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# **Cotton Merchandising Costs in Texas**

## **1966-67 Season**

**COTTON ECONOMIC RESEARCH**

**The University of Texas • Austin**



Research Report No. 90

COTTON MERCHANDISING COSTS IN TEXAS,  
1966-67 SEASON

Cotton Economic Research  
The University of Texas at Austin

A Part Of  
The Cotton Research Committee of Texas

## PREFACE

Cotton Economic Research gathered the 1966-67 data in the central markets of Dallas, El Paso and Houston. Textile Research Center, a part of the Cotton Research Committee of Texas at Texas Technological College, collected the data from the Lubbock market. All data were correlated and assembled by Cotton Economic Research personnel who also prepared and typed the manuscript. All work involved in this research report was accomplished under a current project.

The cooperation of the various Texas cotton merchants is gratefully acknowledged, for without their assistance, this work would not have been possible.

Grateful appreciation is expressed to all who had a part in this project and to Mr. Carl Cox, Director of the Cotton Research Committee of Texas, for reviewing this publication.

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## INTRODUCTION

Firms interviewed in the four Texas marketing areas were highly cooperative in supplying the required information. The same basic information was gathered for the 1966-67 season as was collected and published in the Cotton Economic Research Report No. 84 for the 1964-65 season (2)\*. The only major change was an effort to determine the specific allowance or cost involved for tare in relation to net weight trading as applicable to foreign shipments. Occasionally a particular cost item had to be plugged with the average cost of the other reporting firms when it was inadvertently omitted by a firm. In general, this was not often necessary as the merchant-shipper cooperation was excellent.

Data in this study are based on the costs of merchandising as shippers according to the definition of a "shipper" or firms merchandising cotton as shippers, unless otherwise noted. Cotton shippers are firms which usually purchase odd lots of cotton, sell it in even-running lots, and either perform or arrange for the various other merchandising services or operations involved.

As of August 1, 1966, the new Food and Agricultural Act of 1965 went into effect. This act was passed in an effort to make American cotton more competitive in the world market, to remove the two-price system, and to reduce the excessively large carry-over. These goals would be accomplished by reducing the loan base price, paying to a farmer a direct subsidy, and paying him a diversionary payment for the acreage taken out or diverted from cotton production.

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\* Figures in parentheses refer to items in Reference List.

The price provisions of the Act applicable to the 1966-67 crop were:

1. Price support of 21.20 cents per pound, basis Middling 1" at average locations, with a 3.5 to 4.9 micronaire reading.
2. Price support payments of 9.42 cents per pound on projected yield on 65 percent of the total allotment.
3. Diversion payments of 10.50 cents per pound for allotment acreage taken out of production for the season.

This act made cotton more competitive in the world market and removed the two-price system, thus improving the marketing conditions under which the American cotton shipper had been operating. Cotton merchandising conditions were improved; and the shipper's position in both the domestic and foreign markets was strengthened, along with his ability to sell cotton.

The nation is divided into four regions which include the following cotton growing states or parts of states: Western--District 6 of Texas, New Mexico, Arizona and California; Southwestern--Texas-Oklahoma, except District 6 of Texas; South Central--Tennessee, Mississippi, Louisiana, Arkansas, Kentucky and Missouri; Southeastern--Virginia, North Carolina, South Carolina, Georgia, Florida and Alabama. Each of the regions is, in turn, divided into market trading areas.

For this study, Texas was divided into four market trading areas which are: El Paso (District 6), Lubbock, Dallas and Houston. El Paso (District 6) is normally considered as a market trading area of the Western region, but not for this study. Oklahoma normally is in the Southwestern region with Texas as a part of the Dallas market trading area. For this study, Oklahoma was excluded, both from Texas and the Dallas market trading area.

All cost data were weighted according to bale volume shipped during the season. Data were tabulated according to the four market trading areas in the state as to specific domestic and foreign outlets. The market



trading area averages were combined to form a weighted state average according to outlets plus domestic, foreign and combined Texas averages.

The 1966-67 data were compared with the cost of merchandising, source of cotton and destination of shipments during the 1964-65 study (2) and the 1956-57 season study (1), where possible.

## COTTON MERCHANDISING FIRMS IN TEXAS

The shippers interviewed in the four market trading areas of Texas had a total marketing volume for the 1966-67 season of approximately three million bales. Nearly 93 percent of the total volume handled during the season was handled as "shippers." Table 1 lists the percentage of the total volume represented by these firms which was handled as shippers and as other types of cotton merchandisers by market trading areas for the 1966-67 and 1964-65 seasons. Table 2 gives a more comprehensive breakdown as to the volume marketed under the different categories for the four market trading areas of the state.

Firms purchase most of their growth requirements in the area in which their offices are located. The amount that is purchased varies from season to season depending on their customers' needs and the quality and quantity of the crop for the season. The El Paso area firms are the only ones which deal wholly in cottons purchased in their own region (Western).

Table 1. VOLUME OF COTTON MARKETED AS SHIPPERS AND AS OTHER TYPES OF  
MERCHANDISING FIRMS AND TOTAL VOLUME BY MARKET TRADING AREA  
(FIRM LOCATION) DURING THE 1966-67 AND 1964-65 SEASONS,  
DATA IN PERCENT

Market	Shipper		Others		Total	
	1966-67	1964-65	1966-67	1964-65	1966-67	1964-65
Dallas	26.9	32.6	--	.6	26.9	33.2
El Paso	6.4	5.4	.6	--	7.0	5.4
Houston	32.3	38.8	1.7	2.8	34.0	41.6
Lubbock	27.1	14.4	5.0	5.4	32.1	19.8
Total	92.7	91.2	7.3	8.8	100.0	100.0

Original data and reference (1).

Table 2. PERCENTAGE OF VOLUME BY MARKET TRADING AREAS AND METHOD OF MERCHANDISING FOR THE 1966-67 AND 1964-65 SEASONS

Market Area	Shippers	Mill Buyers	F.O.B. Merchants	Brokers	Commission Buyers	Total
Dallas						
1966-67	100.0	--	--	--	--	100.0
1964-65	98.2	.2	1.1	.3	.2	100.0
El Paso						
1966-67	91.8	--	8.2	--	--	100.0
1964-65	100.0	--	--	--	--	100.0
Houston						
1966-67	95.1	--	4.2	.7	--	100.0
1964-65	93.4	--	6.0	.3	.3	100.0
Lubbock						
1966-67	84.4	--	15.6	--	--	100.0
1964-65	72.7	--	27.3	--	--	100.0
Total						
1966-67	91.2	.1	8.3	.2	.2	100.0
1964-65	92.7	--	7.0	.3	--	100.0

Original data and reference (1).

The firms located in the other three market trading areas often purchase cottons from the various other national regions in addition to their own. Lubbock firms make purchases in all regions except the Southeast. Firms in the Dallas and Houston areas purchase cottons from all four national regions. The data for the firms located in the four Texas market trading areas as to their source of cotton purchases for both seasons are located in table 3. The average data for the combined four market trading areas (Texas) for both seasons are compared with the national and Southwestern regional averages for the 1956-57 season in the (a.) section of table 13 in the appendix. The amount purchased from the Southwestern region by the firms located in Texas increased again in the 1966-67 season in comparison with earlier data.



Table 3. PERCENTAGE OF COTTON PURCHASED BY THE FIRMS LOCATED IN THE  
 FOUR TEXAS MARKET TRADING AREAS FROM THE FOUR NATIONAL REGIONS  
 FOR THE 1966-67 AND 1964-65 SEASONS

Firm Location	Region of Growth of Cotton Purchased				Total
	Western	Southwestern	South Central	Southeastern	
Dallas					
1966-67	12.7	80.4	2.7	4.2	100.0
1964-65	14.1	59.6	24.8	1.5	100.0
El Paso					
1966-67	100.0*	--	--	--	100.0
1964-65	100.0*	--	--	--	100.0
Houston					
1966-67	11.0	72.1	11.3	5.6	100.0
1964-65	14.7	59.3	18.6	7.4	100.0
Lubbock					
1966-67	--	99.0	1.0	--	100.0
1964-65	.6	98.2	1.2	--	100.0
All Markets					
1966-67	9.7	82.1	5.0	3.2	100.0
1964-65	17.3	62.0	17.0	3.7	100.0

\* District 6 of Texas is included in the Western region.  
 Original data and reference (1).

The source (farmer, ginner, CCC, etc.) from which the cottons are purchased by the firms varies from season to season as do the regions in which the cottons are purchased. The firms in the various market trading areas would normally be expected to purchase first from the farmers and second from the ginner. This pattern was followed by the firms in the El Paso and Lubbock areas during the 1964-65 season; but in the 1966-67 season, they purchased first from the farmers and the second largest amounts came from the CCC. Dallas based firms in 1964-65 purchased first from the ginner and second from the CCC; and the exact opposite was reported for the 1966-67 season. Firms in the Houston area reported most of their purchases for both seasons as first from the ginner and second from the CCC.



