

# Economics of Pesticide Use in Cotton

Kelly Bryant

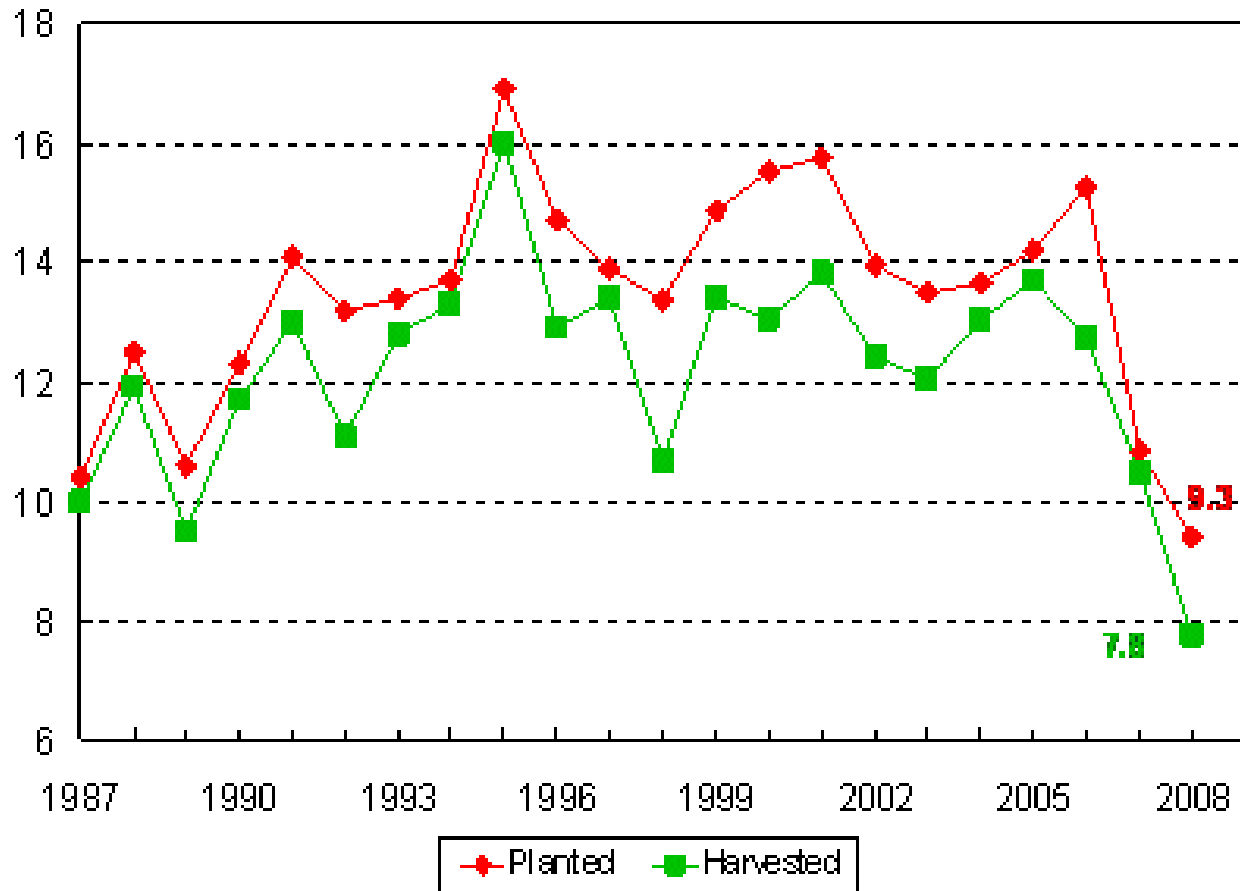
Center Director & Extension Economist  
Southeast Research and Extension Center





