



The University of Georgia
Cooperative Extension Service
College of Agricultural and Environmental Sciences



Georgia Cotton

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<http://www.griffin.peachnet.edu/caes/cotton>

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Looking Ahead To 2004– How Might Crops Compare. (*Shurley*) 2003 was a good year for most crops in Georgia. Yields were good and prices improved from previous years. Producers also had a second year adjust to the new farm bill. In 2003, cotton and peanut acreage planted was down and corn and soybeans up. With these things in mind, it is never too early to begin planning ahead.

The table below is an example illustration of how net returns might compare based on what the market is currently showing us. Although the actual net returns would change as prices change, the ranking or relative position of one crop to another would not change if prices moved up or down in the same proportion. Of course, each farm situation will also be different in terms of yields and cost as well. But this shows a good example comparison.

Per Acre Variable Costs and Net Returns For Non-Irrigated Crops

	Price ¹	Yield	Variable Costs ²	Net Return
Cotton	\$0.62	650	\$300	\$103.00
Corn	\$2.60	100	\$170	\$90.00
Peanuts	\$395	2,600	\$385	\$128.50
Soybeans	\$6.00	30	\$140	\$40.00

^{1/} Average Georgia cash price based on futures prices as of 12/15/03. Peanut price is based on current contract offer of \$355 loan rate plus \$40. At the loan rate, net return would be \$76.50 per acre.

^{2/} Based on 2003 University of Georgia budget estimates. 2004 estimates to be released in 01/04.

What will work best for 2004 depends on relative prices, yields, costs, and other benefits such as crop rotation. The next table illustrates yields needed for each crop that would give equal net returns based on the market at this time. For example, at \$395/ton for peanuts, 2,314 lbs/acre would be equivalent to 600 lb cotton at 62 cents per pound. At the prices used, yields higher than those shown would favor that crop. For example, if expected cotton yield is 650 pounds per acre, net returns would favor peanuts if yield is above 2,471 lbs. For example, if expected corn yield is 93 bushels per acre, net returns favor cotton if yield is above 600 lbs.

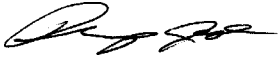
Cotton vs. Peanuts vs. Corn
Yield Per Acre That Would Give Equal Net Returns

Cotton @ 62 cents/lb	Peanuts @ \$395/ton	Corn @ \$2.60/bu
600	2,314	93
650	2,471	105
700	2,628	117
750	2,785	129

As we prepare and move forward to another crop season, factors can change that would alter farmers decisions about what might be best– weather, prices, costs, etc. At current prices and assuming yields as shown in the first table, corn and soybeans appear to offer less potential net return than cotton or peanuts. Peanuts, at the contract offer currently available, would rival cotton but would not at the loan rate. Risk management and crop rotation benefits should always be considered in addition to potential net returns.

New Additions to Web Page. (*Jost*) A couple items have been added to or updated on the UGA [Cotton Web Page](#). First of all, the 2003 Cotton Variety Trial data has been posted as of today, December 17, 2003. Currently only data by location is listed, with the exception of Athens. As the combined analysis data over years and locations becomes available it will also be posted. Also, Dr. Don Shurley, will have a biweekly column on marketing news and trends, written for Southern Cotton Growers, Inc. posted on the web page.

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