These data in percentage form for the four Texas market trading areas are located in table 4 and both seasons are represented. These data are compared with the national and Southwestern averages for the 1956-57 season in the (b.) section of table 13 in the appendix. The 1966-67 season data emphasizes the increased purchases from the farmers, the decreased purchases from the ginners and the increased purchases from the CCC.

Not only do Texas cotton shippers purchase cotton from various regions of the nation, they may also purchase Texas growths from one or more of the four market trading areas in Texas. Texas cottons purchased by El Paso area firms are obtained from El Paso area growths only. Normally the firms located in a given Texas market trading area will purchase the majority of Texas growths from those cottons produced in their own area. This was true for the firms located in the Houston and Lubbock areas during the 1964-65 and 1966-67 seasons. Dallas area firms changed this pattern in their 1966-67 season purchases when the largest part of their purchases were made in the Houston area rather than their own Dallas area. These data for the two seasons and the four market trading areas indicating the purchase of Texas growths are in table 5.

Part of these patterns is due to the large cotton production concentration in the Lubbock area and the seasonal variations in the quantity and quality of cotton produced in other trading areas of the state, plus the varying requirements of the mill customers.

Table 4. SOURCE OF TEXAS COTTON SOLD IN PERCENT BY MARKET TRADING AREAS IN WHICH FIRMS ARE LOCATED

Market Trading Area	Farmers Ex-whse	Farmers Other	Ginners		CCC	Shippers	Spot Brokers	Others	Total
			Farmers & Local Buyers	Buyers					
Dallas									
1966-67	5.5	.8	12.8		72.8	4.9	3.2	--	100.0
1964-65	1.0	8.5	49.4		24.8	7.9	7.7	.7	100.0
El Paso									
1966-67	52.8	44.8	--		2.4	--	--	--	100.0
1964-65	43.1	42.6	10.7		--	.1	3.5	--	100.0
Houston									
1966-67	6.5	5.4	40.3		38.8	3.1	5.8	.1	100.0
1964-65	.7	25.2	35.4		30.5	1.1	5.1	2.0	100.0
Lubbock									
1966-67	64.4	--	1.3		34.3	--	--	--	100.0
1964-65	76.5	.2	15.5		5.5	1.4	.9	--	100.0
All Mkts.									
1966-67	28.9	4.4	16.4		45.2	2.4	2.7	*	100.0
1964-65	21.7	15.8	33.1		20.4	3.2	4.8	1.0	100.0

\* less than .05 percent.  
Original data and reference (1).

Table 4. SOURCE OF TEXAS COTTON SOLD IN PERCENT BY MARKET TRADING AREAS IN WHICH FIRMS ARE LOCATED

Market Trading Area	Farmers Ex-whse	Farmers Other	Ginners & Local Buyers		CCC	Shippers	Spot Brokers	Others	Total
Dallas									
1966-67	5.5	.8	12.8	72.8	4.9	3.2	--	100.0	
1964-65	1.0	8.5	49.4	24.8	7.9	7.7	.7	100.0	
El Paso									
1966-67	52.8	44.8	--	2.4	--	--	--	100.0	
1964-65	43.1	42.6	10.7	--	.1	3.5	--	100.0	
Houston									
1966-67	6.5	5.4	40.3	38.8	3.1	5.8	.1	100.0	
1964-65	.7	25.2	35.4	30.5	1.1	5.1	2.0	100.0	
Lubbock									
1966-67	64.4	--	1.3	34.3	--	--	--	100.0	
1964-65	76.5	.2	15.5	5.5	1.4	.9	--	100.0	
All Mkts.									
1966-67	28.9	4.4	16.4	45.2	2.4	2.7	*	100.0	
1964-65	21.7	15.8	33.1	20.4	3.2	4.8	1.0	100.0	

\* less than .05 percent.  
Original data and reference (1).

Table 5. PERCENTAGE OF TEXAS COTTON PURCHASED ACCORDING TO TEXAS MARKET TRADING AREAS BY LOCATION OF MAIN OFFICE

Office Location	Market Trading Area				Total
	Dallas	Houston	Lubbock	El Paso	
Dallas					
1966-67	7.1	68.0	19.1	5.8	100.0
1964-65	46.9	27.0	26.1	--	100.0
El Paso					
1966-67	--	--	--	100.0	100.0
1964-65	--	--	--	100.0	100.0
Houston					
1966-67	16.7	58.0	24.6	.7	100.0
1964-65	13.5	54.7	31.8	--	100.0
Lubbock					
1966-67	5.8	4.2	90.0	--	100.0
1964-65	2.8	1.9	95.3	--	100.0
All Mkts.					
1966-67	9.1	39.0	44.3	7.6	100.0
1964-65	20.4	29.2	41.7	8.7	100.0

Original data and reference (1).



## PRICES

Spot market prices for Middling 1" cotton averaged 30.73 cents per pound in 1964-65. The price declined each month for the first seven months of the 1965-66 season to a low of 29.46 cents per pound for the months of February and March. The 1965-66 season average spot market price was 29.60 cents per pound. The spot market price in 1966-67 averaged 22.04 cents in August, dropped to a low of 21.83 cents in October and then advanced to a high of 22.57 cents per pound in December. The average price for the season amounted to 22.08 cents per pound. This decline in prices between the 1965-66 and 1966-67 seasons was due to the change in price support of Middling 1" which had been 29.00 cents a pound in 1965-66 and then was decreased 8.00 cents a pound to 21.00 cents per pound in 1966-67 (4).

The Middling 1" average spot market prices for the 1964-65 and 1966-67 seasons for the five spot markets in Texas are given in table 6. Also included are the reported purchases in the markets of Dallas, Lubbock, Houston and Galveston, along with the 15-market totals for both seasons. These reported purchases are given here to indicate volume relationships only since a portion of the purchases represent a double count. The reported purchases in these Texas markets during the 1964-65 season represent 22 percent of the total, while they amounted to 24 percent of the total purchases for the 1966-67 season.

Total United States disappearance during the 1964-65 season amounted to 13.4 million bales. The national disappearance then decreased to 12.4 million bales in 1965-66 for a decline of one million bales. The 1966-67 disappearance increased nearly 2 million bales to reach a total of over

Table 6. REPORTED PURCHASES BY MERCHANTS AND SPOT COTTON PRICES FOR MIDDLING 1" IN DESIGNATED MARKETS FOR THE 1964-65 AND 1966-67 SEASONS

Market Trading Area	Reported Purchases in Bales		Price Middling 1" Cents Per Pound	
	1966-67	1964-65	1966-67	1964-65
Dallas	1,834,049	1,011,711	21.84	30.29
Lubbock	905,610	818,477	21.84	30.18
El Paso*	--	--	21.79	30.28
Houston	343,247	656,062	21.86	30.27
Galveston**	15,798	101,767	22.02	30.37
All 15 Markets	12,665,148	11,776,514	22.08	30.73

\* No volume figures given.

\*\* Galveston was removed as one of the spot markets during the 1967-68 season.

Reference (4).

14.1 million. Of this total, exports amounted to 4,669,000 bales and domestic consumption was some 9,449,000 bales (6).

Discounts for grades lower than Middling widened during 1966-67. Discounts for 15/16" and 31/32" cottons made news as they were the widest ones on record, while discounts for 7/8" and 29/32" cottons were the widest they had been in seven years. Premiums for white grades above Middling were narrower in 1966-67 than for any season since the 1954-55 season. Premiums for lengths of 1-1/32", 1-1/16" and 1-3/32" made news also as the widest that have ever been recorded. Premiums for the medium staples also widened considerably during the season. This widening of premiums and discounts was, for the most part, a continuation of the widening which had been taking place for the previous two seasons (4).



The spot markets continued to make official premium and discount quotations for micronaire which they had started during the 1964-65 season. During the 1965-66 season, the 3.0 to 3.4 class was divided into two additional groups which were 3.0 to 3.2 and 3.3 to 3.4. The 5.0 and above class was also divided into 5.0 to 5.2 plus 5.3 and above for quotation purposes. Table 7 lists the spot market average micronaire difference quotations for the 1964-65 and 1966-67 seasons for the markets of Dallas, Galveston, Houston, Lubbock and the 15-market average. There was some widening in the 15-market average micronaire differences in the 1966-67 season as compared with the 1964-65 season for the fineness readings. The largest change was in the cottons with 5.0 to 5.2 and 5.3 and above fineness.

The discounts for cottons 2.6 and below increased \$1.10 a bale (15 markets) from the 1964-65 season to the 1966-67 season. In the 2.7 to 2.9 range, the discounts increased \$2.00 a bale (15 markets). Other fineness range groups and changes involved are not directly comparable due to the change in ranges at the beginning of the 1965-66 season. Cotton falling in 2.6 and below fineness during the 1966-67 season had a discount of \$17.75 a bale. Fineness of 2.7 to 2.9 cotton resulted in a discount of \$11.90, 3.0 to 3.2 fineness discounts were \$6.60 a bale, and 3.3 to 3.4 fineness received a discount of \$3.00 a bale. On the coarse end, a 5.0 to 5.2 bale was discounted \$3.85 while cotton whose fineness was 5.3 and above was reduced \$9.60 a bale during the 1966-67 season (4).

