Economics of Pesticide Use in Cotton

Kelly Bryant
Center Director & Extension Economist
Southeast Research and Extension Center
2008 Upland Cotton Harvested Acres
Acres (000) and Change From Previous Year

USDA-NASS
10-10-08
Cotton Price Outlook

- Dec. 2008: 44.03
- Dec. 2009: 55.90
- Dec. 2010: 64.47
Operating Costs on Cotton in the Mississippi Portal, 2003-2007 ($/ac)

Source: USDA Economic Research Service

Source: USDA Economic Research Service
Estimated Gross Returns: Arkansas 2009

Comparison of Gross Returns Per Acre ($/acre)

Visit [www.uaex.edu](http://www.uaex.edu) for Crop Planning Budgets
Estimated Returns above Variable Costs: Arkansas 2009

Returns Above Variable Costs ($/acre)

- Corn: -$78.83
- Wheat: -$87.09
- Early Soybeans: -$64.21
- Cotton: $118.27
- Wheat + Soybeans: -$127.45
Estimated Variable Cost: Arkansas

Variable Costs Comparison ($/acre)

- Corn: $673.83
- Wheat: $298.84
- Early Soybeans: $306.73
- Cotton: $724.21
- Wheat + Soybeans: $617.45
What’s the plan for Cotton Production in 2009?

- Grow cotton on your best soils;
- Where insect pressure is light;
- Pray for rain;
- Protect yield;
- Do everything correctly (can’t afford to take risks).
Summary

- Cotton acres are likely to decline further in 2009.
- Cost of production per acre has increased 25% in 4 years.
  - Seed expense has increased 50% to 100%.
  - Chemical expenses have increased also.
- Cotton still has favorable gross returns.
- Cotton has a favorable gross margin compared to wheat, corn, or a wheat/soybean double crop.
- So far cotton is not plagued with a basis or storage problem.
- High yields will be critical in 2009 to earn a good return.
- Grow cotton where its chances of success are greatest and protect the yield.