

COTTON ECONOMIC REVIEW

Prepared by Economic Services

Volume 53 • Number 10 • November 2022

CROP PRODUCTION

In its November crop report, USDA estimated a 2022-23 U.S. crop of 14.03 million bales (Exhibit 1). Upland production was estimated at 13.56 million bales and ELS production at 470,000 bales. Harvested area was an estimated 7.88 million acres, implying a non-harvested area of roughly 5.92 million acres. The resulting abandonment rate is roughly 42.89%. The national average yield per harvested acre was estimated to be roughly 855 pounds, equal to the 5-year average.

Exhibit 1

U.S. COTTON CROP, 2022-23

	PLANTED ACRES Thou./1/	HARV. ACRES Thou.	YIELD PER HARV ACRE Lb.	5-YEAR AVG. YIELD Lb.	480- POUND BALES Thou.
UPLAND					
SOUTHEAST	2,656	2,618	926	867	5,049
Alabama	430	425	904	863	800
Florida	106	104	785	680	170
Georgia	1,290	1,280	938	862	2,500
North Carolina	470	455	935	917	886
South Carolina	270	265	897	842	495
Virginia	90	89	1,068	1,009	198
MID-SOUTH	2,055	1,965	1,066	1,123	4,362
Arkansas	640	630	1,166	1,184	1,530
Louisiana	190	185	908	1,000	350
Mississippi	530	525	1,006	1,079	1,100
Missouri	360	300	1,104	1,238	690
Tennessee	335	325	1,022	1,067	692
SOUTHWEST	8,725	2,962	597	711	3,685
Kansas	165	152	553	929	175
Oklahoma	660	310	325	730	210
Texas	7,900	2,500	634	703	3,300
WEST	186	167	1,341	1,313	465
Arizona	90	89	1,375	1,284	255
California	30	30	1,627	1,635	100
New Mexico	66	48	1,100	1,021	110
TOTAL UPLAND	13,622	7,712	844	843	13,561
TOTAL ELS	169	165	1,371	1,414	470
Arizona	15	15	960	947	30
California	102	101	1,687	1,537	355
New Mexico	19	19	1,038	742	40
Texas	33	30	720	801	45
ALL COTTON	13,791	7,876	855	855	14,031

Source: USDA-NASS November Crop Production Report.

1/ Revised from USDA-NASS June Acreage Report

On a regional basis, the **Southeast** crop is estimated at 5.05 million bales, based on harvested acres of 2.62 million and a regional average yield of 926 pounds, 59 pounds higher than the 5-year average for the region. All states in the region are expected to see an increase in yield when compared to their 5-year average. The largest increase in yield when

compared to the 5-year average is expected to be seen in **Florida** with yields estimated at 785 pounds per harvested acre (+105 pounds) and **Georgia** with an estimated 938 pounds per harvested acre (+76 pounds). The remaining states in the region are expected to see an increase in yields between eighteen and fifty-nine pounds, respectively.

In the **Mid-South**, expected production is 4.36 million bales. Harvested area is estimated to be 1.97 million acres and the expected yield is 1,066 pounds per harvested acre. All states in the region are expected to see a decline in yield when compared to their 5-year average. The largest decline in yield when compared to the 5-year average is expected to be seen in **Missouri** and **Louisiana** with yields estimated at 1,104 pounds per harvested acre (-134 pounds) and **Louisiana** with an estimated 908 pounds per harvested acre (-92 pounds).

The **Southwest** upland crop is estimated at 3.69 million bales. Expected harvested area is 2.96 million acres and the regional yield is 597 pounds, 114 pounds lower than their 5-year average of 711 pounds per harvested acre. The **Texas** upland crop is estimated at 3.30 million bales. Expected harvested area is 2.50 million acres and the average yield is 634 pounds (-69 pounds). With expected yields of 553 pounds (-376 pounds), **Kansas** is down in terms of yield when compared to their 5-year average. Like **Kansas**, **Oklahoma** is down in terms of yield with an estimated 325 pounds per harvested acre (-405 pounds).