As stated previously, the United States Cotton Standards were revised to include micronaire as of June 1, 1966; and beginning with the 1966-67 season, micronaire readings became a part of the Smith-Doxey classification service. The readings were shown on the Form 1 cards along with the grade and staple. Micronaire premiums and discounts were applicable

Table 7. THE 1966-67 SEASON AND 1964-65 SEASON AVERAGE MICRONAIRE DIFFERENCES FOR TEXAS MARKETS AND THE 15 MARKETS IN POINTS PER POUND

Market	1966-67 Micronaire Reading						5.3 & Above
	2.6 & Below	2.7-2.9	3.0-3.2	3.3-3.4	3.5-4.9	5.0-5.2	
Dallas	-350	-216	-141	-50	0	-75	-200
Galveston	-300	-200	-100	-50	0	-48	-125
Houston	-337	-237	-162	-50	0	-90	-200
Lubbock	-341	-236	-136	-64	0	-77	-206
15-Market	-355	-238	-132	-60	0	-77	-192

Market	1964-65 Micronaire Reading				
	2.6 & Below	2.7 - 2.9	3.0 - 3.4	3.5 - 4.9	5.0 & Above
Dallas	-351	-238	-100	0	-43
Galveston	-315	-165	- 65	0	-30
Houston	-319	-181	- 81	0	-37
Lubbock	-304	-200	- 85	0	-50
15-Market	-333	-198	- 83	0	-50

Reference (4).

to cotton entering the loan for the 1966-67 crop. The micronaire premiums and discounts for cotton entering the loan began after October 31, 1965 for the crop of 1965-66. Shown below are the premiums and discounts which were applicable to cottons entering the loan for the crop of 1965-66 (after October 31) and the 1966-67 crop.

1965-66 Crop		1966-67 Crop	
Reading	Points/Pound	Reading	Points/Pound
5.5 & Above	- 50	5.3 & Above	-100
5.2 - 5.4	- 15	5.0 - 5.2	- 20
4.9 - 5.1	0	3.5 - 4.9	+ 20
3.6 - 4.8	+ 14	3.3 - 3.4	- 30
3.3 - 3.5	0	3.0 - 3.2	- 90
3.0 - 3.2	- 60	2.7 - 2.9	-175
2.7 - 2.9	-165	2.6 & Below	-300
2.6 & Below	-300		

Reference (4).



The micronaire discounts in the Texas markets for 2.6 and below cottons during the 1966-67 season were all below the 15-market average and the same was true for the discounts of cottons in the 2.7 to 2.9 range. Only Galveston discounts for 3.0 to 3.2 micronaire cotton were below the 15-market average of -132 points per pound. Lubbock, with a discount of 4 points per pound above the 15-market average for 3.3 to 3.4 micronaire cottons, was the only market that did not have discounts below the average. In the coarse cotton, 5.0 to 5.2, Houston at -90 points discount per pound exceeded the nationwide average of -77 points per pound. In the final category of 5.3 and above cottons, the discount of -125 points for Galveston was the only one below the 15-market average for the 1966-67 season (4).

The average price received by Texas farmers for their cotton has been declining annually for the period 1961-62 through 1966-67. The average for the 1966-67 season amounted to 17.14 cents per pound which excludes all government support payments. Preliminary data for the 1967-68 season indicate the farmers receive an average price of 21.10 cents per pound which is 3.96 cents above the 1966-67 season average. Shown below are the average prices received by Texas farmers for their cotton on a per-pound basis for the years indicated:

<u>Season</u>	<u>Price/Pound</u>
1961-62	31.29
1962-63	30.34
1963-64	30.20
1964-65	27.70
1965-66	26.10
1966-67	17.14
1967-68P	21.10

P - Preliminary  
Reference (8).

The United States average price received by the farmers has declined in the same manner as the Texas price. The only difference has been that the United States average price has been at a higher level than the Texas price. United States average prices per pound received by the farmers are:

<u>Season</u>	<u>Price/Pound</u>
1964-65	29.76
1965-66	28.14
1966-67	20.70
1967-68P	23.31

P - Preliminary  
Reference (4).

The 1967-68 price of 23.31 indicates an upturn in a previously declining picture. Reduction in the carry-over, reduced production for the 1966-67 and 1967-68 seasons, plus a continued demand have generated this price reversal which occurred in the 1967-68 season.

The average landed price for Middling 1" at 201 mills (Group B) has followed the same pattern as experienced in the prices received by the farmers. The landed price for the Southwestern region (which included Texas) growths was 26.67 cents a pound in 1964-65, 26.31 cents a pound in 1965-66 and 24.05 cents a pound for the 1966-67 season (4).

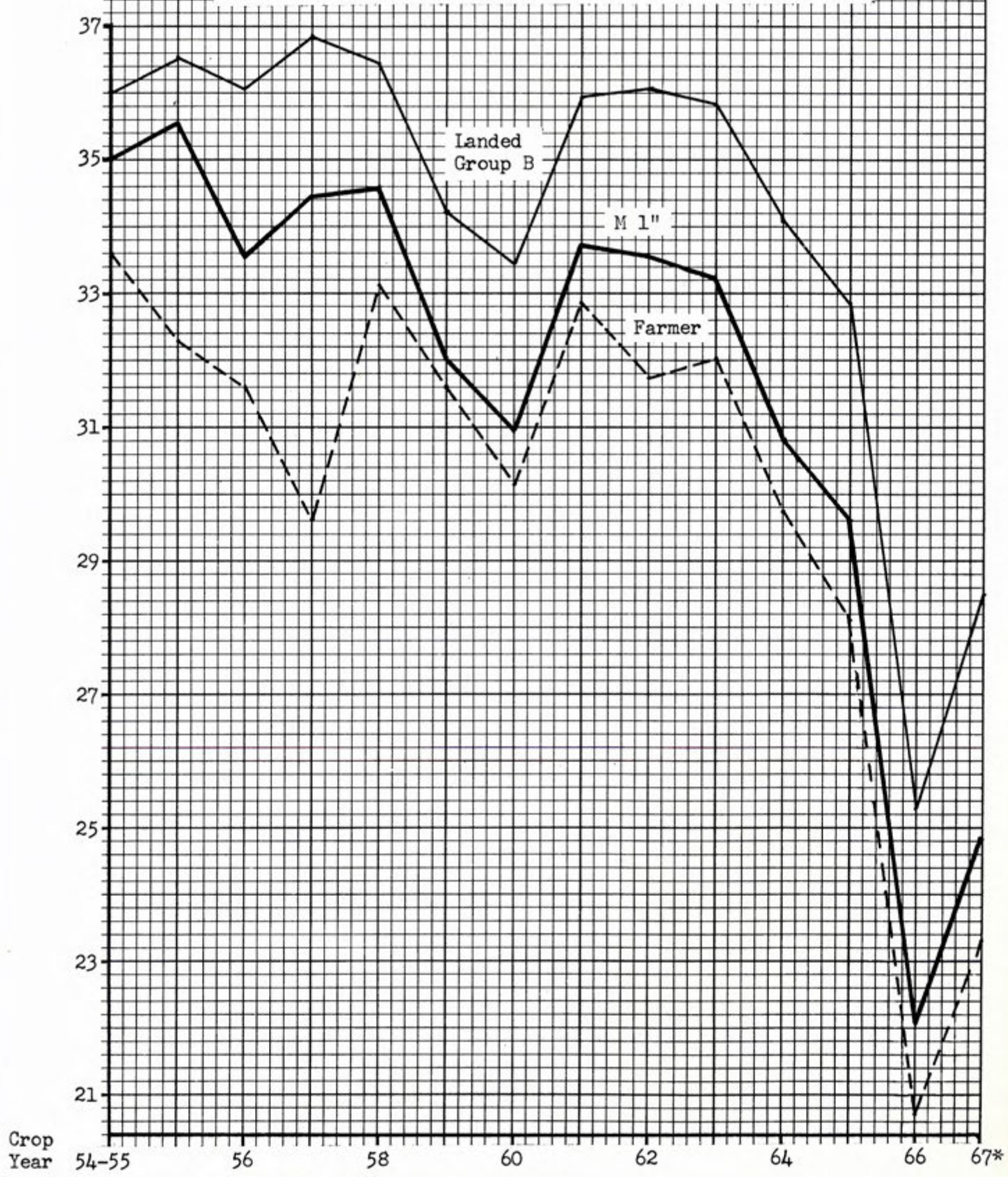
A pictorial presentation of the United States average seasonal prices received by the farmers for upland cotton, average price of Middling 1" in the 15 designated markets and the average price of landed cotton at 201 mills (Group B) are seen in figure 1 for the seasons 1954-55 to, and including, the 1967-68 preliminary data. In the figure note the spread between the farmers price received and the landed price was smallest in the 1954-55 season at 2.34 cents a pound and was the largest in the 1957-58 season with a 7.37 cents per pound difference.

