National Cotton Council OF AMERICA

COTTON ECONOMIC REVIEW

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FINAL 2022 CROP ESTIMATES RELEASED

In its final estimate of the 2022-23 U.S. cotton crop, USDA placed total production at 14.47 million bales (Exhibit 1), down from the January estimate of 14.68 million bales. The upland crop estimate was lowered 208,000 bales from the January estimate to 14.00 million bales while the ELS estimate was lowered 4,000 bales to 470,000. Final planted area is estimated to be 13.76 million acres and final harvested area is estimated to be 7.31 million acres. The 2022-23 upland yield is an estimated 942 pounds per harvested acre, 99 pounds above the 5-year average of 843 pounds. The estimated national average ELS yield of 1,280 pounds per harvested acre represents a 133 pound decrease in yield when compared to the 5-year average.

Exhibit 1

U.S. COTTON CROP, 2022-23

	PLANTED ACRES Thou.	HARV. ACRES Thou.	YIELD PER HARV ACRE Lb.	5-YEAR AVG. YIELD Lb.	480-POUND BALES Thou.
UPLAND					
SOUTHEAST	**2,662**	**2,619**	**984**	**867**	**5,370**
Alabama	435	430	930	863	833
Florida	106	103	769	680	165
Georgia	1,290	1,270	1,002	862	2,650
North Carolina	470	460	1,049	917	1,005
South Carolina	270	266	911	842	505
Virginia	91	90	1,131	1,009	212
MID-SOUTH	**2,060**	**2,010**	**1,118**	**1,123**	**4,683**
Arkansas	640	630	1,179	1,184	1,548
Louisiana	195	190	904	1,000	358
Mississippi	530	525	1,084	1,079	1,186
Missouri	360	340	1,240	1,238	878
Tennessee	335	325	1,053	1,067	713
SOUTHWEST	**8,685**	**2,368**	**716**	**711**	**3,530**
Kansas	165	138	577	929	166
Oklahoma	670	230	634	730	304
Texas	7,850	2,000	734	703	3,060
WEST	**172**	**135**	**1,481**	**1,313**	**415**
Arizona	87	86	1,563	1,284	280
California	19	19	1,946	1,635	75
New Mexico	66	30	960	1,021	60
TOTAL UPLAND	**13,579**	**7,132**	**942**	**843**	**13,998**
TOTAL ELS	**182**	**176**	**1,280**	**1,414**	**470**
Arizona	15	14	933	947	28
California	115	114	1,558	1,537	370
New Mexico	19	19	715	742	28
Texas	33	29	728	801	44
ALL COTTON	**13,761**	**7,308**	**950**	**855**	**14,468**

Source: USDA-NASS May Crop Production Report.

PLANTING PROGRESS

According to USDA, 22% of the intended 2023-24 U.S. cotton crop had been planted as of May 7, slightly behind last year's pace and the 5-year average (Exhibit 2). **California** growers lead the nation with 89% of their crop planted. **California** is behind last year's pace (98%) but ahead of their 5-year average in terms of planting progress (81%). In the **Mid-South** region, **Arkansas**, **Missouri** and **Tennessee** are ahead of last year's pace and their respective 5-year averages in terms of planting progress. In the **Southeast**, **Alabama** and **Virginia** are ahead of last year's pace in terms of planting progress. **Virginia** is also ahead of their 5-year average. In **Texas**, the largest producing state, 23% of the crop has been planted, slightly ahead of last year's pace (22%) and their 5-year average (22%).

Exhibit 2

WEEKLY COTTON CROP PROGRESS

STATE	5/7/2023	4/30/2023	5/7/2022	Avg.*
		(% Planted)		
Alabama	30	16	24	30
Arizona	67	47	77	73
Arkansas	30	9	29	21
California	89	85	98	81
Georgia	13	8	20	22
Kansas	3	1	10	8
Louisiana	40	17	55	39
Mississippi	25	4	31	23
Missouri	40	5	18	19
North Carolina	14	6	25	19
Oklahoma	5	0	4	8
South Carolina	10	3	20	23
Tennessee	15	5	12	11
Texas	23	20	22	22
Virginia	47	31	26	22
U.S. Average	22	15	23	23

Source: USDA-NASS.
* 5-year Average

FORWARD CONTRACTING

USDA estimates that, as of April 30, 1% of U.S. upland cotton acreage had been forward contracted (Exhibit 3), lower than last year's level of 11%. In the **Southeast**, USDA estimates that 1% of the acreage is forward contracted. Contracting in the **Mid-South** is estimated at less than 0.5%, down from 24% the previous year. As of April 30, the **Southwest** has 1% of their 2023 crop contracted, compared to 7% at the same time last year. As of April 30, the **West** has less than 0.5% of their 2023 crop contracted, compared to 1% at the same time last year.

