



# COTTON MARKETING NEWS

Volume 21, No. 4

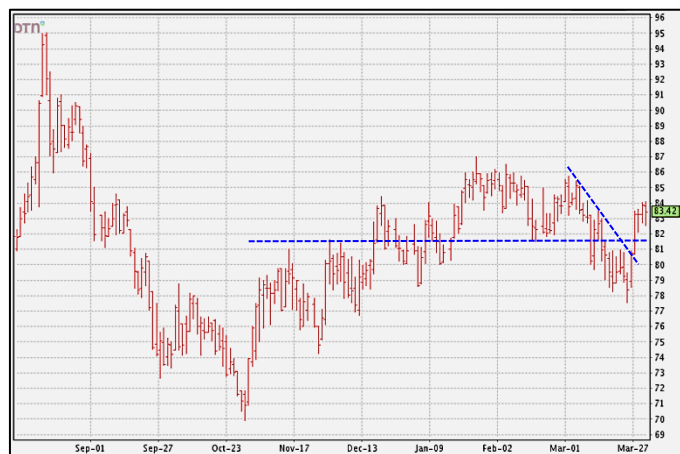
March 31, 2023

Sponsored by



### Prices Refocus on Move to a Lower Floor But Recovery and Upside Still Possible

In my last remarks in this space (on March 14), I mentioned that prices were still “in neutral” and had not moved lower. As is my luck, prices then proceeded to move lower—dropping 4 cents over the next 10 days before making a recent recovery. We now stand in the 83 cents area Dec23 futures—middle range we’d previous been in for months.



USDA’s *Prospective Plantings* report last week came in on the high end of most pre-report expectations yet the market seemed to shake that off with little to no impact. A good export report helped and economic and financial fears seem to be subsiding.

So, here we are. After a “scare” that took us to 78 cents, the market seems to have since refocused and still has support around 81 but 78 to 79 cents below that. The top appears to be 85 to 86.

Growers say they intend to plant 11.26 million acres this year—18% less than last year. Acreage is expected to be down in all but 3 states. This compares to the National Cotton Council’s survey estimate back in February of 11.42 million acres and USDA’s unofficial earlier projection of 10.9 million during its Outlook Forum later in February.

Prices, Change in March 2023				
	Price			Percent
	02282023	03312023	Change	
Corn (Dec23)	\$5.70	\$5.66	-\$0.04	-0.01
Cotton (Dec23)	\$0.838	\$0.834	\$0.00	-0.005
Soybeans (Nov23)	\$13.47	\$13.20	-\$0.27	-0.02

The decline in cotton acres signals cotton losing acres to competitive crops such as corn, soybeans, and in some cases peanuts. Futures

prices for cotton, corn, and soybeans were all down slightly in March. But due to last week’s recovery, held its own against other crops.

US Cotton Acres Planted <sup>1</sup>			
	2022 Actual	2023 Intentions <sup>2</sup>	% Change
Alabama	435	400	-8.0
Arizona	103	116	12.6
Arkansas	640	480	-25.0
California	136	105	-22.8
Florida	106	90	-15.1
Georgia	1,290	1,200	-7.0
Kansas	165	115	-30.3
Louisiana	195	130	-33.3
Mississippi	530	400	-24.5
Missouri	360	360	0.0
New Mexico	84	78	-7.1
North Carolina	470	360	-23.4
Oklahoma	670	530	-20.9
South Carolina	270	240	-11.1
Tennessee	335	335	0.0
Texas	7,883	6,235	-20.9
Virginia	91	82	-9.9
US	13,763	11,256	-18.2

1/ Thousand acres

2/ USDA, *Prospective Plantings*, March 31, 2023

We’ve now had 2 consecutive strong weeks of export sales and shipments. Both sales and shipments have averaged over 300,000 bales per week. This has helped overcome sometimes negative signals from other market factors. Shipments need to average roughly 279,000 bales per week to reach USDA current projection for the marketing year.

Prices will continue to battle to overcome demand uncertainty. Even though planted acres are expected to be down sharply, production can exceed last year depending on acres harvested and yield. Production and supply are not yet a concern.

The most recent dip in price increases downside risk. But potential on the upside is still there.

Don Shurley  
Cotton Economist-Retired  
Professor Emeritus of Cotton Economics