Figure 2 indicates the United States domestic consumption, exports and volume reported purchased for the same period as for the price data.



AVERAGE ANNUAL PRICES FOR 1954-55 THROUGH 1966-67 SEASONS  
 RECEIVED BY FARMER FOR UNITED STATES MIDDLING INCH,  
 DESIGNATED MARKETS, LANDED GROUP B MILLS,  
 CENTS PER POUND

Cents

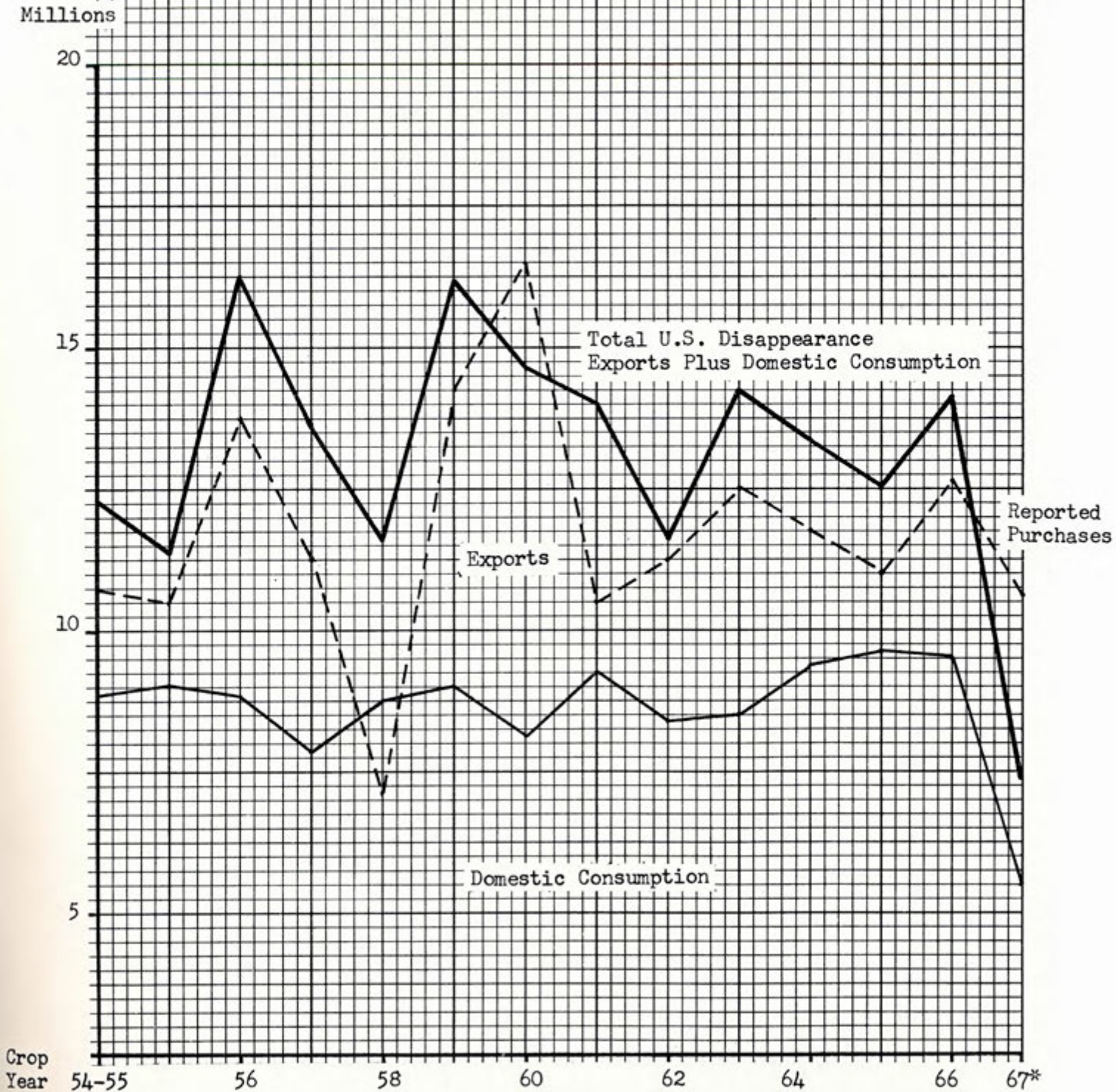


\* August through April 1967 only.  
 Reference (4).

Figure 1.



ANNUAL DOMESTIC CONSUMPTION PLUS EXPORTS AND REPORTED PURCHASES  
FOR 1954-55 THROUGH 1966-67 SEASONS, MILLIONS OF BALES



\* August through April 1967 only.  
Reference (6).

Figure 2.



## COSTS

The average overall cost of merchandising cotton for Texas shippers during the 1966-67 season was \$24.22 per bale. During the same season, costs of merchandising to domestic outlets averaged \$13.81 per bale, while the cost to foreign outlets averaged \$29.58 per bale. All the preceding costs of merchandising include the allowance or cost of "tare" for net weight trading except in domestic costs. A comprehensive explanation of this cost will be made later in this study. The largest single item of cost making up the Texas average cost of merchandising is still transportation as it has been in past studies. The cost of net weight trading (tare) is next, then comes compression including patches and marks, followed closely by overhead cost.

The average overall merchandising cost for the four market trading areas plus the Texas average for both domestic and foreign shipments during the 1966-67 season are:

<u>Trading Area</u>	<u>Cost Per Bale</u>
Dallas	\$26.60
Lubbock	25.41
Houston	22.68
El Paso	20.66
Texas	24.22

A breakdown of the various cost items for the four market trading areas of the state during the 1966-67 season for domestic, foreign and combined shipments is in table 8. Also included are the various cost items in relation to the destinations of shipments from the four trading areas and the state as a single unit.

A shipper, when he purchases the required cotton from the farmer, ginner, or other source, pays a given price per pound for the cotton times

Table 8. SHIPPERS' AVERAGE COST IN DOLLARS PER BALE OF ASSEMBLING AND DISTRIBUTING COTTON BY TRADING AREAS AND OUTLETS, 1966-67 SEASON

Trading Area and Outlets	1/	2/		3/		Cotton Insurance	Interest and Exchange	4/		Miscellaneous	7/
	Buying and Local Ex-warehouse	Storage	H.D. Com-pression, Patches & Marks	Other Warehouse Services	Domestic Freight			Transportation Ocean/	Marine		
<b>Dallas Area:</b>											
Group 201	.80	.85	2.07	.79	5.15	.29	1.31	1.14	.52	2.35	15.27
Group 200	.78	.69	2.22	.87	4.58	.09	.99	.99	.23	2.38	13.82
Ala./Ga.											
New England											
Other domestic	.79	.77	2.15	.83	4.84	.19	1.14	1.06	.37	2.36	14.50
Total domestic											
Europe	.86	.90	2.70	.64	2.54	.11	1.24	1.30	.42	1.97	28.05
Japan	.95	.74	2.59	.87	2.27	.74	.88	1.10	.23	1.65	28.65
India											
Other foreign	.81	.95	2.66	1.15	2.57	.77	.98	1.06	.45	1.88	30.45
Total foreign	.85	.88	2.65	.99	2.48	.73	.99	1.12	.38	1.83	29.56
All outlets	.85	.85	2.55	.96	2.94	.58	1.02	1.11	.37	1.94	26.60
<b>El Paso Area:</b>											
Group 201	.75	.82	1.90	1.55	6.31	.08	1.14	.72	.32	1.68	15.27
Group 200	.75	.64	2.15	1.20	5.40	.06	1.04	.87	.28	2.14	14.53
Ala./Ga.											
New England											
Other domestic	.75	.75	1.96	1.48	6.13	.07	1.14	.77	.31	1.81	15.17
Total domestic											
Europe	.83	.74	2.49	.91	4.40	.67	1.34	1.62	.50	2.00	31.17
Japan	.94	.50	2.67	.63	4.50	.84	1.00	1.63	.50	1.56	32.67
India											
Other foreign	.79	.96	2.34	.98	4.39	.63	1.01	.94	.43	1.45	23.35
Total foreign	.82	.67	2.36	1.10	4.45	.81	1.25	1.56	.48	1.91	32.05
All outlets	.77	.74	2.09	1.36	5.58	.27	1.17	1.02	.37	1.84	20.66

