

FUTURE OF US COTTON MARKETS

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Dec '09 Cotton Futures



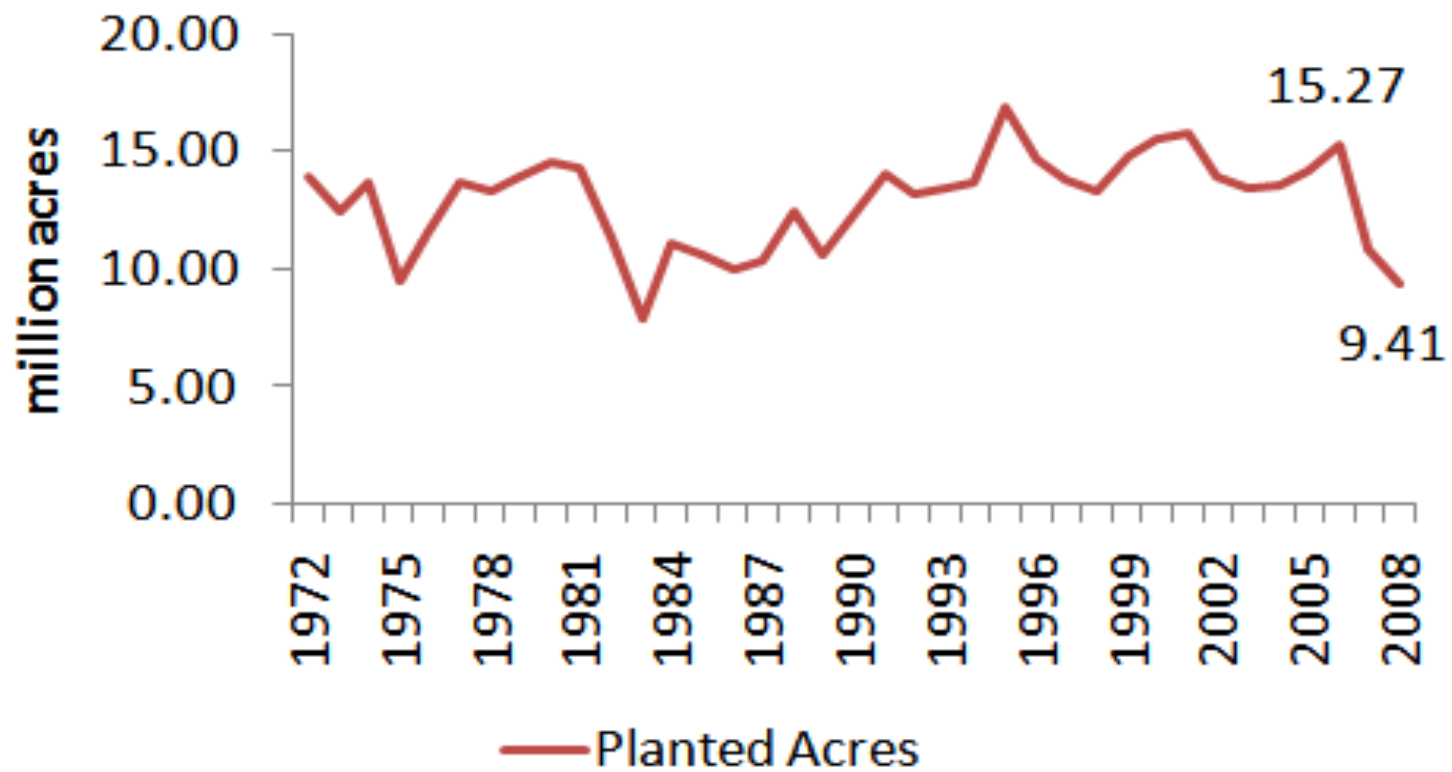
Nov '09 Soybeans



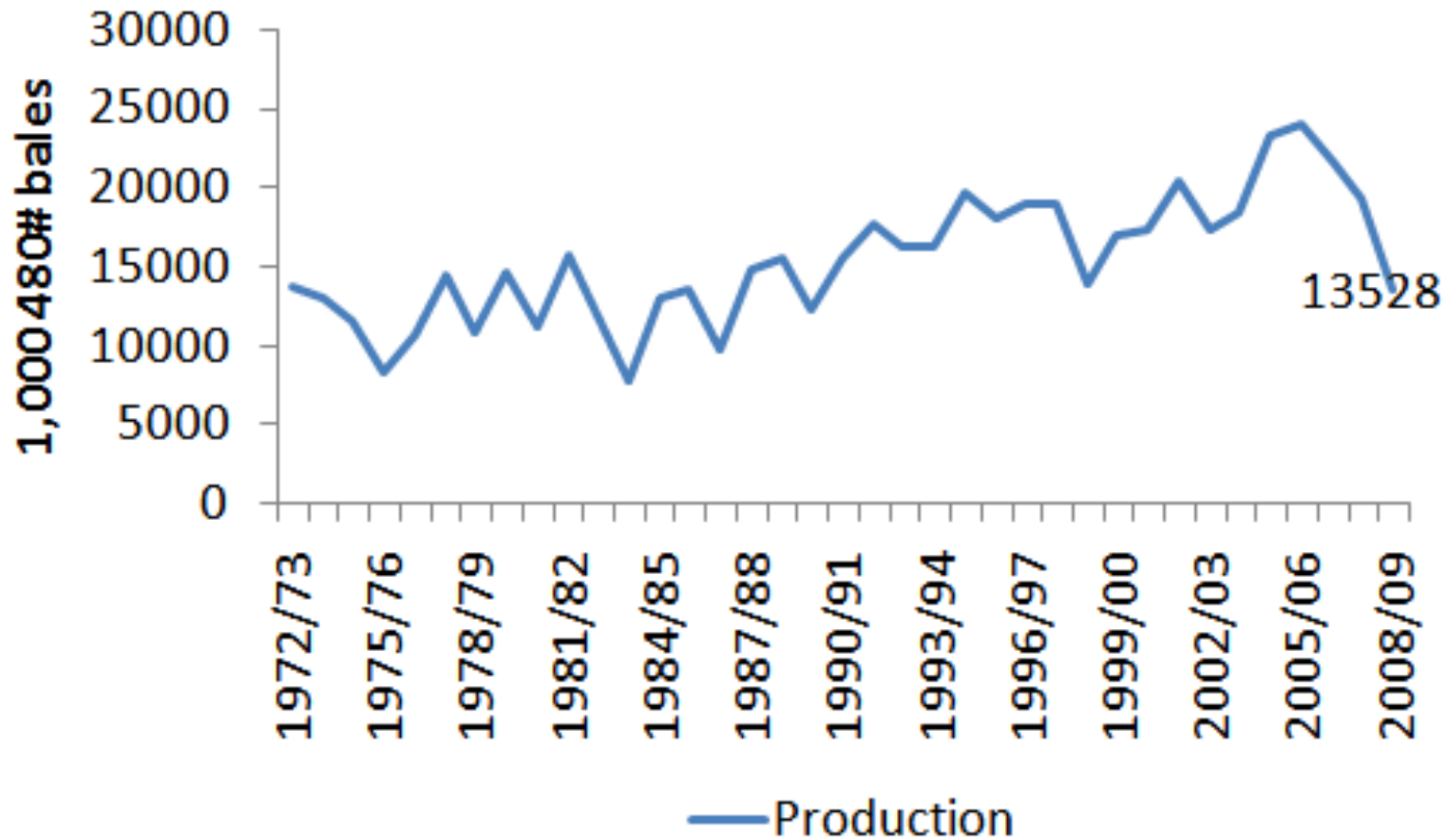
