

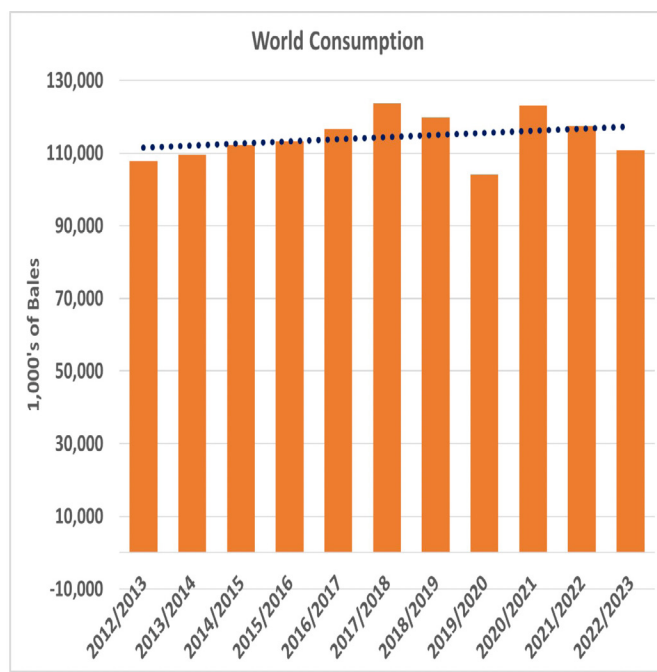
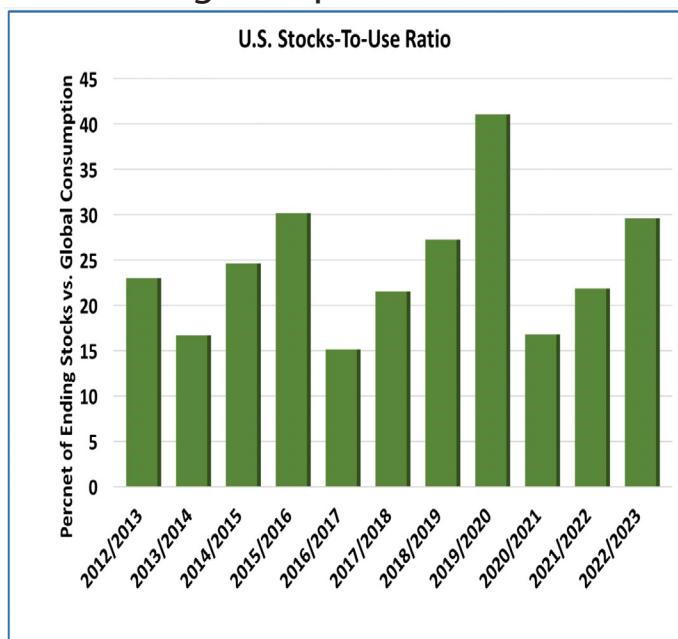
USDA WASDE REPORT | January 2023

January 12 WASDE Report USDA projections increase world and U.S. stocks.

The USDA, WASDE January 12, 2023, supply and demand estimates for the 2022/23 marketing year put U.S. ending stocks up by 700,000 bales and world ending stocks up 372,000 bales from the December 9 estimate. This is a 5% increase to U.S. stocks-to-offtake ratio. The ratio of 30% will be the highest since July 31, 2020.

The U.S. numbers show an increase in production of 438,000 bales, and a decrease in exports of 250,000 bales. U.S. domestic use is unchanged from the December report at 2.2 million bales.