Upland production in the **West** is an estimated 465,000 bales with an estimated harvested area of 167,000 acres and a regional average yield of 1,341 pounds, 28 pounds higher than the region's 5-year average. **California** is the only state in the region expected to see a decline in yield when compared to their 5-year average with an estimated 1,627 pounds (-8 pounds).

The ELS crop is an estimated 470,000 bales. Harvested area is pegged at 165,000 acres with an average yield of 1,371 pounds per harvested acre.

GINNING PROGRESS

USDA reports that total ginnings as of November 1 were 4.38 million running bales, roughly 23.7% higher than on the comparable date in the 2021-22 marketing year (Exhibit 2). Upland ginnings were 4.33 million running bales, up from 3.50 million running bales the previous year, while ELS ginnings were 10,550 bales higher than the previous year at 51,900 running bales. Total cotton ginnings in the **Southeast** were 1.11 million bales as of November 1, an increase of 614,000 bales when compared to last year. Total cotton ginnings in the **Mid-South** were 1.73 million bales as

of November 1, an increase of approximately 734,550 bales when compared to last year. Total upland cotton ginnings in the **Southwest** were approximately 1.45 million bales, a decrease of approximately 504,200 bales when compared to last year. Upland Cotton ginnings in the **West** were approximately 61,100 bales as of November 1, a decrease of 1,400 bales when compared to last year.

Exhibit 2

COTTON GINNINGS

AS OF NOVEMBER 1

	(Running Bales)	
	2021	2022
SOUTHEAST	498,750	1,112,750
Alabama	66,100	232,900
Florida	1/	18,250
Georgia	197,750	486,500
North Carolina	170,550	240,750
South Carolina	45,750	84,800
Virginia	18,600	49,550
MID-SOUTH	992,700	1,727,250
Arkansas	360,100	512,450
Louisiana	95,250	251,050
Mississippi	255,350	552,050
Missouri	160,950	184,200
Tennessee	121,050	227,500
SOUTHWEST	1,954,800	1,450,600
Kansas	3,850	19,600
Oklahoma	67,700	13,400
Texas	1,883,250	1,417,600
WEST	62,500	61,100
Arizona	1/	1/
California	62,500	61,100
New Mexico	1/	1/
TOTAL UPLAND	3,501,550	4,332,350
ELS	41,350	51,900
Arizona	1/	1/
California	39,950	46,750
New Mexico	0	1/
Texas	1/	1/
ALL COTTON	3,542,900	4,384,250

Source: USDA-NASS.

Note: Regions may not add to total to avoid disclosure of individual gins.

1/ Not published to avoid disclosing individual gins, but included in U.S. totals.

CROP PROGRESS

Sixty-two percent of the 2022-23 crop has been harvested as of November 6 (Exhibit 3), ahead of both last year's pace and the 5-year average. In the **Southeast**, **Virginia** leads all states in the region in terms of percent harvested with 74% of their crop having been harvested. **North Carolina** and **Alabama** are not far behind with 71% and 70% of their respective crops having been harvested as of November 6. All states in the **Mid-South** are ahead of last year's pace and their 5-year averages in terms of percent harvested. In the **Southwest**, **Kansas** and **Texas** are ahead of last year's pace and their 5-year averages in terms of percent harvested with 65% of the **Kansas** crop and 51% of the **Texas** crop having been harvested as of November 6. In the **West**, 49% of the crop in **Arizona** and 70% of the crop in **California** has been harvested as of November 6.

Exhibit 3

WEEKLY COTTON CROP PROGRESS

STATE	11/6/2022	10/30/2022	11/6/2021	Avg.*
	(% Harvested)			
Alabama	70	59	50	60
Arizona	49	43	51	45
Arkansas	97	87	85	88
California	70	60	82	56
Georgia	58	47	46	56
Kansas	65	50	16	19
Louisiana	98	95	85	92
Mississippi	92	84	70	81
Missouri	92	68	73	75
North Carolina	71	60	55	60
Oklahoma	45	29	47	39
South Carolina	58	51	33	52
Tennessee	74	65	52	66
Texas	51	48	50	48
Virginia	74	68	44	59
U.S. Average	62	55	54	55

Source: USDA-NASS.

