



## NEWS RELEASE

### Farmers, Agribusiness In Southwest Turn To Cotton Amid Drought, Grain Prices

*Northern Texas, Oklahoma And Kansas Increase Planted Area By 40, 16, 6 Percent Respectively*

**DENVER (April 26, 2018)**—The United States Department of Agriculture predicted a significant increase in cotton production in the largest cotton producing state in the U.S., Texas. However, cotton watchers are interested in the apparent northern shift of cotton-planting into Oklahoma and Kansas. While cotton infrastructure looks for new opportunities, CoBank's Knowledge Exchange Division took a look at the underlying reasons for the shift and the future outlook for cotton in these areas.

According to the report, there are five major factors driving the boom: Unprofitable prices for grain crops, declining water availability, round bale harvesters, better genetic varieties of cotton and the increased optimism about a cotton farm-program reentering into the Farm Bill.

"The projections of increased planting are sending signals throughout the cotton industry that more ginning capacity and storage capacity is needed," said Ben Laine, a senior industry analyst with CoBank. "We are already seeing some cooperative gins in Kansas expanding capacity, sometimes doubling the previous year's, and others in all three states are increasing storage capacity by upwards of 30 percent."

While more cooperatives are considering capacity increases both in ginning and storage, the number one question is the sustainability of the crop in these regions.

"However cotton is included in a crop rotation, the underlying infrastructure investments and the long-term economics compared to other crops show cotton is sustainable in these typically grain-dominated areas," said Laine.

The full report, "Cotton's Northern Expansion" is available at [CoBank.com](http://CoBank.com).

#### **About CoBank**

CoBank is a \$129 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 70,000 farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture, rural infrastructure and rural communities. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's web site at [www.cobank.com](http://www.cobank.com).

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*\* Ben Laine is available for interviews on request*