Table 8. --Continued

Trading Area and Outlets	1/	H.D. Com- pression, Patches & Marks	2/	Other Warehouse Services	3/		Cotton Insurance Marine Other	Interest and Exchange	5/	7/	Total
	Buying and Local Ex-warehouse		Storage		Domestic Freight	Transportation Ocean <sup>4</sup> / Freight					
<b>Houston Area:</b>											
Group 201	1.05	1.96	.70	1.29	5.33	.24	.74	.98	.54	1.48	14.31
Group 200											
Ala./Ga.	.75	2.15	.70	.92	4.78	.08	.91	.98	.32	2.29	13.88
New England	.82	1.79	.79	.64	5.21	.12	.32	.93	.06	1.08	11.76
Other domestic	.85	1.75	.56	.62	1.41	.10	.94	.99	.03	.80	7.45
Total domestic	.87	2.04	.69	1.02	4.68	.15	.79	.98	.36	1.84	13.42
Europe	.78	2.62	.96	.55	1.79	.06	1.10	1.27	5.49	1.78	27.04
Japan	.88	2.65	.79	.52	1.49	.76	.82	1.35	5.65	1.56	28.45
India											
Other foreign	.78	2.46	1.21	.81	1.28	.06	.81	1.33	5.74	1.98	29.39
Total foreign	.83	2.65	1.04	.64	1.56	.04	.95	1.35	5.78	1.84	29.23
All outlets	.84	2.40	.90	.80	2.86	.08	.88	1.20	3.38	1.84	22.68
<b>Lubbock Area:</b>											
Group 201	.65	1.96	.92	.44	5.54	.29	.96	1.00	.31	2.26	14.33
Group 200											
Ala./Ga.	.57	2.05	.88	.59	5.18	.15	.50	.93	.06	2.49	13.40
New England											
Other domestic	.58	2.04	.89	.56	5.25	.17	.59	.94	.10	2.44	13.56
Total domestic	.58	2.04	.89	.56	5.25	.17	.59	.94	.10	2.44	13.56
Europe	.72	2.56	.96	1.30	2.99	.11	.63	1.40	5.01	2.43	28.56
Japan	.73	2.54	.90	1.31	3.11	.08	.52	.93	4.94	2.32	29.79
India											
Other foreign	.70	2.60	.99	1.24	2.98	.12	.68	.94	4.96	2.46	31.08
Total foreign	.72	2.56	.95	1.29	3.03	.11	.60	1.12	4.97	2.40	29.60
All outlets	.68	2.42	.93	1.10	3.60	.12	.60	1.08	3.68	2.41	25.41



Table 8. --Continued

Trading Area and Outlets	1/ Buying and Local Ex-warehouse Storage		2/ H.D. Compression, Patches & Marks		3/ Other Warehouse Services		4/ Transportation Domestic Freight		5/ Cotton Insurance Marine Other		6/ Interest and Exchange Selling		7/ Miscellaneous Fare Other		Overhead Total
Texas:															
Group 201	.86	.79	1.95	1.18	5.66	.20	.96	.43	1.76	14.71					
Group 200	.78	.53	1.93	1.36	6.43	.12	1.46	.32	2.22	16.13					
Ala./Ga.	.66	.79	2.10	.77	5.00	.12	.73	.18	2.38	13.68					
New England	.81	.80	1.82	.75	5.56	.12	.47	.10	1.29	12.65					
Other domestic	.86	.56	1.76	.62	1.42	.10	.36	.02	.84	7.54					
Total domestic	.75	.78	2.04	.92	5.12	.14	.80	.26	2.08	13.83					
Europe	.76	.94	2.59	1.00	2.62	.39	.84	5.22	2.18	28.12					
Japan	.81	.84	2.58	1.01	2.58	.54	.67	5.18	2.00	29.34					
India	.75	.82	2.36	1.12	3.22	.94	1.48	6.13	2.08	37.43					
Other foreign	.76	1.06	2.56	1.06	2.32	.65	.82	5.16	2.11	30.09					
Total foreign	.78	.96	2.59	1.04	2.54	.54	.80	5.25	2.11	29.58					
All outlets	.77	.89	2.40	1.00	3.42	.36	.80	3.47	2.10	24.22					

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage. 3/ Receiving, outhandling, reweighing, re-sampling, 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.



the total weight of the cotton, bagging and ties of a bale or bales. In his sales to the domestic market outlets he sells the cotton, bagging and ties on the same basis as purchased. In the foreign market the shipper sells on a net-weight basis. This means the shipper receives no payment for the bagging and ties which he purchased at the same price level as the cotton contained in the bale. The shipper thus has purchased and paid insurance, storage and transportation fees on the bagging and ties for which he receives no compensation at the time of sale in a foreign market. To offset this, the shipper must, in his cost accounting, allow for or charge a sum equal to these expenses which he has paid for in the process of merchandising the cotton in order to break even or make a profit on the transaction. If he fails to allow for this cost, he will most certainly lose money.

When the shippers were interviewed for the 1966-67 cost of merchandising data, they were questioned as to what tare allowance or cost was being utilized for the season. The cost data obtained were included in the total cost of merchandising for the 1966-67 season which had not been done in the earlier studies. Thus to make a direct cost comparison of the 1966-67 data with data for earlier seasons, the cost applicable to tare should be deducted from the foreign and total cost of merchandising. Tare cost is listed in table 8 under the cost item category headed "Miscellaneous." If in the Texas average cost for foreign shipments, tare weight per bale is assumed to be 22 pounds per bale, the cost would amount to 23.86 cents per pound for the 1966-67 season, or \$5.25 per bale.

The Texas shippers cost of merchandising data for the 1964-65 season published in Research Report No. 84 entitled Cotton Merchandising in Texas Costs for the 1964-65 Season were rearranged into the same order and

categories as the cost items and destinations utilized for the 1966-67 data in table 8 of this study and are in table 14 of the appendix.

As noted previously, the New York Cotton Exchange started futures trading in the new No. 2 contract ( Middling 1-1/16" ) in the latter part of the 1966-67 season, on March 22, 1967, to be exact. As a result, most of the shippers did not have enough information, or had not begun to utilize cotton futures again for hedging, to furnish hedging costs for the 1966-67 season. Thus these cost data were not gathered. During the 1966-67 season, the volume of futures traded amounted to only 170,900 equivalent 500-pound gross weight bales. This figure was a 218 percent increase above the amount traded during the 1965-66 season. The futures trading volume for the first 10 months of the 1967-68 season was over 18 million bales. This indicates that this phase of merchandising is again returning to normal. This utilization of futures for hedging could possibly reduce the cost of merchandising cotton, or at least reduce some of the risks, thus assuring continued operation of the cotton shipper in the cotton merchandising business.

A comparison of the overall cost of merchandising in the four market trading areas of Texas for the 1966-67 season in relation to the 1964-65 season costs with the tare allowance, or cost, deleted indicates the change in merchandising cost between the periods. Seen below are these data for the two seasons, along with the differences involved:

<u>Trading Area</u>	<u>Cost Per Bale</u>		<u>Difference</u>
	<u>1966-67*</u>	<u>1964-65</u>	
Dallas	\$22.55	\$20.06	\$2.49
Lubbock	21.73	19.28	2.45
Houston	19.30	18.22	1.08
El Paso	18.89	20.31	-1.42
Texas	20.75	19.24	1.51

\* Tare cost excluded.  
Original data and reference (1).



It is apparent that the Texas average overall cost of merchandising has risen \$1.51 a bale when tare cost is excluded. On the basis of the four individual market trading area average costs, three areas, Houston, Lubbock and Dallas, had an increase in cost ranging from \$1.08 to \$2.49 a bale. The El Paso area cost decreased \$1.42 a bale in 1966-67 when related to the 1964-65 cost.

In relation to the cost of merchandising cotton to domestic outlets, the Texas (all four areas) average cost has decreased 14 cents a bale in 1966-67 as compared with the earlier period. This decrease in the state average was due to a \$3.06 a bale decrease for domestic cost of merchandising in the El Paso area as all other areas (Dallas, Lubbock and Houston) had an increase in their cost of \$1.14, 51 cents and 70 cents a bale, respectively.

There was a decrease of \$1.77 a bale in the cost of merchandising cotton to the foreign destinations for El Paso in the 1966-67 season compared with the 1964-65 cost. All other trading areas had an increase in their costs ranging from \$1.20 to \$2.77 a bale. The Texas average cost of merchandising to foreign destinations increased \$1.75 a bale above the 1964-65 average cost. Below are shown the costs per bale for both seasons (tare excluded from the 1966-67 data), along with the differences between the two seasons:

<u>Trading Area</u>	<u>Cost Per Bale to Foreign Outlets</u>		<u>Difference</u>
	<u>1966-67*</u>	<u>1964-65</u>	
Dallas	\$24.52	\$23.32	\$1.20
Lubbock	24.63	23.23	1.40
Houston	23.45	20.68	2.77
El Paso	26.60	28.37	-1.77
Texas	24.33	22.58	1.75

\* Tare cost excluded.  
Original data and reference (1).

The Texas average costs of merchandising for the 1966-67 season (table 8) were compared to the 1964-65 season average costs (table 14 in the appendix) for the various items and the differences are reported in table 9. This was accomplished for the cost of merchandising to both domestic and foreign outlets plus the state total average cost.