* 5-year Average

CROP QUALITY

According to the USDA, total classings through the week ending November 3 were 4.1 million bales. Nationally, 89.2% of the crop graded 41 or better, an increase from the 5-year average of 82.8% (Exhibit 4). The region showing the largest increase in color grades over their 5-year average is the **Southeast**. In that region, 96.5% of the crop is graded 41 or better, up from the 5-year average of 85.6%. The national average staple length thus far is 36.5, slightly lower than the 5-year average. Average staple length decreased in all regions when compared to their 5-year averages. The largest decrease is in the **West**. In that region, average staple length is 36.5, lower than the 5-year average of 37.3. Nationally, the average strength for the 2022-23 crop is 30.4 grams/tex, up from the 5-year average of 30.2 grams/tex. Strength is up in the **Southeast** and **Mid-South** when compared to the 5-year averages. National average micronaire is 4.5, equal to the 5-year average. With regards to uniformity, the 2022-23 upland cotton crop has slightly lower average uniformity, at 81.4, when compared to the 5-year average.

Exhibit 4

CROP QUALITY

	% Grading 41 or Better	Average Staple	Average Strength	Average Micronaire	Average Uniformity
(Through Week November 3, 2022)					
Southeast	96.5 (85.6)	36.5 (36.7)	30.3 (29.9)	4.5 (4.5)	81.2 (81.4)
Mid-South	96.5 (89.2)	37.5 (37.6)	31.0 (30.8)	4.6 (4.6)	82.0 (81.9)
Southwest	74.3 (79.8)	35.4 (35.9)	29.9 (30.2)	4.4 (4.6)	80.9 (80.4)
West	82.7 (92.3)	36.5 (37.3)	30.8 (31.9)	4.6 (4.8)	80.9 (81.4)
U.S.	89.2 (82.8)	36.5 (36.7)	30.4 (30.2)	4.5 (4.5)	81.4 (81.5)

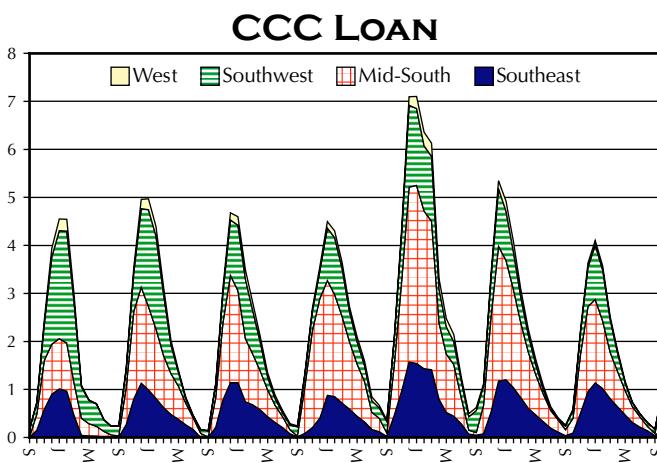
Source: AMS, USDA.

* 5-year season-ending averages in parentheses.

CCC LOAN

Outstanding CCC upland cotton loan stocks as of October 31 were 962,899 running bales, an increase of 788,896 from the previous month (Exhibit 5). Loan stocks in the **Mid-South** increased by 604,070 running bales from the previous month to 651,191 bales. This region now accounts for 68% of all outstanding loan stocks. CCC loan stocks in the **Southeast** increased by 148,446 bales from the previous month to 186,836 bales, with the region accounting for 19% of the outstanding total. The **Southwest** accounts for 12% of the total outstanding loan stocks following an increase of 27,816 bales to 113,896 bales. Loan stocks in the **West** increased by 8,564 bales to 10,976 bales, leaving the region with 1% of the outstanding total.

