

**CHANGES IN RELATIVE COMMODITY PRICES AND THE OUTLOOK FOR ARKANSAS COTTON
ACREAGE**

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Abstract

The objective of this research is to evaluate the impact that current high commodity prices will have on Arkansas cotton acreage. A general trend of increasing crop prices indicates that potential financial returns for cotton, corn, soybeans, and rice are attractive. Since 2006, Arkansas cotton acreage has been declining. Initial acreage shifts were out of cotton and into corn. Soybean and rice acreage increases followed as cotton acreage continued to decrease. These acreage changes are attributable to increasing corn, soybean, and rice prices that outpaced cotton price increases. Flat yield trends for cotton and declining yield trends for corn, soybeans, and rice suggest that Arkansas acreage shifts have reduced cotton plantings on acreage that is better suited for cotton production. Acreage adjustments returning crop plantings to historical relative relationships would decrease combined soybean and rice plantings by 400,000 acres. Current acreage levels are a result of changes over several years, and any readjustments in plantings will likely occur over several years.