The cost of buying and local delivery increased in the 1966-67 season for all foreign destinations in relation to the 1964-65 costs. This cost decreased by three cents a bale for domestic shipments to Alabama-Georgia mills and there was an increase to all other domestic outlets. The largest increase which amounted to 24 cents a bale was in shipments to Group 201 mills.

Insured storage costs, according to the reported data, indicated a 7-cent per bale increase for shipments to Alabama-Georgia mills and a 19-cent per bale increase for shipments to New England mills. All other domestic outlets had a decrease in this cost resulting in the total average for domestic shipments being reduced by 11 cents per bale for the 1966-67 season. The cost of shipments to the foreign outlets of Japan and India during the 1966-67 season showed a decrease in this cost item of 2 cents and 11 cents a bale respectively. All other foreign outlets had an increase in this cost resulting in a 12-cent a bale increase in the average cost for shipments to all foreign destinations.

The cost of high density compression, patches and marks decreased for shipments to all domestic destinations except Alabama-Georgia mills where there was a 10-cent a bale increase for the 1966-67 season. This resulted in an average increase of seven cents a bale for combined shipments to all domestic outlets. In relation to shipments to foreign outlets, all indicated an increase during the 1966-67 season except for



Table 9. COST INCREASE OR DECREASE IN DOLLARS PER BALE FOR  
THE 1966-67 SEASON AS COMPARED WITH 1964-65

Cost Item	Domestic	Foreign	Both
Buying and Local Delivery Expenses	\$0.09	\$0.08	\$0.09
Storage--Insured	-.11	.12	.03
H.D. Compression, Patches & Marks	.07	.17	.15
Receiving, Outhandling, Resampling, Reweighing, and Special Warehouse Services	-.09	-.06	-.06
Transportation			
Domestic Freight	.06	.14	-.01
Ocean Freight	--	.85	1.06
Cotton Insurance			
Marine	--	-.02	-.02
Other	.05	.05	.08
Interest and Exchange	-.20	-.06	-.12
Selling Including Commissions	--	.02	.03
Miscellaneous			
Tare (For Net-Weight Trading)	--	5.25	3.47
Other (Rejections, Quality Adjustments, Bad Debts, Fiber Tests)	--	.06	.04
Overhead (Salaries, Bonuses, Office Rent, Property Taxes, Depreciation, Property Insurance, Com- munications, Advertising, Social Security Tax, Pro- fessional Fees)	-.01	.40	.24
Total	\$-.14	\$7.00	\$4.98

Original data.

shipments to "other foreign" destinations which declined one cent a bale. The average cost for this item for shipments to all foreign outlets increased 17 cents a bale above the 1964-65 season cost.

Cost of other warehouse services for shipments to Group 200 mills showed an increase of 48 cents per bale, and it was the only domestic outlet to show an increase for this cost in the 1966-67 season. With all other domestic and foreign outlets having a decrease in this item, the average for both domestic and foreign shipments showed a decline, along with the total average to all outlets for the 1966-67 season.

Domestic transportation cost for shipments to Group 200 and Alabama-Georgia mills was up during the 1966-67 season as were shipments to the foreign destinations of Europe, Japan and India. Costs of this item for shipments to all other domestic and foreign outlets were less in the 1966-67 season than in the 1964-65 season.

In ocean transportation, costs were up for shipments to all foreign destinations; and the average increase amounted to 85 cents a bale for the 1966-67 season.

The 1966-67 season marine insurance cost for shipments to Europe were down which reduced the overall cost for this item by two cents a bale. Insurance on cotton shipments other than marine insurance increased for shipments to all destinations during the 1966-67 season. The average increase to all destinations amounted to eight cents a bale.

Costs relating to interest and exchange increased on shipments to Group 200 mills while shipments to all other domestic destinations showed a decrease in this cost, thus bringing the average cost of all shipments to domestic outlets down for this item. The average reduction amounted to 20 cents a bale for domestic shipments. The cost for this item

increased for shipments to India but decreased to all other foreign destinations. The average cost of shipments to all foreign destinations decreased six cents a bale.

Selling costs decreased on domestic shipments to Group 201 mills and to New England mills. The decrease amounted to 14 cents and 3 cents a bale, respectively. The average cost for shipments to all domestic outlets remained at 94 cents per bale since the increased cost for shipments to the other domestic outlets offset the decrease in cost of shipments to the two domestic outlets. Only one foreign outlet, "other foreign," experienced a decrease for this cost, and the decrease amounted to seven cents a bale. All other foreign outlets had an increase in the selling cost during the 1966-67 season. The average cost of selling increased two cents a bale for shipments to all foreign destinations.

"Other miscellaneous" costs for shipments to Group 200 mills increased while the same cost for shipments to all the other domestic destinations decreased resulting in the same average cost for all domestic shipments during the 1966-67 season as was experienced during the 1964-65 season. The cost of this item for shipments destined to Japan and India decreased 2 cents and 25 cents a bale, respectively. The cost of this item to the other foreign outlets increased 11 cents and 12 cents a bale. The average cost of this item for all foreign shipments increased six cents a bale in 1966-67.

Domestic cost for overhead decreased for shipments to all domestic outlets except to Alabama-Georgia which increased 42 cents a bale. The largest decrease was for shipments to "other domestic" destinations which went down \$1.02 per bale. Overhead costs for shipments to foreign outlets

increased except for those going to India which decreased 20 cents a bale. The largest increase occurred for the shipments destined for Europe and amounted to 48 cents a bale.



## TRADING AREA COST ADVANTAGES OR DISADVANTAGES

Firms in one Texas market trading area had a cost advantage in relation to those located in the other areas of the state for each of the different cost items of merchandising during the 1966-67 season. At the same time, firms in one of the other areas could be considered as having a disadvantage in relation to the same cost item because their cost was the highest. The data contained in table 8 were utilized to construct table 10 which indicates which market trading area could be considered as having a cost advantage or disadvantage for each given cost item. The cost item of domestic transportation is excluded since this item is dependent on the distance between the trading area and the destination. Thus the Houston area, because it is the easternmost trading area, automatically has this advantage for domestic shipments due to location. Ocean transportation costs were also excluded since all areas normally use the Texas Gulf ports and either conference or nonconference lines are utilized depending on the destinations and availability of bottoms at the time of shipment.

Table 10 also indicates the per-bale difference between the highest and lowest cost in a trading area for the same item. In relation to the domestic average cost for these items, Lubbock and El Paso had the most cost item advantages, while Dallas had the most cost disadvantages. In relation to the foreign average costs, most advantages went to Lubbock, while the most disadvantages were found to be in the El Paso area. When the combined (foreign and domestic) average costs for these items are compared, El Paso has the most in the advantage column, while Houston has the most in the disadvantage column.

Table 10. MARKET TRADING AREA WITH ADVANTAGE AND DISADVANTAGE PLUS DIFFERENCE  
BY COST ITEMS FOR 1966-67 SEASON

Outlets	Lowest Average		Highest Average		Cost Difference	Outlets	Lowest Average		Highest Average		Cost Difference
	Area	Cost	Area	Cost			Area	Cost	Area	Cost	
<u>Buying &amp; Local Ex-Warehouse</u>											
Domestic	Lubbock	\$0.58	Houston	\$0.87	\$0.29	Domestic	Lubbock	\$0.59	Dallas & El Paso	\$1.14	\$0.55
Foreign	Lubbock	.72	Dallas	.85	.13	Foreign	Lubbock	.60	El Paso	1.25	.65
Combined	Lubbock	.65	Dallas	.85	.20	Combined	Lubbock	.60	El Paso	1.17	.57
<u>Storage</u>											
Domestic	Houston	\$0.69	Lubbock	\$0.89	\$0.20	Domestic	El Paso	\$0.77	Dallas	\$1.06	\$0.29
Foreign	El Paso	.67	Houston	1.04	.37	Foreign	Dallas & Lubbock	1.12	El Paso	1.56	.44
Combined	El Paso	.76	Lubbock	.93	.17	Combined	El Paso	1.02	Houston	1.20	.18
<u>H.D. Compression, Patches &amp; Marks</u>											
Domestic	El Paso	\$1.96	Dallas	\$2.15	\$0.19	Foreign	Lubbock	\$4.97	Houston	\$5.78	\$0.81
Foreign	El Paso	2.36	Dallas & Houston	2.65	.29	<u>Miscellaneous--Tare</u>					
Combined	El Paso	2.09	Dallas	2.55	.46	<u>Miscellaneous--Other</u>					
<u>Other Warehouse Services</u>											
Domestic	Lubbock	\$0.56	El Paso	\$1.48	\$0.92	Domestic	Lubbock	\$0.10	Dallas	\$0.37	\$0.27
Foreign	Houston	.64	Lubbock	1.29	.65	Foreign	Houston	.37	El Paso	.48	.11
Combined	Houston	.80	El Paso	1.36	.56	Combined	Lubbock	.36	All others	.37	.01
<u>Cotton Insurance--Marine</u>											
Foreign	Lubbock	\$0.32	El Paso	\$0.81	\$0.49	<u>Overhead</u>					
<u>Cotton Insurance--Other</u>											
Domestic	El Paso	\$0.07	Dallas	\$0.19	\$0.12	Domestic	El Paso	\$1.81	Lubbock	\$2.44	\$0.63
Foreign	El Paso	.02	Lubbock	.11	.09	Foreign	Dallas	1.83	Lubbock	2.40	.57
Combined	El Paso	.05	Lubbock	.12	.07	Combined	Dallas & El Paso	1.84	Lubbock	2.41	.57

Original data.

