



Cotton Economics Research Update

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Cotton Economics Research Institute

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Research Institute
Department of
Agricultural and
Applied Economics
Texas Tech University

Welcome

Faces in the Department of Agricultural and Applied Economics and the Cotton Economics Research Institute continue to change. Dr. Kary Mathis is retiring on July 31 after 19 years at Texas Tech. Kary's leadership, service, commitment, and counsel will be sorely missed. Two new members will join our faculty this Fall - Dr. Conrad Lyford and Dr. Jaime Malaga (see details on page 3). We welcome them and look forward to their contributions to the Cotton Economics Research Institute.

The remainder of the group consistently keeps a full plate. We are gearing up for added work in policy analysis while maintaining our program in production economics, value-added products, marketing and price analysis, etc. We are also exploring some additional areas of research and will report on these in future newsletters.

We would like to hear from you about our activities, and we welcome your suggestions. Let us hear from you.

Don Ethridge

New Projects

Policy Analysis for Cotton

Faculty and students have been preparing to initiate a new line of research beginning this Fall. The focus of the research is to build structural econometric models of the U.S. cotton industry that will be used to forecast production, consumption, trade, stocks, and prices and to analyze expected impacts of government policy changes. The research, funded by USDA, is in partnership with the Ag. Policy Center at Texas A&M (which will deal with farm-level impacts and wool and mohair forecasts). This is a major thrust for us in the CER

Institute and constitutes a substantial commitment for the Department and the Institute. Octavio Ramirez and Sam Mohanty will be the primary faculty involved, although many of the faculty and students in the program will contribute substantially in various ways. This will be tedious research over an extended period of time, but we believe we are uniquely qualified to conduct this research.

For more information, contact Octavio Ramirez, Sam Mohanty, or Don Ethridge.

Recent Studies

UNR Vs. Conventional Row Cotton

Cotton producers in many regions are now experimenting with Ultra Narrow Row (UNR) cotton production, with the hope of increasing revenues and reducing costs. The objective of an ongoing research project was to evaluate and compare the profitability of cotton produced under ultra-narrow-row and conventional row spacing. An enterprise analysis of the 2000 crop did not, however, reveal a reduction in total costs for UNR cotton production in the Southern High Plains of Texas. The total production costs for UNR and conventional cotton in 2000 were about \$0.73 and \$0.72 per lint pound, respectively. This information implies that the total cost required to produce UNR and conventional cotton in 2000 was similar. This research will be continued in 2001 with an expanded dataset.

This project is being funded by Cotton Incorporated. For more information, contact Sukant Misra or Phil Johnson.

An Empirical Investigation of the Cotton Basis for the Southern High Plains of Texas

This study investigated and identified factors that affect the cotton basis for the West Texas region and examined the causes of fluctuations in the basis level over a 20-year time period. It was found that increases in U.S. cotton production, U.S. beginning stocks, and the price of rayon narrowed the cotton basis level for the West Texas region during the 1980-2000 time period. An increase in the level of Texas beginning stocks and the cost of storage widened the level of the cotton basis for the West Texas region during the same time period. Further, results indicated that the basis was wider during months when harvesting and marketing occurred. It was observed that the level of the basis was more narrow during the period of the 1985 farm policy, while the volatility of the basis was least since the 1996 farm policy.

This project is being funded by Cotton Economics Research Institute. For more information, contact Sukant Misra.

Recent Activities

Department Visitors

May 24th and 25th: Dr. Terry Townsend, Executive Director of the International Cotton Advisory Committee, met with Drs. Misra, Mohanty, Ramirez, and Ethridge to discuss the cotton sector modeling work in the CER Institute program and review the world cotton outlook.

March 6: Mr. Hushing Qi and Mr. Quan Nan with China Cotton Industries Group visited the department to learn more about the various aspects of the CER Institute program and discuss the changes occurring in the cotton and textile sectors in China.

Travel

June 11-13: Sukant Misra and Don Ethridge attended Cotton Incorporated's Engineered Fiber Selection System Conference in Greenville, SC.