# U.S. All Cotton Acres

Million Acres

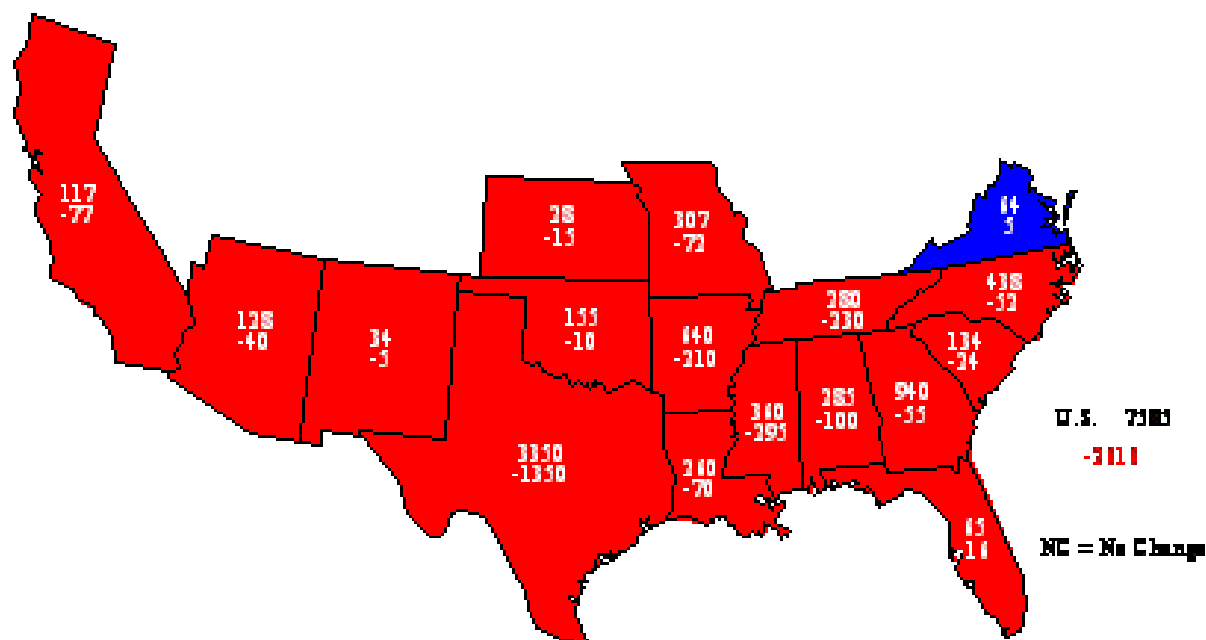


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# 2008 Upland Cotton Harvested Acres