Sep '09 Corn



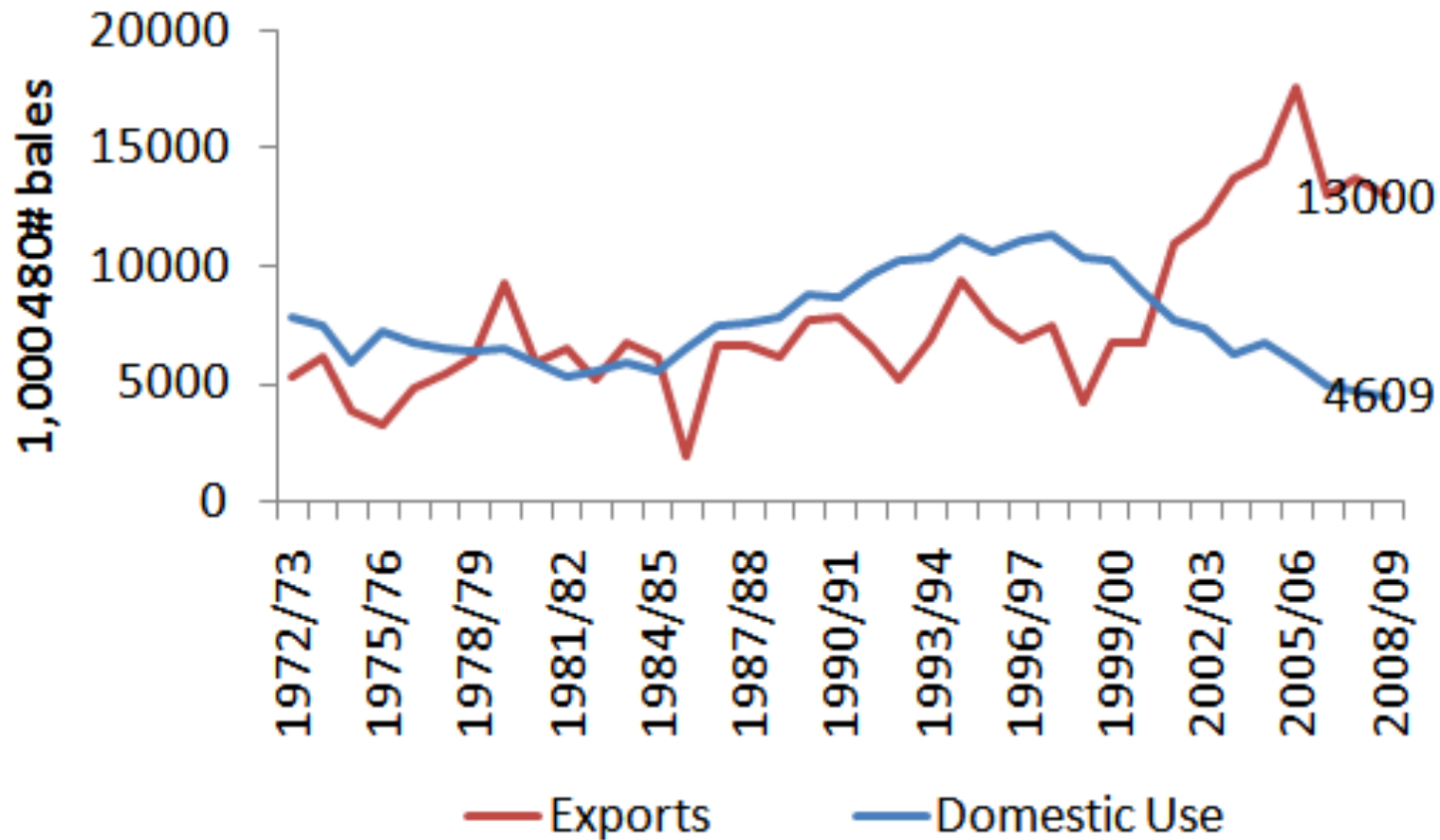
US Cotton Plantings



US Cotton Production



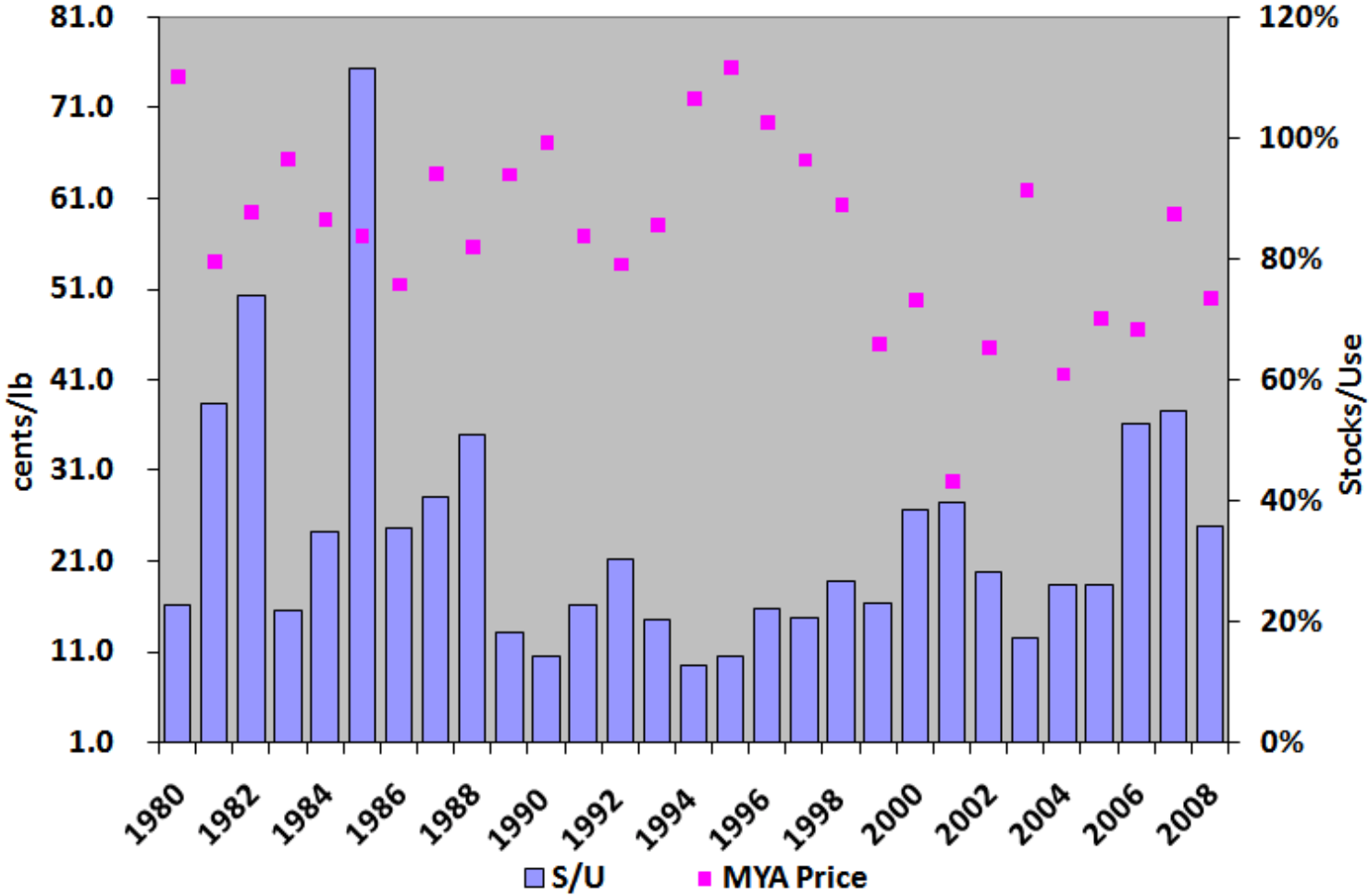
US Cotton Domestic Use and Exports