July 9-11: Emmett Elam attended a Cotton Gin Trash (COBY) Workshop in Vicksburg, MS at the request of Insta-Pro International.

Presentation

Dr. Phillip Johnson and Mr. Jason Blackshear gave a presentation on the Standardized Performance Analysis Project to the Texas Farm Bureau Summer Commodity Conference. The presentation provided an overview of the SPA and a summary of the cost of production and profitability results for cotton, grain sorghum and wheat.

Texas Cotton Planning Panel Member

Don Ethridge is serving on the Texas Cotton Planning Panel, a group consisting of research, extension, and industry representatives who evaluate research programs on cotton in Texas. The group is attempting to identify needs and priorities for cotton research and coordinating access to agencies and units.

Research/Extension Symposium

The Cotton Economics Research Institute at Texas Tech University held their 2nd Annual Research/Extension Symposium on Wednesday, April 4. This symposium was organized by the Cotton Economics Research Institute and the Texas Agricultural Extension Service. The event was targeted at a select group of extension scientists involved in cotton economics and marketing programs. The focus of the Research/Extension Symposium was to inform the group of the re-

search projects being conducted within the Institute. Participants also provided input about future research they felt should be given priority in the Institute. Speakers from the Texas Agricultural Extension Service reviewed on-going research activities and offered suggestions for future collaboration.

The symposium was funded through the CER Institute and the College of Agricultural Sciences and Natural Resources. For more information, contact Sukant Misra.



Students Involved in Cotton Economics Research

Our continued dedication to quality student instruction is exemplified by the number of students who are involved in the cotton economics research program. At the present time (spring and summer), they are:

<u>Name</u>	<u>Degree Program</u>	<u>Advisor</u>
Jason Blackshear	M.S.	Johnson
Andy Boyd	Undergrad	Ethridge
Carlos Carpio	M.S.	Ramirez
Megan Denning	M.S.	Ramirez
Amar Devegowda	M.S. (CS)	Misra
Mohamad Fadiga	Ph.D	Misra & Ramirez
Janet Fetch	Undergrad	Johnson
Adari Johnson	M.S.	Ethridge
Holly Major	Undergrad	Johnson
Naveen Musunuru	Ph.D.	Segarra
Jeannie Nelson	M.S.	Misra
KayAnn Rogers	Undergrad	Johnson
Dane Sanders	Undergrad	Misra
Ginger Sides	Undergrad	Johnson
Raghu Vamshi	M.S. (CS)	Misra
Jason Ward	M.S	Misra
Susan Watson	Ph.D.	Segarra

M.S. from Texas A&M University and his Ph.D. from Michigan State University, and has been working for several years at Oklahoma State University. Dr. Malaga has his M.S. and Ph.D. from Texas A&M University, and has worked there since 1990. We look forward to their joining of the department and the cotton research group.

Advisory Committee Meeting

This year's annual Cotton Economics Research Advisory Committee meeting is scheduled for Friday, October 5, 2001. The Committee members are Carl Anderson, Curtis Griffith, Carleton Davis, Vern Tyson, Jaroy Moore, Dan Upchurch, Steve Verett, and Tony Williams.

CER News Releases

The following news releases have been written to provide information to the public about the recent projects being conducted through Cotton Economics Research.

For more information contact Sukant Misra or Don Ethridge, or go to our web site at <http://www.aeco.ttu.edu/cerinstitutione.htm>, then go to "Press Release".

New Faculty Members to Join AAEC Department in September

Dr. Conrad Lyford and Dr. Jaime Malaga will join the department in September. Dr. Lyford has his

- 1) Cotton Boll Weevil Control
- 2) Cotton Harvesting Cost Calculator
- 3) Cotton Quantity and Quality
- 4) Precision Farming
- 5) Value Added Cotton Products for Animal Feed

Contact Information

Web Site and E-Mail Address

Information on current research projects, publications, activities, etc., can be obtained through the following web site:

<http://www.aeco.ttu.edu/cerinstitute.htm>.

The e-mail address for the Institute is:

cer@ttu.edu.

For more information on cotton economics research, contact the department at:

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