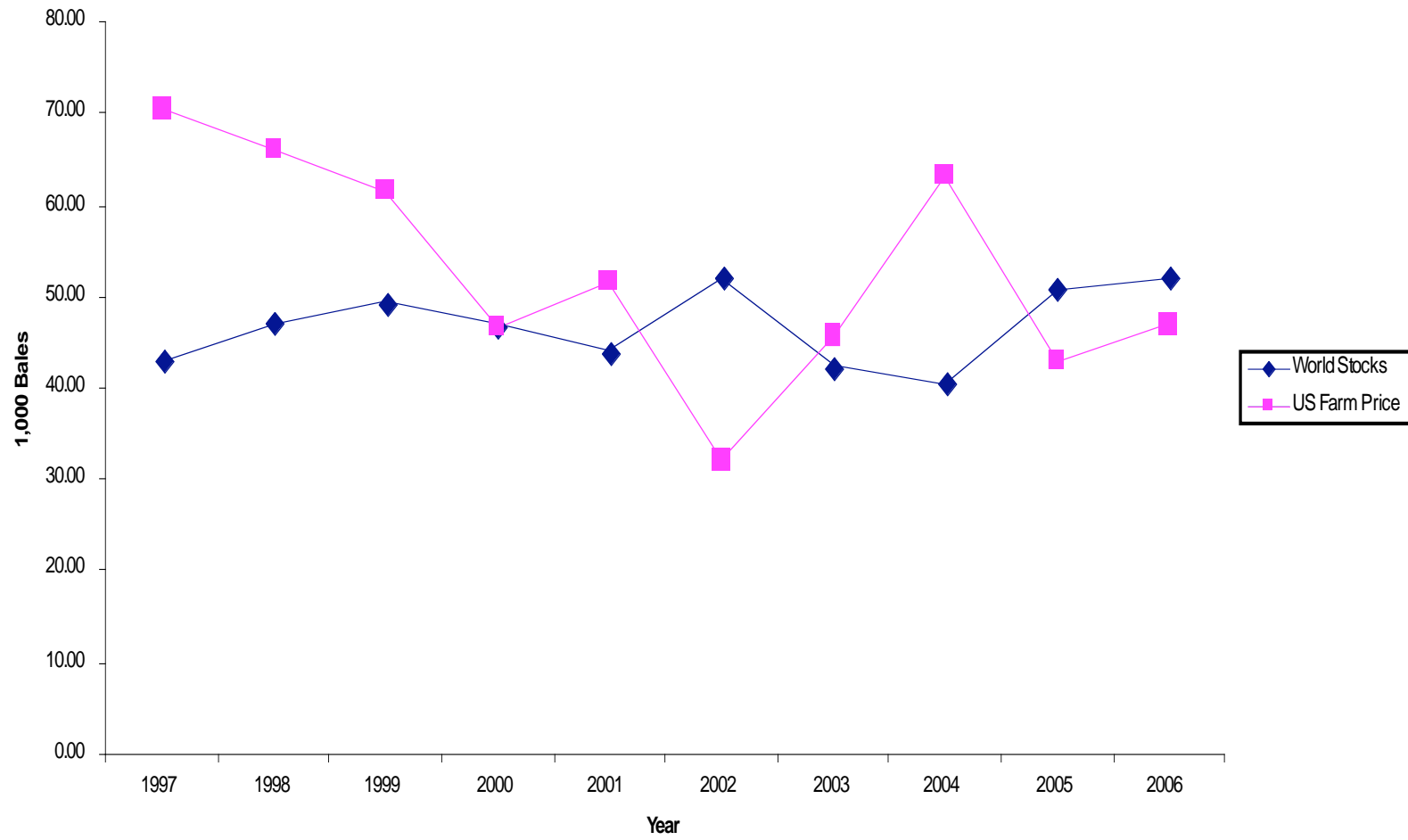
MS Cotton Yield



US Yield



World Stocks to Use / US Farm Price



U.S. Cotton Supply & Use

	2004/05	2005/06	2006/07F
	million bales		
Beginning Stocks	3.45	5.50	6.05
Production	23.25	23.89	21.30
Total Supply	26.73	29.41	27.38
Domestic Use	6.69	5.89	5.20
Exports	14.44	18.04	16.20
Total Use	21.13	23.92	21.40
Ending Stocks	5.50	6.05	6.00
Avg. Farm Price	41.60	47.70	??

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Avg. Farm Price	41.60	47.70	??