Exhibit 3

Forward Contracting of Upland Cotton

As of April 30

(Percent)

STATE	2020	2021	2022	2023
Southeast	*	8	12	1
Mid-South	-	5	24	*
Southwest	1	4	7	1
West	-	23	1	*
Total Upland	1	5	11	1

Source: USDA-AMS

* Less than .5 percent.

Farm Price

The March 2023 upland cotton farm price was 80.3 cents/lb. according to USDA, up 0.5 from February (Exhibit 4). In comparison, the March 2022 upland cotton farm price was 104.0 cents/lb. Marketings for the month were 910,000 running bales, bringing the crop year 2022 total to 7.0 million. The marketing-weighted crop year average farm price through March 2023 is 81.9 cents/lb.

Exhibit 4

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
October	318	737	86.4	88.1
November	1,112	1,849	80.0	83.2
December	1,562	3,411	84.4	83.8
January	1,711	5,123	80.2	82.6
February	945	6,068	79.8	82.1
March	910	6,978	80.3	81.9

Source: USDA-NASS.

Marketing-Year Average Farm Price

	(Cents/Lb)
2022-23 Proj.	82.00
2023-24 Proj.	78.00

Source: USDA-WAOB May Report.

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 82.00 cents/lb. The forecast for 2023/24 was 78.00 cents/lb.

The February 2023 price received for cottonseed was $332/ton (16.6 cents/lb.) according to USDA, an increase of $16/ton (0.8 cents/lb.) from January (Exhibit 5). In comparison, the February 2022 cottonseed price was $256/ton (12.8 cents/lb.).

The April 2023 USDA/ERS *Oil Crops Outlook* report forecasted the average price received for cottonseed for 2022/23 at $332/ton (16.6 cents/lb.).

Exhibit 5

Prices Received for Cottonseed

Marketing Year 2022 - 23

	Prices ($/Ton) MONTHLY	Prices (Cents/Lb) MONTHLY
August	343	17.2
September	361	18.1
October	338	16.9
November	323	16.2
December	329	16.5
January	316	15.8
February	332	16.6
March	NA	NA

Source: USDA-NASS.

Marketing-Year Average Farm Price

	($/Ton)	(Cents/Lb)
2021-22 Proj.	243	12.2
2022-23 Proj.	332	16.6

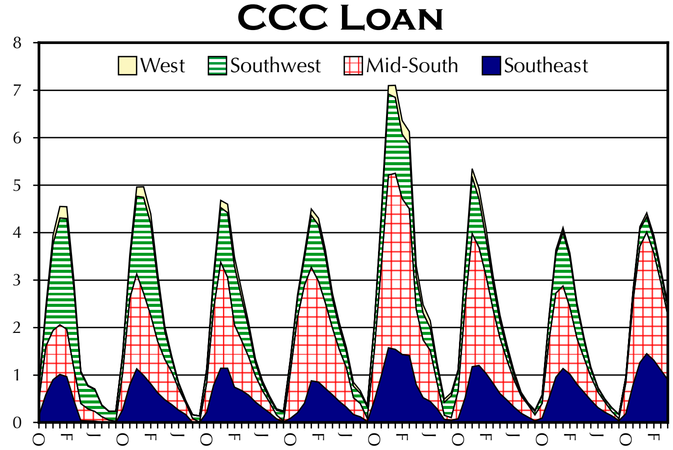
Source: USDA-NASS and USDA-ERS April 2023 Oilseeds Outlook.

CCC Loan

Outstanding CCC loan stocks as of April 30 were 2.50 million running bales, a decline of 734,773 bales from the previous month (Exhibit 6). Redemptions were largest in the **Mid-South** with outstanding loan stocks declining by 484,654 bales to 1.37 million bales or 55% of the outstanding total. Loan redemptions in the **Southeast** were 200,753 bales, leaving outstanding loans at 904,545, 36% of the total. In the **Southwest**, loan stocks decreased by 38,024. Outstanding loans in the region now total 167,385, accounting for 7% of the outstanding loans remaining. Stocks in the **West** decreased by 11,342 bales, placing outstanding loans at 64,517 bales. The region accounts for 3% of the outstanding loan total.