Acres (000) and Change From Previous Year

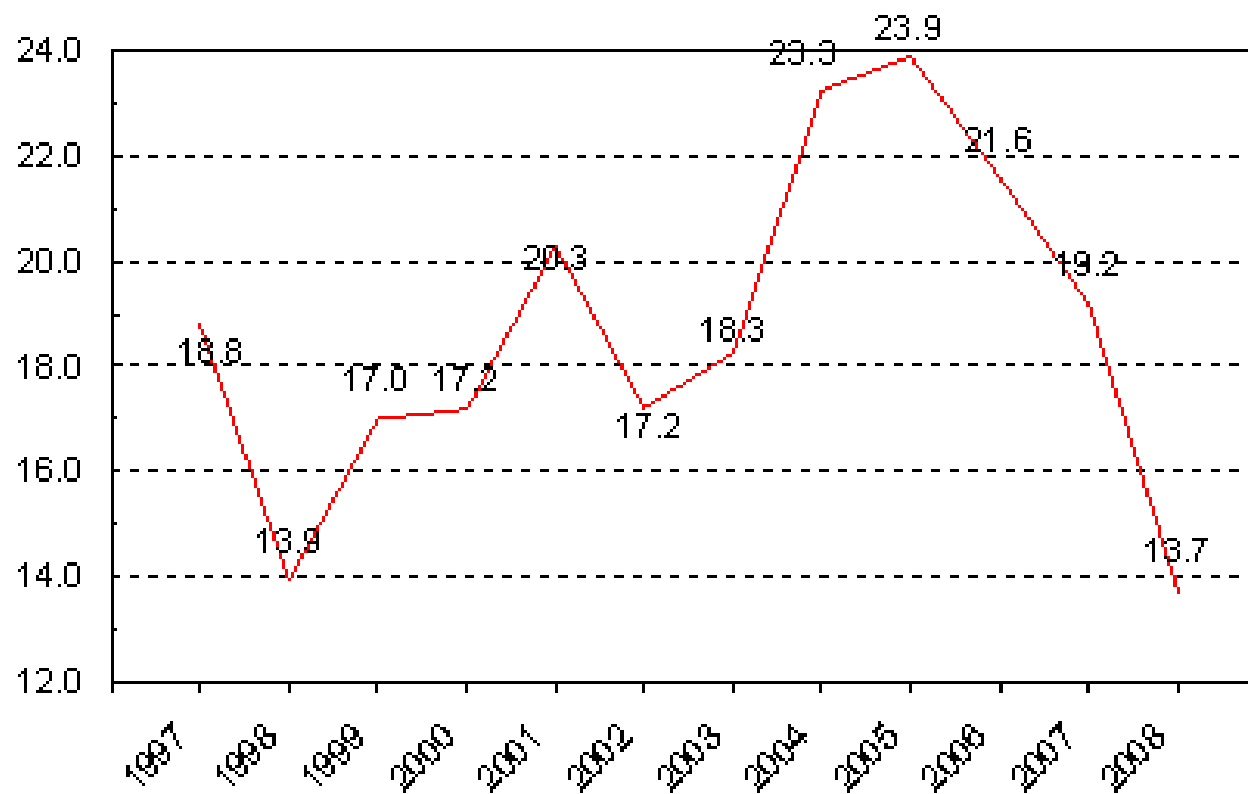


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## U.S. All Cotton Production