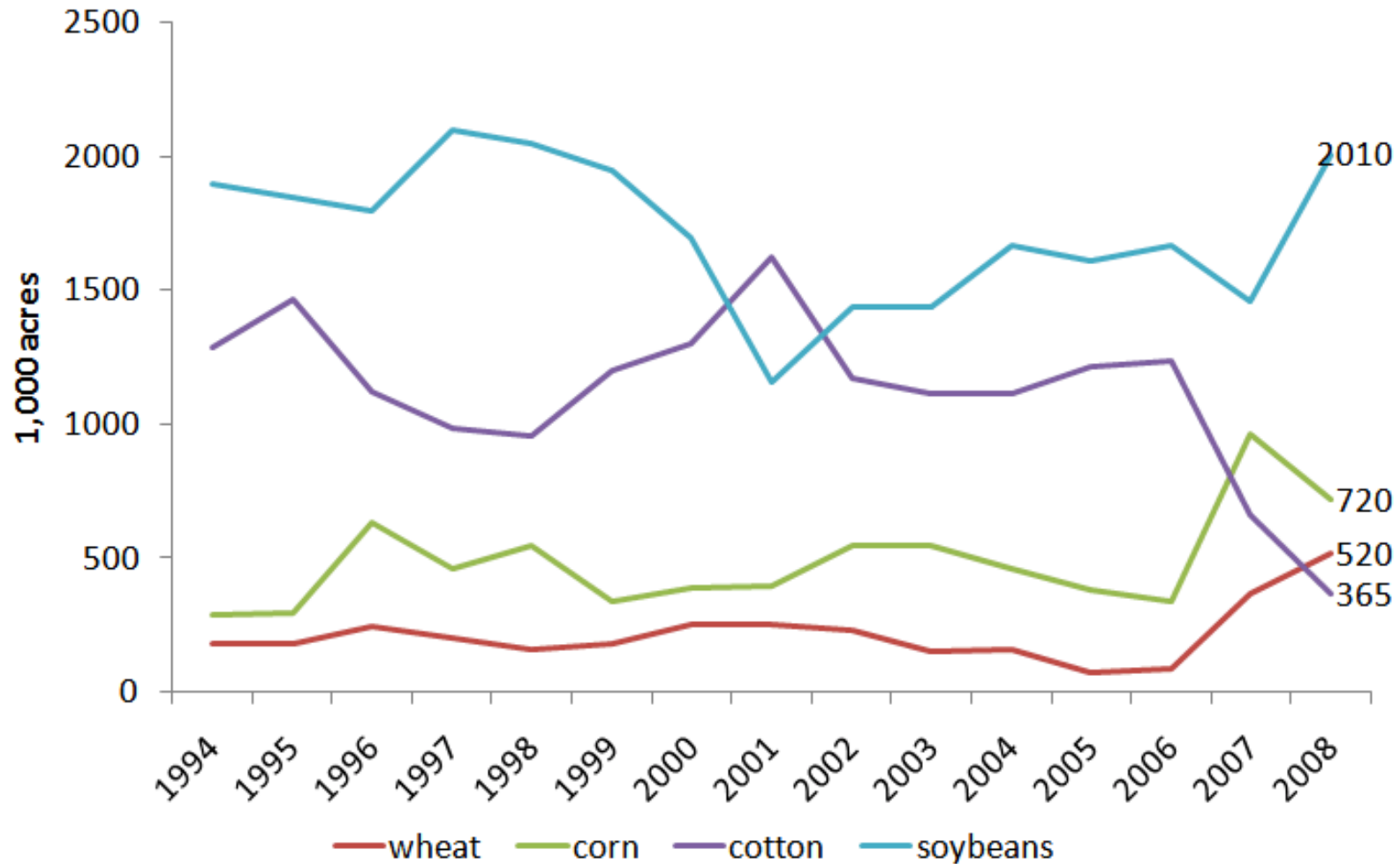
Cotton Balance Sheet

| | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|-------------|---------|---------|-------------|--------------|-------------|
| Harv. Acres | 13.06 | 13.8 | 12.73 | 10.49 | 7.76 |
| Yield | 855 | 831 | 814 | 879 | 837 |
| Production | 23.25 | 23.89 | 21.59 | 19.21 | 13.53 |
| Dom. Use | 6.69 | 5.87 | 4.94 | 4.61 | 4.40 |
| Exports | 14.41 | 18.04 | 13.01 | 13.65 | 13.00 |
| Total Use | 21.10 | 23.91 | 17.95 | 18.26 | 17.40 |
| End. Stocks | 5.50 | 6.05 | 9.48 | 10.04 | 6.20 |
| Price | 41.6 | 47.7 | 46.5 | 59.3 | 45.0-55.0 |

