

Data

This study concentrates on the marketing-year average U.S. farm price of upland cotton, over 1973-2007. Historical price data are from the USDA's National Agricultural Statistics Service (NASS) database and publications (USDA-NASS, 2008). One-year-ahead forecasts for U.S., world, and China supply and use variables are published in monthly *World Agricultural Supply and Demand Estimates* (WASDE) reports from the USDA's World Agricultural Outlook Board (USDA-WAOB, selected issues). These forecasts will provide the out-of-sample values for the independent variables in future years. Historical cotton supply and demand data are drawn from the "Production, Supply and Distribution Online" database maintained by USDA's Foreign Agricultural Service (USDA-FAS, 2008). Unlike wheat and feed grains, USDA does not publish forecasts and historical estimates of Commodity Credit Corporation (CCC) end-of-year stocks for cotton in the monthly WASDE. CCC cotton stocks are forecast twice a year in order to project budgetary outlays, and historical data for CCC cotton stocks were provided by USDA's Farm Service Agency (FSA). Data on expenditures for the U.S. User Market Certificate Program ("Step 2") were also provided by FSA.