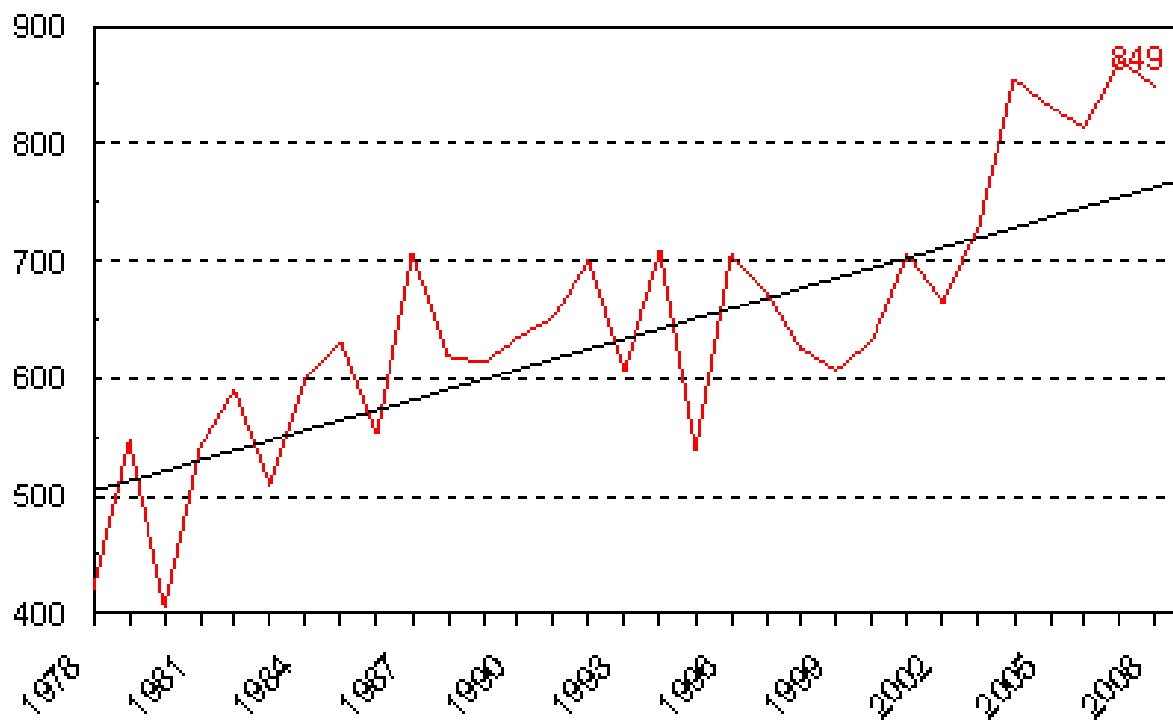
Million Bales





## U.S. All Cotton Yield

Pounds/Acre

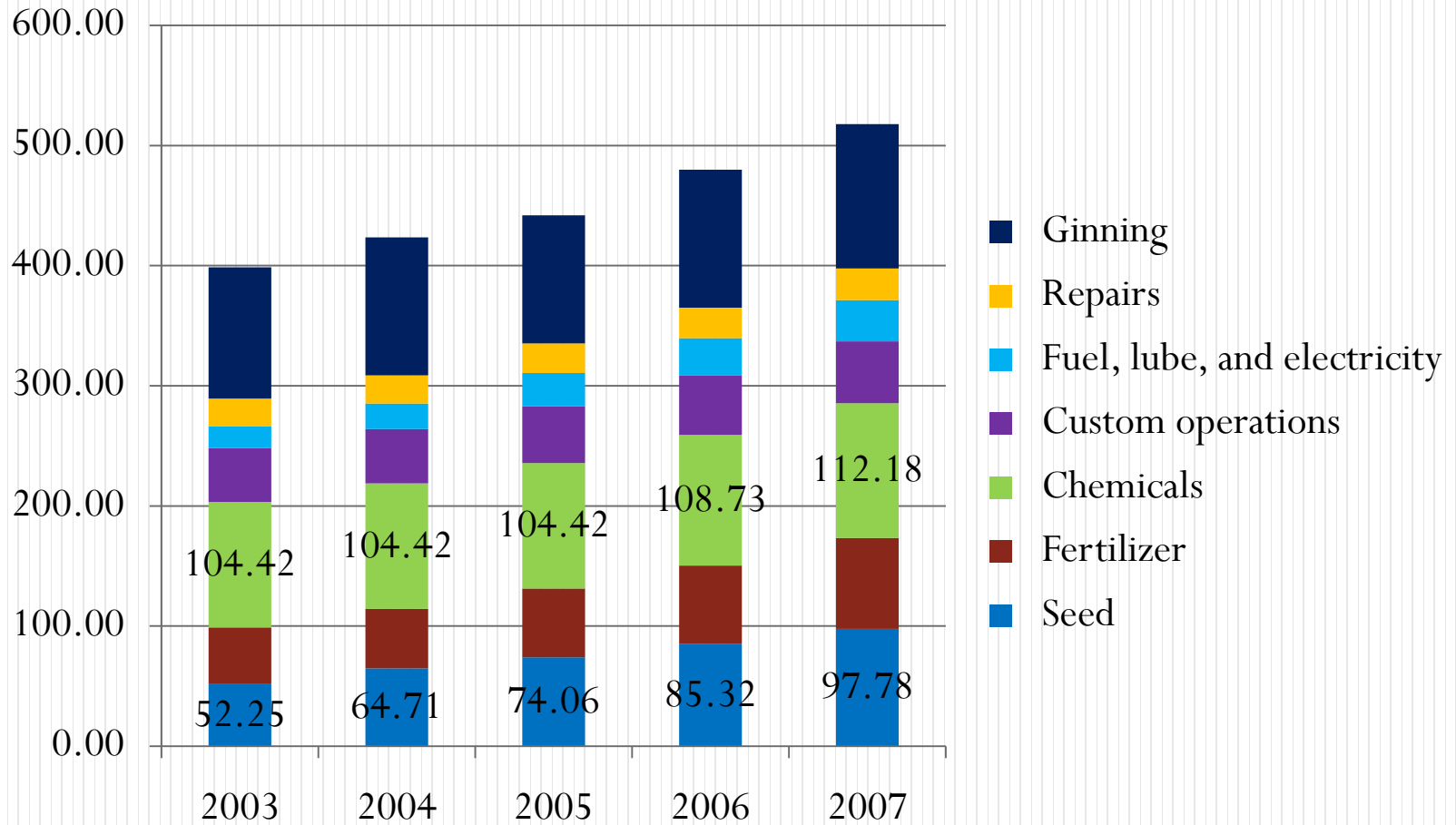