Exhibit 5



FARM PRICE

The September 2022 upland cotton farm price was 85.9 cents/lb. according to USDA, a decrease of 7.1 from August (Exhibit 6). In comparison, the September 2021 upland cotton farm price was 76.4 cents/lb. Marketings for the month were 210,000 running bales, bringing the crop year 2022 total to 419,000. The marketing-weighted crop year average farm price through September 2022 is 89.4 cents/lb.

Exhibit 6

FARM PRICES FOR UPLAND COTTON MARKETING YEAR 2022 - 23

	(Weighted by Marketings)			
	Marketings (Thousand Running Bales)		Prices (Cents/Lb)	
	MONTHLY	CUMULATIVE	MONTHLY	WEIGHTED
August	209	209	93.0	93.0
September	210	419	85.9	89.4

Source: USDA-NASS.

MARKETING-YEAR AVERAGE FARM PRICE

	(Cents/Lb)
2021-22	91.40
2022-23 Proj.	85.00

Source: USDA-WAOB November Report.

USDA's final marketing year average farm price for the 2021 crop year is 91.4 cents/lb. This month's *World Agricultural Supply and Demand Estimates* (WASDE) report forecasted

the average price received by farmers for U.S. upland cotton for 2022/23 at 85.0 cents/lb.

The September price received for cottonseed was \$361/ton (18.1 cents/lb.) according to USDA (Exhibit 7). In comparison, the September 2021 cottonseed price was \$235/ton (11.8 cents/lb.).

Exhibit 7

PRICES RECEIVED FOR COTTONSEED

MARKETING YEAR 2022 - 23

	Prices (\$/Ton) MONTHLY	Prices (Cents/Lb) MONTHLY
August	343	17.2
September	361	18.1

Source: USDA-NASS.

MARKETING-YEAR AVERAGE FARM PRICE

	(\$/Ton)	(Cents/Lb)
2021-22 Proj.	243	12.2
2022-23 Proj.	325	16.3

Source: USDA-NASS and USDA-ERS October 2022 Oilseeds Outlook.

USDA's final marketing year average price received for cottonseed for 2021/22 was \$243/ton (12.2 cents/lb.). The October 2022 USDA/ERS Oil Crops Outlook report forecasted the average price received for cottonseed for 2022/23 at \$325/ton (16.3 cents/lb.).

U.S. SUPPLY & OFFTAKE

In its November report, USDA projected the 2022-23 U.S. crop to reach 14.03 million bales, up 220,000 bales from the October report (Exhibit 8). U.S. mill use and exports were unchanged from October at 2.30 and 12.50 million bales, respectively. This generates a total 2022-23 offtake of 14.80 million bales. Ending stocks for 2022-23 are projected at 3.00 million bales for an ending stocks-to-use ratio of 20.3%.

Exhibit 8

U.S. COTTON SUPPLY/OFFTAKE

	(Thousand 480-Lb. Bales)	
	2021-22e	2022-23p
Beginning Stocks	3,150	3,750
Production	17,520	14,030
Imports	10	10
Supply	20,680	17,790
Domestic Mill Use	2,550	2,300
Exports	14,620	12,500
Offtake	17,170	14,800
Unaccounted For	-240	-10
Ending Stocks	3,750	3,000
Stocks-to-Use Ratio	21.8%	20.3%

Source: USDA-WAOB November Report.

e=USDA estimate, p=USDA projection

For the 2021-22 crop year, USDA gauged U.S. cotton production at 17.52 million bales. Estimated mill use and exports were unchanged from the October report at 2.55 million bales and 14.62 million bales, respectively. Total offtake for the 2021-22 crop year is estimated at 17.17 million bales. Ending stocks were estimated at 3.75 million

bales. The estimated stocks-to-use ratio for the 2021-22 marketing year is 21.8%.

WORLD SUPPLY & OFFTAKE

In USDA's November report, the projected 2022-23 world production estimate was lowered 1.62 million bales from the October report to 116.43 million bales (Exhibit 9). World mill use was lowered 650,000 bales from the October report to a projected 114.95 million bales. Consequently, world ending stocks for 2022-23 are projected to be 87.27 million bales for a stocks-to-use ratio of 75.9%.