Exhibit 6

CCC Loan



Competitiveness

World and U.S. cotton prices increased slightly over the past several weeks. Since the week ending April 27, the average of the 5 lowest Far East quotes increased 1.44 cents/lb. to 92.89 cents for the week ending May 11 (Exhibit 7). The low U.S. quote for the Far East (USFE) increased 1.49 cents/lb. over the same period taking a value of 91.94 cents for the week ending May 11. For the week ending May 18, the AWP will be valued at 67.97 cents/lb. for a corresponding marketing loan gain of 0.00 cents/lb.

Exhibit 7

Competitiveness

	Week Ending			
	5/18/23	5/11/23	5/4/23	4/27/23
	(Cents/Lb.)			
U.S. FE Low Quote	--	91.94	90.69	90.45
5 Lowest FE Quotes	--	92.89	91.61	91.45
Adjusted World Price	67.97	66.69	66.53	70.82
Marketing Loan Gain	0.00	0.00	0.00	0.00
Fine Count Adj. ('21 Crop)	0.00	0.00	0.00	0.00
Fine Count Adj. ('22 Crop)	0.00	0.00	0.00	0.00
ELS Comp Pymnt	0.00	0.00	56.00	59.40
Import Quotas Open	0	0	0	0

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 May 18, the Fine Count Adjustment is 0.00 cents/lb. for the 2021 crop and 0.00 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 May 18, 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 May 18, there are 0 quotas opened in the total amount of 0 bales (480-lbs.).

U.S. Supply & Offtake

In its May report, USDA projects U.S. 2023-24 production to be 15.50 million bales (Exhibit 8). Mill use is projected at 2.20 million bales while exports are projected to be 13.50 million bales. The estimated total offtake stands at 15.70 million bales. With beginning stocks of 3.50 million bales, this would result in U.S. ending stocks of 3.30 million bales on July 31, 2024, and a stocks-to-use ratio of 21.0%.

Exhibit 8

U.S. Cotton Supply/Offtake

(Thousand 480-Lb. Bales)	2022-23e	2023-24p
Beginning Stocks	3,750	3,500
Production	14,470	15,500
Imports	10	10
Supply	18,220	19,010
Domestic Mill Use	2,100	2,200
Exports	12,600	13,500
Offtake	14,700	15,700
Unaccounted For	20	10
Ending Stocks	3,500	3,300
Stocks-to-Use Ratio	23.8%	21.0%

Source: USDA-WAOB May Report.
e=USDA estimate, p=USDA projection

For the 2022-23 marketing year, USDA gauged U.S. cotton production at 14.47 million bales, down 210,000 bales from the previous month. Mill use was unchanged from last month at 2.10 million. Exports were raised 400,000 bales to 12.60 million bales. The estimated total offtake now stands at 14.70 million bales, generating ending stocks of 3.50 million bales and a stocks-to-use ratio of 23.8%.

World Supply & Offtake

In its May report, USDA projects world production for the 2023-24 marketing year at 115.69 million bales (Exhibit 9). Mill use is projected at 116.23 million bales. With beginning stocks at 92.63 million bales, this would result in world ending stocks of 92.28 million bales on July 31, 2024, and a stocks-to-use ratio of 79.4%.

Exhibit 9

World Cotton Supply/Offtake

(Thousand 480-Pound Bales)	2022-23e	2023-24p
Beginning Stocks	86,160	92,630
Production	116,360	115,690
Imports	37,870	42,840
Supply	240,390	251,160
Mill Use	109,630	116,230
Exports	38,270	42,850
Offtake	147,900	159,080
Unaccounted For	-160	-200
Ending Stocks	92,630	92,280
Stocks-to-Use Ratio	84.5%	79.4%

Source: USDA-WAOB May Report.
e=USDA estimate, p=USDA projection

For the 2022-2023 marketing year, world production was estimated to be 116.36 million bales, up 440,000 bales from the April report. World mill use was lowered 540,000 bales to 109.63 million bales. Consequently, world ending stocks are estimated to be 92.63 million bales with a stocks-to-use ratio of 84.5%.