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# Cotton Price Outlook

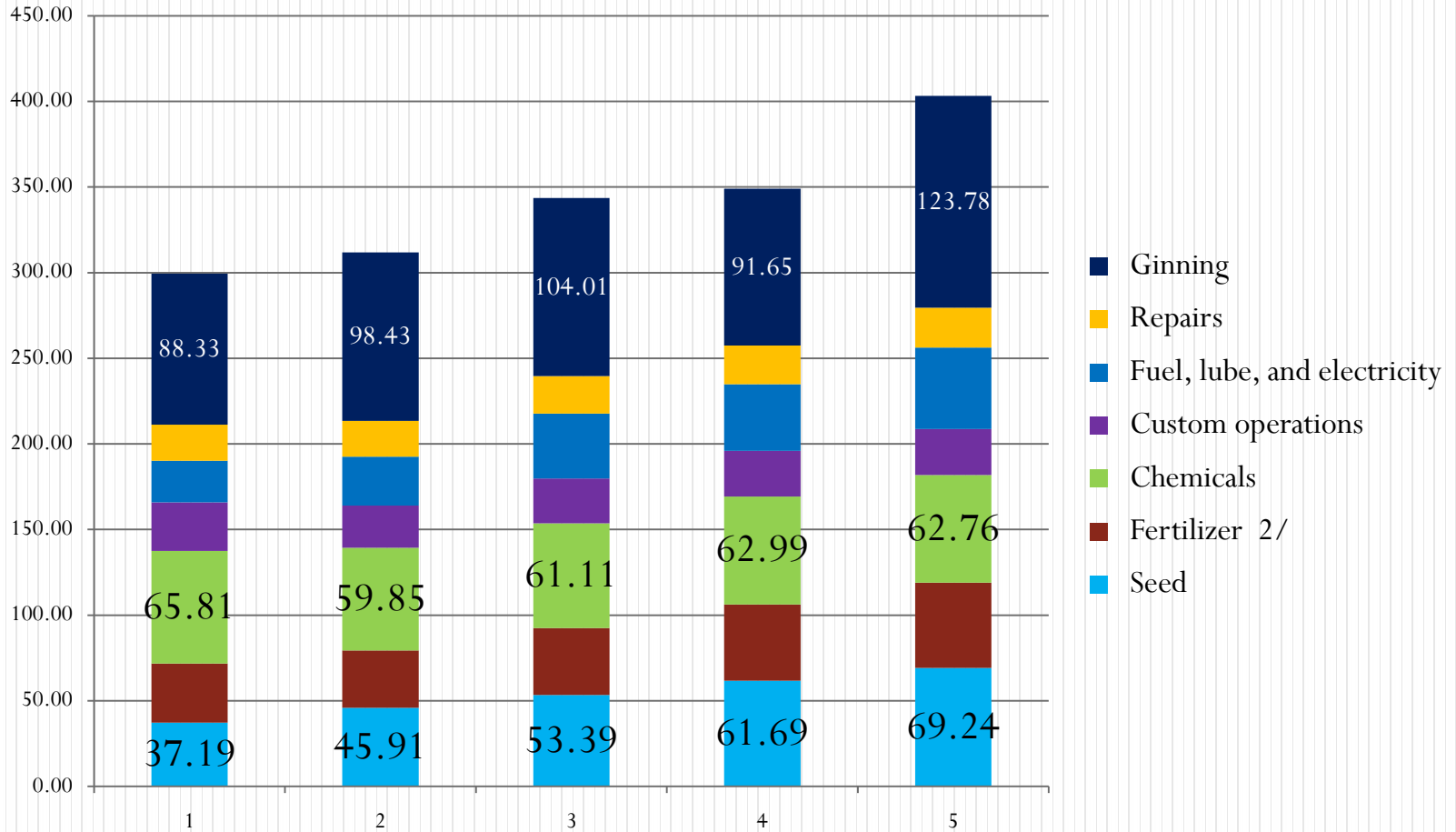
- Dec. 2008 44.03
- Dec. 2009 55.90
- Dec. 2010 64.47

