

Shurely on Cotton: A Few Marketing and Policy Updates and Other Thoughts

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Prices. Old crop futures (March 2025) have shown additional weakness in recent weeks. This is due to a bearish January USDA supply/demand report, sometimes good but too often weak exports, and growing concerns about demand.

Old crop March 2025 is about 67 cents and new crop December 2025 is about 69 cents. What 'movers' might give us better prices? For one, over the next couple of months, we'll have 2025 acreage forecasts being released. Most observers think acres will be down 5 to 10%.

That may give us a bump in prices. But the further down we go, the more ground we'll have to make up to get us back to something much better. As long as demand remains weak, a

reduction in acres won't likely be enough – 73 to 76 cents could be the limit in this environment.

PLC and LDP/MLG. There will likely be a PLC payment on seed cotton for the 2024 crop. This is preliminary based on the latest USDA projected prices and production for upland cotton and cottonseed. The projected PLC is 2.37 cents per lb. and would be received times the seed cotton PLC payment yield times 85% of seed cotton base acres. A similar PLC would be payable for the 2025 crop if prices don't improve.

Seed Cotton PLC ¹		
	2023 Crop	2024 Crop (P)
Upland Cotton US Avg Price	76.10	65.00
Cottonseed US Avg Price	223	220
Seed Cotton MYA Price	39.49	34.33
Seed Cotton Effective Reference Price	36.70	36.70
Seed Cotton PLC Rate	0.00	2.37

1/ 2024 data are preliminary; subject to further revision

A Loan Deficiency Payment (LDP) or Marketing Loan Gain (MLG) is available when the AWP (Adjusted World Price) is less than the 52 cents base Loan Rate. Using current differentials, the AWP would be less than 52 cents when our nearby futures is less than 65.35 cents. We still have a way to go before an LDP/MLG would kick in.

Economic Assistance Payments. The recently passed American Relief Act 2025 contained \$10 billion in economic assistance. Producers will receive a one-time payment. The payment for cotton is estimated at \$87.26/acre.

2025 Comparisons. These are Georgia estimates for illustration and example only. The Net Return is not profit. This is the return above variable costs (cash operating expenses) only. These costs do not include land, operator labor and management, and any other operating or overhead expenses. So, this Net Return is the residual to pay these other expenses, including land rent. Breakeven is the price needed, assuming the yield shown, to pay all variable costs but would leave nothing else.

2025 Estimated Cost and Net Return, Irrigated Production, Georgia				
	Corn	Cotton	Peanuts	Soybeans
Expected Avg Yield	200	1,200	4,700	60
Expected Avg Price	\$4.80	\$0.71	\$513.00	\$10.00
Crop Returns	\$960	\$852	\$1,206	\$600
Variable Costs ¹	\$730	\$645	\$722	\$341
Net Return ²	\$230	\$207	\$484	\$259
Breakeven Price ¹	\$3.65	\$0.54	\$307	\$5.68

SOURCE: Dept of Agricultural and Applied Economics, University of Georgia, 01/2025.
¹ Excludes land rent
² Return to land, operator, and all other costs

2025 Estimated Cost and Net Return, Non-Irrigated Production, Georgia				
	Corn	Cotton	Peanuts	Soybeans
Expected Avg Yield	85	750	3,400	30
Expected Avg Price	\$4.80	\$0.71	\$513.00	\$10.00
Crop Returns	\$408	\$533	\$872	\$300
Variable Costs ¹	\$380	\$512	\$627	\$275
Net Return ²	\$28	\$21	\$245	\$25
Breakeven Price ¹	\$4.47	\$0.68	\$369	\$9.17

SOURCE: Dept of Agricultural and Applied Economics, University of Georgia, 01/2025.
¹ Excludes land rent
² Return to land, operator, and all other costs