The WASDE estimates show a decrease in 2022/23 global production of



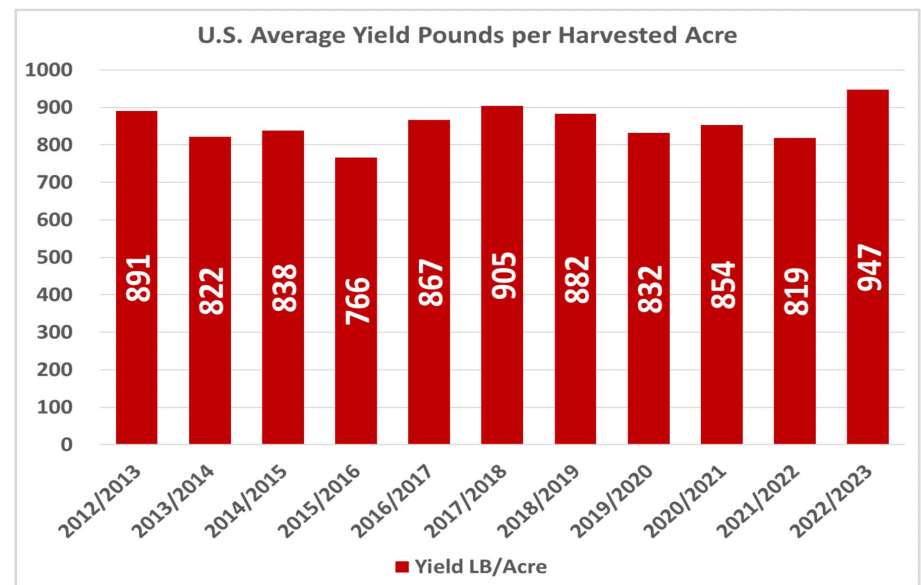
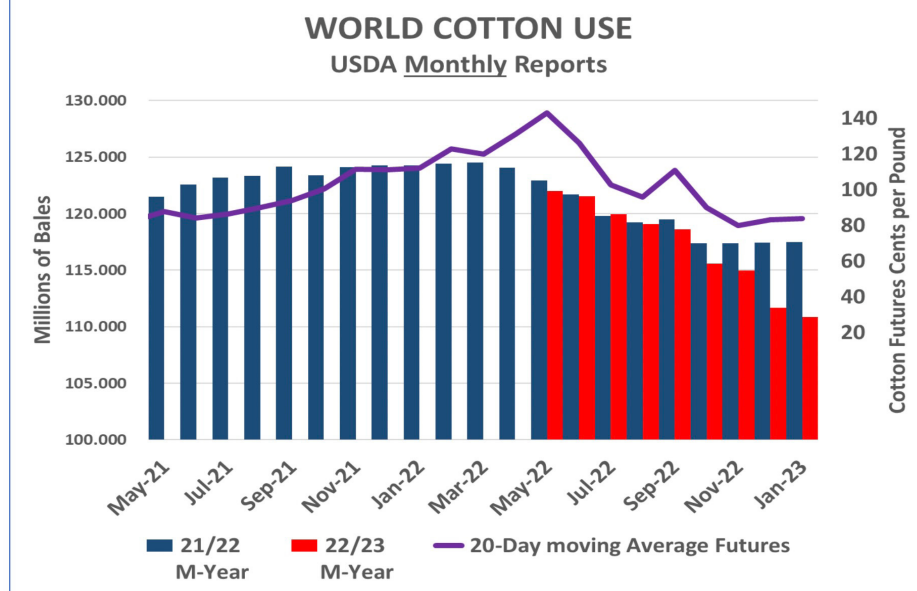
332,000 bales, and a decrease in 2022/23 global consumption of 846,000 bales. This makes eleven months in a row of a reduced projection for global consumption. Global production is projected to be higher in Brazil (300,000), and the United States (438,000); but lower in Argentina (-50,000), India (-1,000,000), and Israel (-20,000). Consumption is higher in Japan (5,000); but lower in India (-500,000), Indonesia (-250,000), Israel (-1,000), and Vietnam (-100,000). The WASDE projects imports will be

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U.S. Production

The U.S. Production increase of 438,000 bales was after an increase in planted acres, a 6% decrease in harvested acres, more than offset by a 9.6 % increase in yield. Planted acres were increased by 42,000 acres, harvested acres were decreased by 449,000 and yield was increased by 82 pounds per acre to a record yield of 947 pounds per harvested acre.