# Operating Costs on Cotton in the Mississippi Portal, 2003-2007 (\$/ac)



Source: USDA Economic Research Service

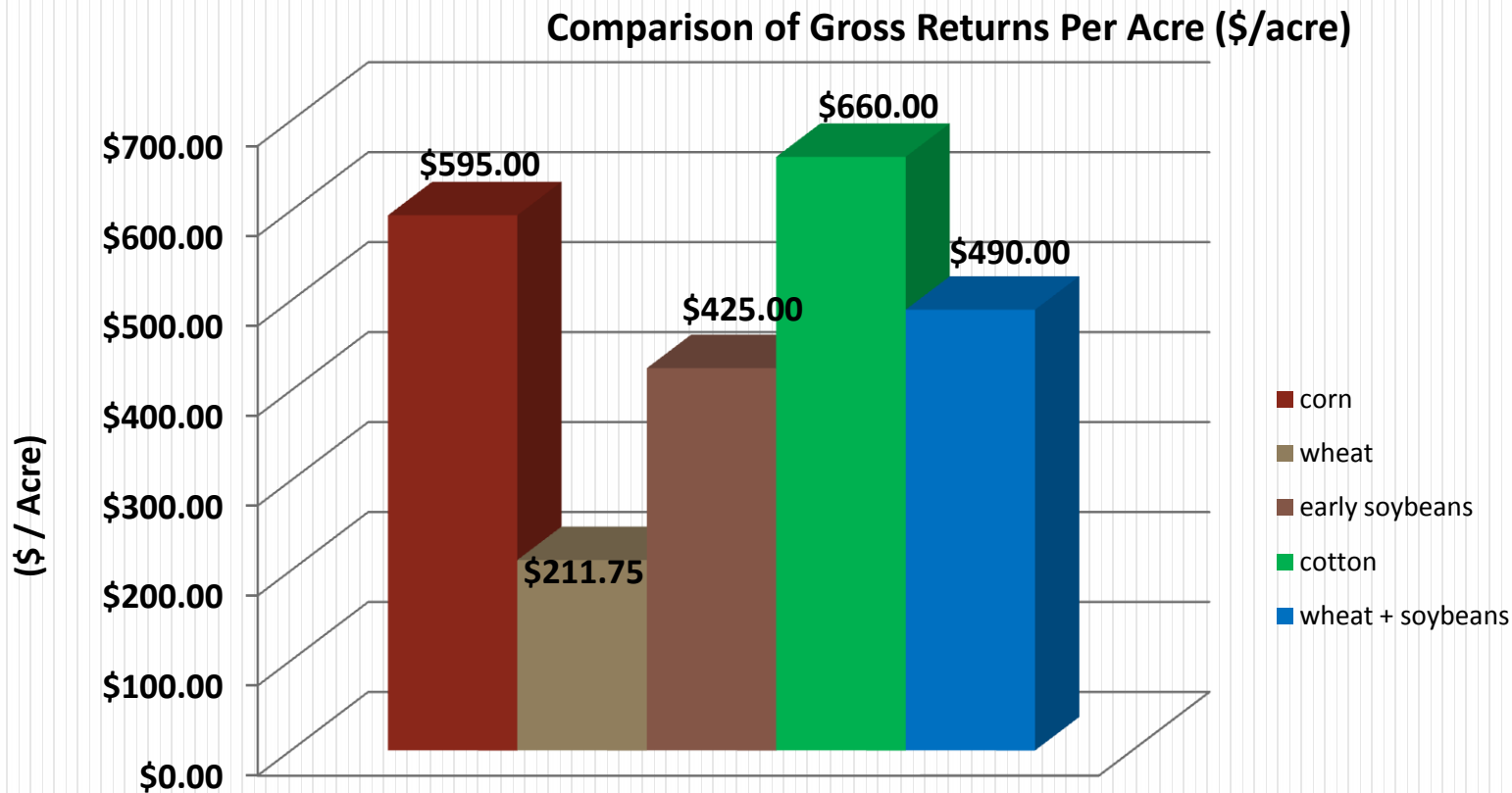
# U.S. Operating Costs for Cotton 2003-2007 (\$/ac)