The trading area of Lubbock had the advantage for the cost item of "miscellaneous other" for both the 1966-67 and 1964-65 seasons. Dallas and Lubbock trading areas both held the advantage for the item of selling cost to foreign outlets during the 1966-67 season. Dallas and El Paso trading areas tied for lowest cost in relation to average overhead on shipments to both foreign and domestic destinations during the season.



## SHIPMENT DESTINATIONS

Reporting firms in the Dallas trading area indicated shipments to all foreign and domestic outlets during the 1966-67 season except to the New England mills. Firms in the other three market trading areas indicated shipments to all destinations, both foreign and domestic, during the season. Shipments during the season from the trading areas of Dallas, Houston and Lubbock were predominately to the export destinations. Shipments from El Paso trading area were primarily to domestic outlets with the largest amount going to Group 201 mills. A percentage break down of the volume shipped according to the state total and for each of the four market trading areas for the 1966-67 and 1964-65 seasons according to both foreign and domestic outlets are in table 11.

Foreign destinations during the 1966-67 season received 62.5 percent of the state's total shipments which was 2.7 percent greater than the 1964-65 figure. Since foreign percentage increased, the domestic percentage decreased a like amount.

Of the total volume shipped during the 1966-67 season, the Lubbock trading area supplied the largest percentage with 34.8 percent, followed by Houston with 30.2 percent, Dallas with 29.4 percent and El Paso with 5.6 percent. The percentage furnished to the designated foreign and domestic outlets by the four trading areas is in table 12. The 1966-67 season data for Texas shipments to the various outlets are shown in the (c) section of table 13 in the appendix, along with the 1964-65 data and southwestern and national data for the 1956-57 season. The 1956-57 data are not fully comparable since simple averages of the percentage figures were all that was developed for that season, while data for the other seasons were

Table 11. PERCENTAGE SHIPPED DURING THE 1966-67 AND 1964-65 SEASONS TO DESIGNATED OUTLETS  
FOR COTTON PURCHASED FROM THE INDICATED TRADING AREAS

Source of Cotton	201 Mills	200 Mills	New England	Ala./ Ga.	Other Domestic	Europe	India	Japan	Other Foreign	Total
Dallas										
1966-67	3.4	.2	--	26.2	.7	18.0	16.2	13.1	22.2	100.0
1964-65	4.9	3.0	2.3	13.3	1.2	19.2	1.8	29.6	24.7	100.0
Houston										
1966-67	20.2	1.2	.2	9.4	5.4	19.2	1.9	17.6	24.9	100.0
1964-65	7.3	2.6	1.4	24.3	4.1	25.0	1.3	26.0	8.0	100.0
Lubbock										
1966-67	2.8	9.2	1.7	20.2	4.2	27.6	.1	19.9	14.3	100.0
1964-65	4.2	6.5	--	25.1	5.3	19.0	1.2	25.5	13.2	100.0
El Paso										
1966-67	65.8	2.4	.5	6.7	.5	4.7	11.8	2.4	5.2	100.0
1964-65	65.4	5.1	2.0	5.3	--	10.4	10.2	.3	1.3	100.0
State Total										
1966-67	11.7	3.8	.7	18.0	3.3	20.9	6.1	16.2	19.3	100.0
1964-65	10.9	3.8	1.4	19.4	4.7	19.0	2.2	24.8	13.8	100.0
							All Foreign			
							1966-67 . . . 62.5			
							1964-65 . . . 59.8			
							All Domestic			
							1966-67 . . . 37.5			
							1964-65 . . . 40.2			

Original data and reference (2).

Table 12. PERCENTAGE SHIPPED BY FIRMS ACCORDING TO THEIR LOCATION  
IN THE TRADING AREAS TO INDICATED OUTLETS,  
1966-67 AND 1964-65 SEASONS

Outlet	Houston	Dallas	Lubbock	El Paso	Total
Group 201 Mills					
1966-67	51.7	8.4	8.4	31.5	100.0
1964-65	25.3	14.6	9.0	51.1	100.0
Group 200 Mills					
1966-67	10.0	1.9	84.6	3.5	100.0
1964-65	24.9	24.9	38.6	11.6	100.0
New England					
1966-67	9.0	--	87.0	4.0	100.0
1964-65	38.5	52.0	--	9.5	100.0
Alabama/Georgia					
1966-67	15.8	43.0	39.1	2.1	100.0
1964-65	46.7	21.6	29.5	2.2	100.0
Other Domestic					
1966-67	49.1	6.4	43.7	.8	100.0
1964-65	49.7	11.2	39.1	--	100.0
Total Domestic					
1966-67	29.4	24.0	35.2	11.4	100.0
1964-65	38.5	20.2	24.4	16.9	100.0
Europe					
1966-67	27.6	25.3	45.8	1.3	100.0
1964-65	45.5	29.6	21.2	3.7	100.0
India					
1966-67	9.7	78.6	.7	11.0	100.0
1964-65	22.9	26.2	12.4	38.5	100.0
Japan					
1966-67	32.6	23.9	42.7	.8	100.0
1964-65	39.0	37.4	23.5	.1	100.0
Other Foreign					
1966-67	38.9	33.8	25.7	1.6	100.0
1964-65	21.6	55.8	21.8	.8	100.0
Total Foreign					
1966-67	30.7	32.7	34.4	2.2	100.0
1964-65	36.7	38.6	22.0	2.7	100.0
All Outlets					
1966-67	30.2	29.4	34.8	5.6	100.0
1964-65	37.4	31.5	22.9	8.2	100.0

Original data and reference (2).



developed on the basis of volume. An indication as to the changes in shipments to various destinations is still discernable.

Texas production data for the seasons 1932-33 through 1967-68 (preliminary) according to selected staple length divisions are located in table 15 of the appendix. Production during the 1966-67 season was the lowest in the past 15 years. United States production for the same years and by the same divisions is located in table 16 of the appendix. The nation's 1967-68 season production was the lowest since 1946-47 and was even lower than in the 1966-67 season.

United States mill consumption of all growths for the crop years beginning August 1 covering the period 1934 through the partial figures for 1967 are in table 17 of the appendix. Total United States consumption for the 1966-67 season was reported at almost 9.5 million bales, the largest amount since the 10.6 million bales consumed in 1950. The 1967-68 figure is projected to be a little over 9.1 million bales (6).

United States exports during the 1966-67 season amounted to over 4.6 million bales. Over 61 percent of this amount was in the 1 inch to 1-1/8 inch staple length group. United States exports for this season to specified countries according to the following categories are in table 18 of the appendix: (1) Under 1", (2) 1" to 1-1/8" and (3) over 1-1/8". The exports for the 1966-67 and 1964-65 seasons each exceeded the 1955-56 total of 2.3 million bales by over 2.0 million bales. The 1966-67 and 1964-65 exports were still below the 1935-39 five-year average of 5.3 million bales per year. The quantity and percentage of United States cotton exported to specified countries for the seasons concerned are in table 19 of the appendix. Exportation of United States cotton to Europe has declined since the 1935-39 period, while the exportation has increased

in other areas of the world. Exports depend on consumption of cotton in the various countries of the world, and the consumption data for the same seasons according to the selected countries are in table 20 of the appendix. The countries with the greatest increase in cotton consumption have been the U.S.S.R., India and China.

## SUMMARY

During the 1965-66 season, the loan cotton assumed by the CCC amounted to 47 percent of the crop which was 1 percent, or about 250,000 bales, less than was assumed by the CCC during the 1964-65 season. The CCC sales were up over one million bales when compared with the sales for the 1964-65 season. The 1966-67 CCC sales for immediate delivery during the season totaled 7,906,900 bales plus an additional 2.5 million bales sold during the season for delivery after August 1, 1967 (4,6).

A slight decline in the Middling 1" spot prices during seven months out of the twelve was experienced during the 1965-66 season. This was due to the knowledge that the loan price would be less during the 1966-67 season when the new agricultural legislation went into effect. The 1965-66 average price for Middling 1" in the 15 markets was 29.60 cents per pound, down 1.13 cents a pound from the 1964-65 season average. The 1966-67 average spot market price for Middling 1" was 22.08 cents per pound, while the price support rate was 21.20 cents a pound (4).

All 15 markets began to make official premium and discount quotations for micronaire during the 1964-65 season, while unofficial quotations had been made by various Texas markets since February 13, 1963. Official premiums and discounts for micronaire on cotton entering the loan went into effect with the 1965-66 crop. The official United States Cotton Standards for grade and staple were revised in June 1966 to include micronaire as the third factor of quality.

