

Peanut Blog

An ounce of information



The peanut-cotton price relationship

The relationship between peanut and cotton can be productive and competitive.

December 2023 cotton futures prices have been hovering around 80 cents per pound. At this futures price for cotton, history would suggest a peanut price between \$450 and \$500 per ton.

Peanut production in the U.S. can be described as having a symbiotic relationship with cotton production as the two crops are produced in rotation throughout the southeastern states.

This can create a competitive environment between these crops, with prices a key factor in determining the number of acres to plant in a given year.

Since the peanut quota system was eliminated with the Farm Security and Rural Investment Act of 2002, peanut prices have been determined through market transactions with the first buyers of farmer stock peanuts, in what can be described as a highly concentrated market.

Alternatively, there is more transparency and price data available for cotton with the existence of a futures market.

Figure 1 shows the relationship between peanut and cotton marketing year average (MYA) prices from 2003 to 2021. The unusually high peanut prices in 2011 and 2012 are from weather-related supply issues.

Positive relationship

While there is not a strong trend in the data due to some of the notable outliers, a visual inspection of Figure 1 highlights the positive relationship between these two commodity prices. For example, when cotton prices have been above 75 cents per pound, peanut prices have been above \$450 per ton.

A recent Southern Ag Today article, [Navigating the “Winter” in Cotton Farming in 2023](#), projects an optimistic 2023 futures price for cotton to be 80–85 cents per pound.

Current December 2023 cotton futures prices have been hovering around 80 cents per pound. At this futures price for cotton, history would suggest a peanut price between \$450 and \$500 per ton.

While this can give farmers a good first estimate of expected prices it must be acknowledged that there can be significant deviation from this range as other factors may affect the price of one commodity that do not move the other prices in the same fashion. For example, within the range of \$450 to \$500 per ton for peanuts, the cotton price ranged from a low of \$0.478/lb in 2008 to a high of \$0.914/lb in 2021.

Source: [The peanut-cotton price relationship \(farmprogress.com\)](#)