

# TIMELY INFORMATION

## Agriculture & Natural Resources

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### A 10-million Acre US Cotton Crop?

Is it possible that the US cotton crop in 2008 will drop to 10 million acres? I don't know, but I would certainly put our acreage here in Alabama down again next year, by an appropriately large percentage. There could easily be a 25-30% reduction in Alabama cotton in 2008, on top of last year's cuts for several reasons. Number one, wheat planting in Alabama this fall has exceeded all predictions. We have seen the grain drills out in force from north to south. Wheat prices next spring are so high that farmers who just planted wheat as a cover crop may decide in January or February to take that wheat on to harvest. They won't get top yields on that wheat of course, but it will still be a good bet to make some profit even if they only get 30 or 40 bushels per acre.

Also, Here in Alabama, last year's drought will also loom large. Many farmers in Alabama are in dire financial straits, and will be looking to cut costs. I don't know how to cut much out of the cotton budget, so it will again be a relatively expensive crop to produce, and if you can't pencil in more than 70 cents for your product, a big cotton crop will be hard to justify in your meeting with your banker. Another big factor in '08 will be fertilizer prices.

What crop will go on the acreage that is available for spring planting? With nitrogen prices going through the roof (again) I am thinking that soybeans and peanuts will factor large in cropping decisions. According to my sources, nitrogen will be going at 80 cents a unit and corn seed at \$200 a bag. Given our experience last year (freeze plus drought), corn MAY be at a disadvantage relative to beans and peanuts, but who knows. Tim Reed told me last week that a farmer in Lawrence county is planting some peanuts this spring. I never would have thought it.

Of course on the flip side, many farmers consider themselves "cotton farmers" (which is a good thing, I think) and are going to plant at least some cotton no matter what. Their out of pocket costs of production are just one factor. Their operations are geared for cotton, and their fixed costs are either low or can be deferred. Cotton, especially dryland cotton, is still a very good crop for our climate, and history has demonstrated repeatedly that cotton can (usually) take what Alabama summers can dish out. Even last year, some of our cotton was surprisingly good, considering the year, anyway.

And the market is still unresponsive to lower US crop estimates for cotton in '08. With news of cotton yields in India doubling with the adoption of transgenic varieties, slow sales, and USDA reports of higher '07 US crop yield, it's no wonder. But it is disappointing

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