Exhibit 9

WORLD COTTON SUPPLY/OFFTAKE

	(Thousand 480-Pound Bales)	
	2021-22e	2022-23p
Beginning Stocks	86,750	85,640
Production	115,760	116,430
Imports	42,890	43,220
Supply	245,400	245,290
Mill Use	117,370	114,950
Exports	42,760	43,200
Offtake	160,130	158,150
Unaccounted For	-370	-130
Ending Stocks	85,640	87,270
Stocks-to-Use Ratio	73.0%	75.9%

Source: USDA-WAOB November Report.

e=USDA estimate, p=USDA projection

For the 2021-22 marketing year, USDA estimated world production at 115.76 million bales, 220,000 bales higher than the October report. Estimated world mill use was unchanged from the October report at 117.37 million. World ending stocks on July 31, 2022 are now estimated at 85.64 million bales. This has a corresponding stocks-to-use ratio of 73.0%.

COMPETITIVENESS

World and U.S. cotton prices decreased over the past several weeks. Since the week ending October 20, the average of the 5 lowest Far East quotes decreased 8.30 cents/lb. to 90.38 cents for the week ending November 3 (Exhibit 10). The low U.S. quote for the Far East (USFE) decreased 7.90 cents/lb. over the same period taking a value of 90.85 cents for the week ending November 3. For the week ending November 10, the AWP will be valued at 65.46 cents/lb. for a corresponding marketing loan gain of 0.00 cents/lb.

Exhibit 10

COMPETITIVENESS

	Week Ending			
	11/10/22	11/3/22	10/27/22	10/20/22
(Cents/Lb.)				
U.S. FE Low Quote	--	90.85	94.10	98.75
5 Lowest FE Quotes	--	90.38	93.87	98.68
Adjusted World Price	65.46	68.95	73.76	77.45
Marketing Loan Gain	0.00	0.00	0.00	0.00
Fine Count Adj. ('21 Crop)	0.38	0.20	0.11	0.12
Fine Count Adj. ('22 Crop)	0.33	0.15	0.06	0.07
ELS Comp Pymnt	0.00	0.00	0.00	0.00
Import Quotas Open	399,148	454,946	510,744	566,542

For qualities better than 31-3-35, the Fine Count Adjustment can further reduce the AWP to reflect differences between premiums in the U.S. market and international markets. For the week ending November 10, the Fine Count Adjustment is 0.38 cents/lb. for the 2021 crop and 0.33 cents/lb. for the 2022 crop.

ELS competitiveness payments are provided whenever, for 4 consecutive weeks, the lowest Friday through Thursday average adjusted price quotation for foreign growths (LFQ) is less than the Friday through Thursday average price quotation for U.S. Pima cotton, CFR Far East (USPFE); and the adjusted LFQ is less than 113 percent of the current crop year loan level for ELS cotton grade 2, staple 46, micronaire 3.5 or higher, strength 37.5 grams per tex and above (95.00 cents per pound). For the week ending November 10, the ELS competitiveness payment is 0.00 cents/lb.

When the Friday through Thursday weekly average U.S. Far East price exceeds the prevailing world market price for any 4 consecutive weeks, a special import quota is triggered. Each quota is equal to one week of cotton mill use by domestic mills based on the seasonally adjusted data for the most recent 3 months for which data are available. To enter under the quota, cotton must be purchased not later than 90 days, and entered into the U.S. not later than 180 days, from the date the quota is announced. For the week ending November 10, there are 7 quotas opened in the total amount of 399,148 bales (480-lbs.).

EXPORTS

Total export commitments of upland and ELS cotton through the week ending October 27 were approximately 9.0 million bales, roughly 0.8% lower than total sales at the same point in the 2021-22 marketing year (Exhibit 11). Shipments through October 27 were 2.8 million bales, up from 2.2 million the previous year. Outstanding commitments as of October 27 were approximately 6.2 million bales, down from approximately 6.9 million the previous year.

