

NATURAL FIBERS ECONOMIC RESEARCH 1/
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Cost of Merchandising Cotton in Texas
1975-76 Season
Summary Report 2/

The average merchandising cost for Texas shippers selling cotton to domestic and foreign outlets combined was \$37.59 per bale for the 1975-76 season. When examined with comparable data for the 1969-70 season, this represented an increase of \$13.87 per bale during this interval.

All cost items except tare increased during the period, but transportation costs (especially ocean freight) had the largest average increase, amounting to \$4.80 per bale. Interest and exchange increased the next largest amount, averaging \$2.59 per bale more. Other warehouse services had the third largest average increase for the period, coming to \$1.37 per bale.

When broken down into domestic and foreign outlets, the average cost to merchandise a bale of cotton to the two domestic outlets combined was \$26.38 for the 1975-76 season. This was an increase of \$10.46 per bale over the 1969-70 season for cotton shipped to the same areas. Transportation, with an increase of \$2.13 per bale, accounted for the largest share, followed closely by interest and exchange with an increase of \$2.08 per bale. The item having the third largest increase was other warehouse services at \$1.64 per bale.

The average cost to merchandise a bale of cotton to the two foreign outlets combined was \$48.80 per bale for the 1975-76 season. This represented an increase of \$17.28 per bale over the 1969-70 season for cotton going to the same markets. On foreign shipments, transportation had by far the largest increase, a jump of \$12.26 per bale over the 1969-70 season. Of this \$12.26 increase, ocean freight accounted for most of it at \$11.36 per bale, while domestic freight increased only \$.90 per bale. Interest and exchange again had the second largest increase, coming to \$3.10 per bale. Selling expenses at \$1.36 per bale had the third largest increase. Tare, on the other hand, decreased during the period by \$4.49 per bale, which resulted primarily from the shift to net weight trading.

1/ A part of The Natural Fibers and Food Protein Commission of Texas.

2/ Complete results of this study will be published in Annual Report later this year with copies being available upon request at that time.

SHIPPERS' AVERAGE COST OF ASSEMBLING AND DISTRIBUTING COTTON BY TRADING AREAS AND OUTLETS, 1975-76 SEASON
(IN DOLLARS PER BALE)

Trading Area and Outlets	1/ Buying and Local Ex-warehouse	2/ Storage	Com-pression Patches & Marks	3/ Other Warehouse Services	Transportation		Cotton Insurance		Hedging Exchange	Interest and Selling	Miscellaneous Fare Other/	7/ Overhead Total	
					Domestic Freight	Oceanch/	Marine	Other					
Dallas Area:													
Group 201	\$1.55	\$0.95	\$3.65	\$2.30	\$8.55	\$0.40	\$0.20	\$0.40	\$0.20	\$2.70	\$1.20	\$3.30	\$25.55
Ala./Ge.	1.65	.95	3.65	2.25	7.85	.45	.15	.45	.15	2.80	1.20	.60	3.65
Europe	1.35	1.00	4.00	2.10	4.20	\$20.25	.25	\$1.05	.25	3.75	3.00	\$0.75	3.45
Far East	1.65	1.00	3.95	1.75	4.30	26.65	.25	.75	.25	4.25	2.35	.75	3.60
Houston Area:													
Group 201	\$2.10	\$1.65	\$3.75	\$3.60	\$8.20	\$0.45	\$0.20	\$0.45	\$0.20	\$3.65	\$1.50	\$0.20	\$3.60
Ala./Ge.	2.00	1.00	3.75	2.75	7.85	.60	.30	.60	.30	3.15	1.35		3.75
Europe	1.95	2.45	3.25	2.35	1.55	\$20.25	.90	\$0.55	.90	4.75	2.65	\$0.20	3.90
Far East	2.20	2.20	3.15	.85	2.10	25.85	.90	.45	.90	4.35	2.90	.95	4.10
Lubbock Area													
Group 201	\$1.30	\$1.45	\$3.50	\$2.55	\$9.10	\$0.40	\$0.25	\$0.40	\$0.25	\$3.25	\$1.30	\$0.65	\$3.15
Ala./Ge.	1.40	1.00	3.45	2.00	8.80	.40	.25	.40	.25	2.80	1.25	.70	3.20
Europe	1.50	1.60	3.50	2.65	5.40	\$20.10	.25	\$1.00	.25	4.30	2.60	\$0.50	2.90
Far East	1.65	1.50	3.55	2.00	5.65	25.85	.20	.70	.20	3.60	2.70	.20	3.25
Texas Average													
Group 201	\$1.65	\$1.35	\$3.65	\$2.80	\$8.60	\$0.40	\$0.15	\$0.40	\$0.15	\$3.20	\$1.35	\$0.50	\$3.35
Ala./Ge.	1.70	1.00	3.60	2.35	8.15	.50	.15	.50	.15	2.90	1.25	.45	3.50
Europe	1.60	1.70	3.60	2.35	3.70	\$20.20	.25	\$0.85	.25	4.25	2.75	\$0.50	3.40
Far East	1.85	1.40	3.55	1.55	4.00	26.10	.25	.65	.25	4.05	2.65	.45	3.65

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage. 3/ Receiving, outlanding, reweighing, resampling and special warehouse services. 4/ Overseas shipments include, for some areas, wharfage, forwarding, and controlling. 5/ Commissions or comparable direct selling costs. 6/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 7/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. Totals do not always add, because of rounding.

Source: Original data.