Exports

Through the week ending May 4, total U.S. export sales for the 2022-23 marketing year were approximately 13.2 million bales, down 2.5 million bales from the previous year (Exhibit 10). Of the approximately 13.2 million bales in total commitments, China accounts for approximately 3.0 million of the total, or about 23%, followed by Pakistan at approximately 2.1 million bales for a 16% share. Total U.S. raw cotton exports through May 4 were approximately 9.1 million bales, roughly 546,100 bales lower than exports at the comparable point in the 2021-22 crop year.

Exhibit 10

Export Summary

Through Week Ending May 4, 2023

(Thousand 480-lb. Bales)

	MY22	MY21
Outstanding Sales	4,129	6,079
Shipments	9,052	9,598
Total Sales	13,181	15,677
New Crop Sales	1,546	3,170

Source: USDA-FAS.

2022-23 World Cotton Supply & Offtake

(Million 480-Lb. Bales)

	Beg Stocks	Production	Imports	Supply	Mill Use	Exports	End Stocks	Stocks/Use
World	86.2	116.4	37.9	240.4	109.6	38.3	92.6	84.5%
World less China	47.6	85.7	31.1	164.3	73.1	38.2	53.2	47.8%
U.S.	3.8	14.5	0.0	18.2	2.1	12.6	3.5	23.8%
Afr. Fr. Zone	1.5	4.8	0.0	6.3	0.1	4.4	1.8	38.5%
Australia	5.0	5.5	0.0	10.5	0.0	6.5	4.1	63.6%
Bangladesh	2.3	0.2	6.9	9.4	7.5	0.0	1.9	25.1%
Brazil	11.8	13.0	0.0	24.9	3.2	6.9	14.8	146.0%
Central Asia	2.4	5.7	0.0	8.2	3.8	1.2	3.2	62.6%
China	38.6	30.7	6.8	76.1	36.5	0.1	39.4	107.7%
India	8.6	24.5	1.8	34.9	23.0	1.4	10.5	42.8%
Indonesia	0.5	0.0	1.7	2.2	1.8	0.0	0.4	19.2%
Mexico	0.4	1.6	0.9	2.9	1.8	0.4	0.6	27.8%
Pakistan	1.9	3.9	4.3	10.1	8.6	0.0	1.5	17.4%
Turkey	2.8	4.9	4.0	11.7	7.3	0.7	3.6	45.2%
Vietnam	1.0	0.0	6.3	7.3	6.4	0.0	0.9	14.5%

2023-24 World Cotton Supply & Offtake

(Million 480-Lb. Bales)

	Beg Stocks	Production	Imports	Supply	Mill Use	Exports	End Stocks	Stocks/Use
World	92.6	115.7	42.8	251.2	116.2	42.9	92.3	79.4%
World less China	53.2	88.2	33.8	175.2	78.7	42.8	53.9	44.4%
U.S.	3.5	15.5	0.0	19.0	2.2	13.5	3.3	21.0%
Afr. Fr. Zone	1.8	5.3	0.0	7.1	0.1	5.4	1.6	29.6%
Australia	4.1	5.8	0.0	9.9	0.0	6.0	4.1	68.7%
Bangladesh	1.9	0.2	8.0	10.0	8.0	0.0	2.0	25.5%
Brazil	14.8	13.3	0.0	28.0	3.3	8.7	16.0	133.5%
Central Asia	3.2	5.4	0.1	8.7	4.3	1.4	3.0	52.1%
China	39.4	27.5	9.0	75.9	37.5	0.1	38.3	102.0%
India	10.5	25.5	1.5	37.5	24.5	2.4	10.6	39.2%
Indonesia	0.4	0.0	2.2	2.6	2.2	0.0	0.4	15.8%
Mexico	0.6	1.3	1.0	2.9	1.9	0.4	0.6	23.9%
Pakistan	1.5	5.3	4.7	11.5	9.6	0.0	1.9	19.5%
Turkey	3.6	3.5	4.3	11.4	7.9	0.5	3.0	36.1%
Vietnam	0.9	0.0	6.9	7.8	6.9	0.0	0.9	13.5%

Source: USDA-WAOB May Report.

This publication includes the latest information as of May 12, 2023. 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.