Source: USDA Economic Research Service

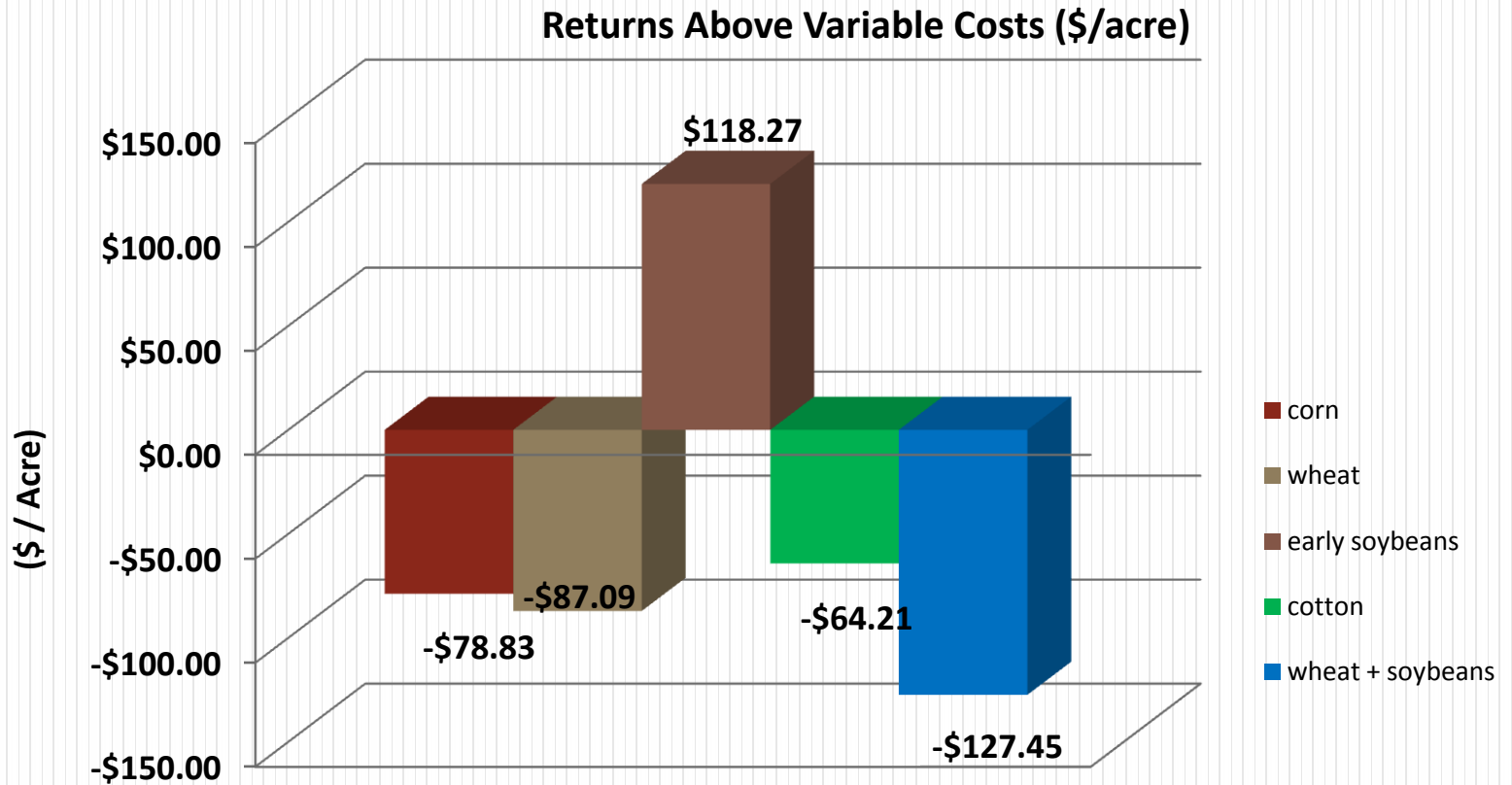


# Estimated Gross Returns: Arkansas 2009

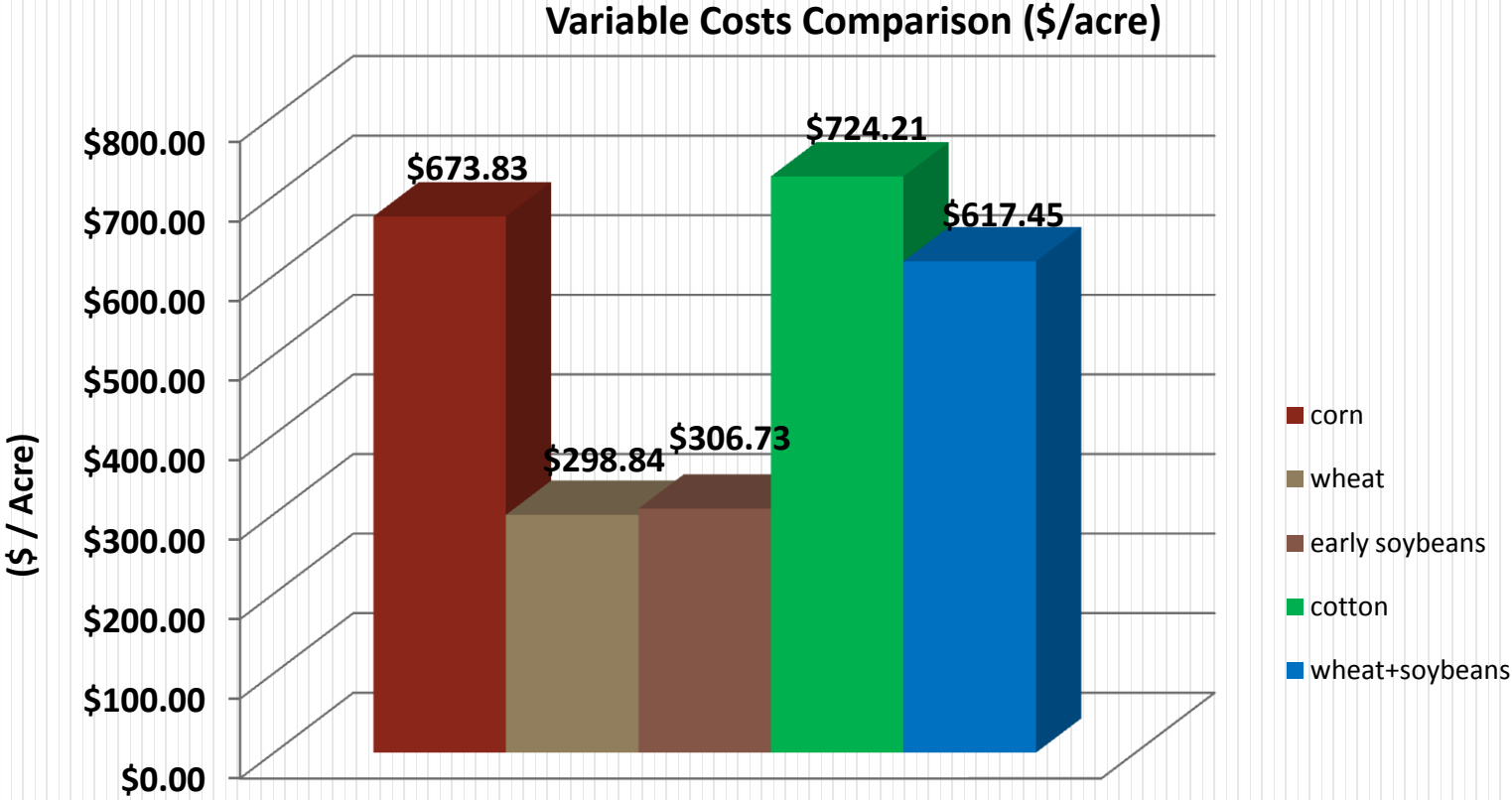


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# Estimated Returns above Variable Costs: Arkansas 2009



# Estimated Variable Cost: Arkansas



# 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.