Exhibit 11

EXPORT SUMMARY

THROUGH WEEK ENDING OCTOBER 27, 2022

	(Thousand 480-lb. Bales)	
	MY22	MY21
Outstanding Sales	6,229	6,865
Shipments	2,767	2,207
Total Sales	8,996	9,072
New Crop Sales	1,135	884

Source: USDA-FAS.

2021-22 WORLD COTTON SUPPLY & OFFTAKE

(MILLION 480-LB. BALES)

	Beg Stocks	Production	Imports	Supply	Mill Use	Exports	End Stocks	Stocks/Use
World	86.8	115.8	42.9	245.4	117.4	42.8	85.6	73.0%
World less China	49.0	89.0	35.1	173.0	82.4	42.6	48.3	38.7%
U.S.	3.2	17.5	0.0	20.7	2.6	14.6	3.8	21.8%
Afr. Fr. Zone	1.7	6.0	0.0	7.7	0.1	5.9	1.7	28.5%
Australia	2.5	5.8	0.0	8.3	0.0	3.6	4.9	135.4%
Bangladesh	2.5	0.2	8.2	10.8	8.5	0.0	2.3	26.9%
Brazil	11.1	11.7	0.0	22.9	3.2	7.7	11.9	109.2%
Central Asia	3.3	5.0	0.1	8.3	4.2	1.5	2.7	47.2%
China	37.8	26.8	7.8	72.4	35.0	0.1	37.3	106.2%
India	11.9	24.5	1.0	37.4	25.0	3.7	8.7	30.3%
Indonesia	0.5	0.0	2.6	3.1	2.6	0.0	0.5	17.6%
Mexico	0.5	1.2	1.0	2.6	1.9	0.4	0.4	16.4%
Pakistan	2.2	6.0	4.5	12.7	10.7	0.1	1.9	17.6%
Turkey	2.7	3.8	5.5	12.0	8.7	0.6	2.8	29.9%
Vietnam	1.1	0.0	6.6	7.7	6.7	0.0	1.0	15.2%

2022-23 WORLD COTTON SUPPLY & OFFTAKE

(MILLION 480-LB. BALES)

	Beg Stocks	Production	Imports	Supply	Mill Use	Exports	End Stocks	Stocks/Use
World	85.6	116.4	43.2	245.3	115.0	43.2	87.3	75.9%
World less China	48.3	88.4	34.7	171.5	78.5	43.1	50.0	41.1%
U.S.	3.8	14.0	0.0	17.8	2.3	12.5	3.0	20.3%
Afr. Fr. Zone	1.7	5.5	0.0	7.3	0.1	5.4	1.8	32.0%
Australia	4.9	5.5	0.0	10.4	0.0	6.2	4.3	69.9%
Bangladesh	2.3	0.2	8.0	10.5	8.2	0.0	2.2	27.3%
Brazil	11.9	13.0	0.0	25.0	3.2	8.4	13.4	115.1%
Central Asia	2.7	5.0	0.1	7.7	3.8	1.5	2.5	47.7%
China	37.3	28.0	8.5	73.8	36.5	0.1	37.2	101.8%
India	8.7	27.5	1.6	37.8	24.0	3.5	10.3	37.5%
Indonesia	0.5	0.0	2.5	2.9	2.5	0.0	0.5	18.7%
Mexico	0.4	1.4	1.0	2.8	1.8	0.5	0.5	20.0%
Pakistan	1.9	4.5	5.0	11.4	9.7	0.0	1.6	16.9%
Turkey	2.8	4.4	4.7	11.9	8.3	0.7	2.9	32.6%
Vietnam	1.0	0.0	6.8	7.8	6.7	0.0	1.1	16.9%

Source: USDA-WAOB November Report.

This publication includes the latest information as of November 9, 2022. Data released later are available from the NCC home page at www.cotton.org. This publication is also available on the NCC home page in the Members Only section. Unless otherwise noted, all bale references pertain to statistical (480-lb.) bales.