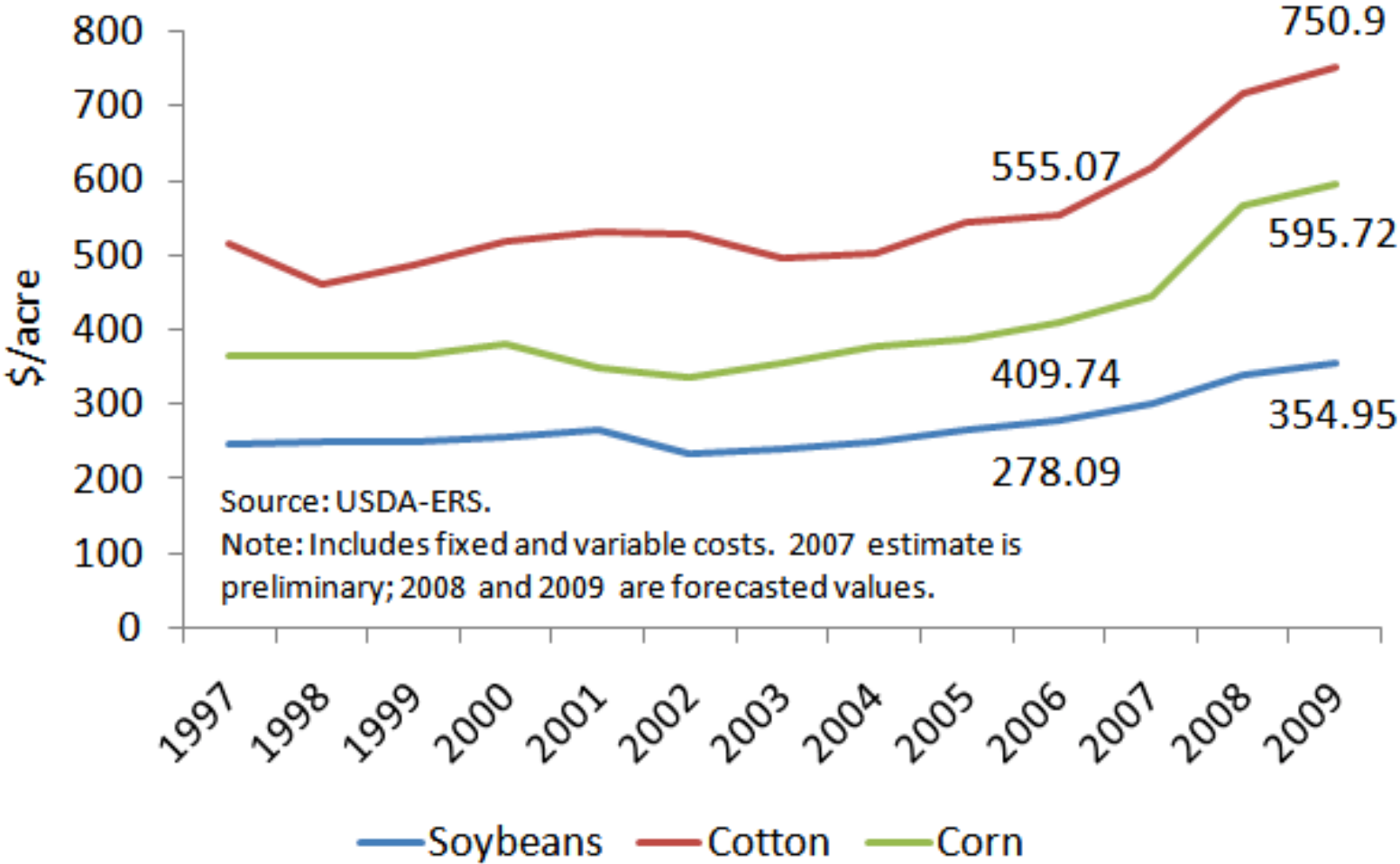
Cotton Stocks/Use vs. Price



MS Planted Acres: 1994 - 2008



Cost of Production Estimates



Break-Even Yield Projections

| Crop | | 2009 Forecasts | | Break-Even Yield | 2004-08 |
|----------|--------|----------------|---------|------------------|------------------|
| | | Cost of Prod. | Price | | State Avg. Yield |
| soybeans | direct | \$ 147.21 | \$ 8.25 | 18 | 35.7 |
| | total | \$ 354.95 | | 43 | |
| cotton | direct | \$ 521.81 | \$ 0.52 | 1,003 | 909.0 |
| | total | \$ 750.90 | | 1,444 | |
| corn | direct | \$ 357.86 | \$ 3.75 | 95 | 133.6 |
| | total | \$ 595.72 | | 159 | |

Summary



- For 2009, cotton will have a difficult time attracting acreage
 - ▣ At this point, soybeans look set to see big acreage increase
- Looking further ahead, small domestic market, low cost/high quality foreign competition, and changing infrastructure (on and off farm) will be persistent challenges for the industry
- Success will require achieving the highest possible quality with extremely efficient production