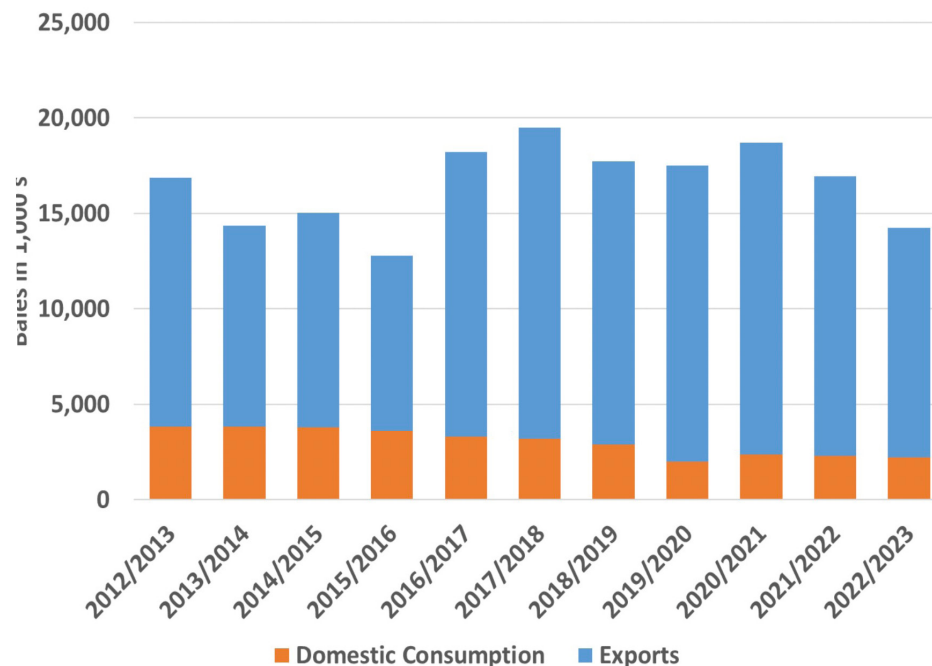
Texas Upland yield was increased by 162 pounds per harvested acre – from 634 to 796 pounds. However, Texas production only increased by 100,000 bales after a 450,000 reduction in harvested acres. The Southeast region of the U.S. will out produce the Southwest for the only the third time in 40 years.

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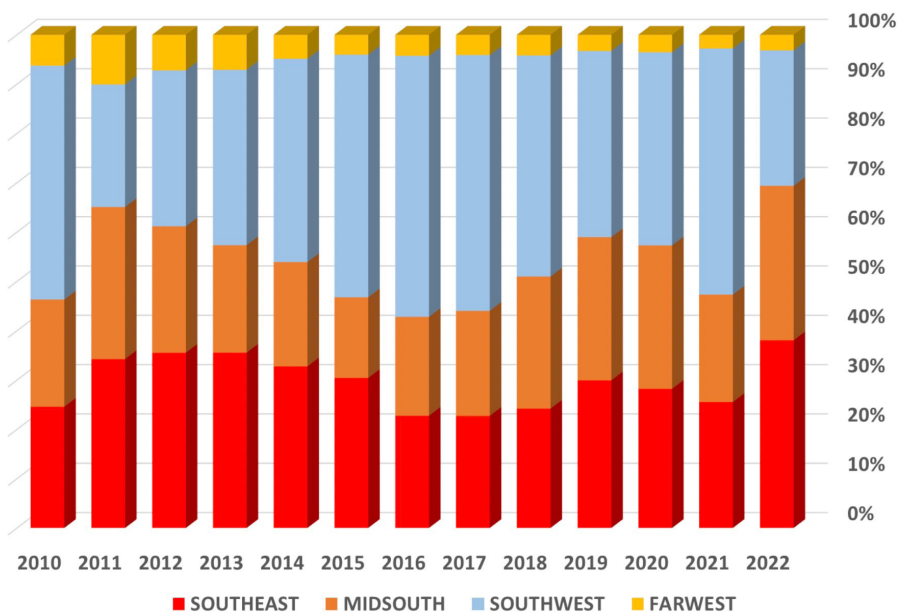
Market Impact

The 250,000 bale decrease in U.S. Exports was not a surprise to the trade. U.S. cotton export shipments year-to-date have lagged expectations for November and December when they should be peaking. The rate of weekly shipments is well below what is needed to achieve the revised 12 million bales in the remaining 29 weeks in the current statistical year. It is very likely that the USDA will make more decreases over the next six-months.

U.S. Cotton Exports and Domestic Consumption



U.S. Upland Production by Region



March 2023 futures lost about two cents after today's 7:30 am CST export report and lost another 80 points after the 11:00 am Supply & Demand report.

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