The new agricultural act went into effect at the beginning of the 1966-67 crop year and would remain in effect for the next four crop years. Texas and United States cotton thus became more competitive in price with other world cottons.



Increased usage of fiber properties was experienced by most shippers during the 1966-67 season for both the buying and selling of cotton. Cotton entering the loan during the 1966-67 season was also subject to discounts and premiums according to their fineness characteristics.

On March 22, 1967, the New York Cotton Exchange began trading under a new cotton futures contract. The new contract is based on Middling 1-1/16" cotton which is considered to be a more representative of the United States crop than Middling 1". This new contract Middling 1-1/16" (#2) was in addition to the Middling 1" (#1) contract. Volume of trading during the 1965-66 season was only 53,700 equivalent 500-pound gross weight bales under the #1 contract. During the 1966-67 season, the volume of trading on the New York Cotton Exchange increased to 170,900 equivalent 500-pound gross weight bales. Of this total, the trading under the #2 contract represented over 74 percent, while the remainder was trading under the #1 contract.

The average overall cost of merchandising cotton in Texas for the 1966-67 season amounted to \$20.75 a bale, excluding tare allowance. This cost is up \$1.51 a bale above the 1964-65 season cost. Cost of merchandising to the domestic outlets averaged \$13.83 a bale which is down 14 cents a bale from the figure for the 1964-65 season. Cost of merchandising to the foreign outlets averaged \$24.33 a bale, excluding the tare allowance for net weight trading. The merchandising cost to the foreign outlets increased \$1.75 a bale above the cost for the 1964-65 season (1).

The merchandising cost items of marine insurance, interest and exchange along with the cost included in the item "other warehouse services" were found to be less on a state-wide average than they had been during the 1964-65 season. Increased cost for the 1966-67 season as compared

with those for the 1964-65 season were encountered for the following cost items: Buying and local delivery; H.D. compression, patches and marks; ocean freight; and selling (2).

Overhead cost for foreign shipments and the average for both foreign and domestic shipments increased, while it declined one percent a bale for the average domestic shipments.

Although the New York Cotton Exchange started trading on the new (#2) contract in March, there were only four months of the 1966-67 season left which was not enough time for the shippers and others to make adequate use of the futures market as a hedging facility. Thus the cost of hedging as related to the total cost of merchandising in Texas could not be determined. Hedging by means of the futures exchange is a means of reducing the risks in the cotton merchandising business and of sometimes reducing the cost of merchandising and the possibility of being forced out of business. An operating futures market which can be used for hedging tends to make price changes more progressive and smooth.

Shippers during the 1966-67 season tended to deal more in cotton from their own trading area than was the case for the study made two years earlier except for those located in the Dallas area. Texas shippers as a group purchased more cotton from the farmers ex-warehouse and the CCC during the 1966-67 season than they did in 1964-65.

Texas shippers sold and shipped more to the foreign destinations during the 1966-67 season than they did during the earlier study. Some 62.5 percent of the shipments went into the export market versus 59.8 percent for the earlier period. The only domestic outlet with a larger percentage for the 1966-67 period than for the 1964-65 was Group 201 mills.

The active futures exchange (August through May volume 18.2 million bales) during the 1967-68 season should reduce the risk of merchandising cotton for Texas and United States shippers. In turn, this should aid in increasing the amount of sales possible in both the domestic and foreign markets.

The production decreased in Texas and the nation during both the 1966-67 and 1967-68 seasons. With a possibility in the 1968-69 season of only one million more bales being produced above the 9.5 million in 1966-67, this would result in only a million bales for export above the domestic consumption. Add to this the rapid reduction of the national carryover, and the Texas and United States shipper may be hard pressed to take advantage of the best marketing conditions in many a year due to a short cotton supply.



Table 17. THE 1796-97, 1896-97, AND 1996-97 DOMESTIC TRAVELING DATA ACCORDING TO MODES OF TRANSPORTATION BY STATE, SEX, AND RACE\*

	1796-97 % of Total	1896-97 % of Total	1996-97 % of Total	1996-97 % of Total
<b>(a.) Modes of Transport</b>				
Stagecoach	85.2	100.0	17.2	0.0
Stagecoach	0.0	0.0	0.0	0.0
Stagecoach	0.0	0.0	0.0	0.0
Stagecoach	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0
<b>(b.) Modes of Transport</b>				
Stagecoach	85.2	100.0	17.2	0.0
Stagecoach	0.0	0.0	0.0	0.0
Stagecoach & other Total Stagecoach	85.2	100.0	17.2	0.0
Stagecoach	0.0	0.0	0.0	0.0
Stagecoach	0.0	0.0	0.0	0.0
Stagecoach	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0
<b>(c.) Destination (State)</b>				
Southwestern	25.2	25.2	25.2	35.0
New England	1.1	2.0	1.1	1.7
Other Domestic	73.7	72.8	73.7	63.3
Total Domestic	100.0	100.0	100.0	100.0
Europe	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total Foreign	0.0	0.0	0.0	0.0
Total All Outlets	100.0	100.0	100.0	100.0

APPENDIX

\* Percentage figures for 1796-97 are single averages—no values data available.  
 \*\* All four modes traveling across in the state.  
 Reference (1,2) are original data.

Table 13. THE 1956-57, 1964-65, AND 1966-67 SEASONAL COMPARATIVE DATA ACCORDING TO REGION IN WHICH FIRM IS LOCATED, DATA IN PERCENT

	1956-57 Season*		1964-65	1966-67
	SW Region	All Regions	Texas**	Texas**
<u>(a.) Region of Purchase</u>				
Western	19.2	28.7	17.3	9.7
Southwestern	69.9	22.2	62.0	82.1
South Central	9.5	29.0	17.0	5.0
Southeastern	1.4	20.1	3.7	3.2
Total	100.0	100.0	100.0	100.0
<u>(b.) Source of Purchase</u>				
Farmers, Ex-warehouse	6.9	18.0	21.7	28.9
Farmers, Other	2.2	3.1	15.8	4.4
Ginners & Other Local Buyers	36.0	33.9	33.1	16.4
CCC	43.8	27.6	20.4	45.2
Shippers	3.5	4.0	3.2	2.4
Spot Brokers	6.9	11.8	4.8	2.7
Others	.7	1.6	1.0	
Total	100.0	100.0	100.0	100.0
<u>(c.) Destination Outlet</u>				
Southeastern	27.8	58.1	34.1	33.5
New England	1.4	2.8	1.4	.7
Other Domestic	.4	.4	4.7	3.3
Total Domestic	29.6	61.3	40.2	37.5
Europe	52.9	28.5	19.0	20.9
Orient	15.7	9.3	27.0	22.3
Other Foreign	1.8	.9	13.8	19.3
Total Foreign	70.4	38.7	59.8	62.5
Total All Outlets	100.0	100.0	100.0	100.0

\* Percentage figures for 1956-57 are simple averages--no volume data available.

\*\* All four market trading areas in the state. Reference (1,2) and original data.

Table 14. SHIPPERS' AVERAGE COST IN DOLLARS PER BALE OF ASSEMBLING AND DISTRIBUTING COTTON BY TRADING AREAS AND OUTLETS, 1964-65 SEASON

Trading Area and Outlets	1/ Buying and Local Ex-warehouse Storage	2/ H.D. Com-pression, Patches & Marks	3/ Other Warehouse Services	4/ Transportation		5/ Cotton		6/ Interest and Exchange	7/ Miscellaneous Tare	8/ Overhead	9/ Total
				Domestic Freight	Ocean/ Freight	Insurance	Other Marine				
<b>Dallas Area:</b>											
Group 201	.84	1.99	1.00	5.16		.08		1.13	.35	1.92	14.21
Group 200	.78	1.96	.96	5.34		.06		1.00	.26	1.98	13.82
Ala./Ga.	.77	1.99	.99	4.56		.06		.99	.20	2.06	13.16
New England	.80	1.98	1.03	6.29		.05		.99	.18	2.18	14.98
Other domestic	.79	1.75	.82	1.34		.04		.82	.34	1.58	8.93
Total domestic	.79	1.98	.98	4.72		.06		1.01	.24	2.02	13.36
Europe	.80	2.26	1.05	2.64	8.28	.56		.98	.28	1.84	20.82
Japan	.82	2.33	1.13	2.78	11.25	.62	.02	.93	.48	1.76	24.02
India	.84	2.42	.99	2.49	15.31	.68		1.15	.32	1.78	28.16
Other foreign	.81	2.46	1.20	2.59	11.72	.66		.86	.26	1.36	23.96
Total foreign	.81	2.34	1.12	2.70	10.74	.62	.01	.93	.38	1.69	23.33
All outlets	.80	2.22	1.08	3.36	7.23	.44		.95	.33	1.80	20.07
<b>El Paso Area:</b>											
Group 201	.52	1.98	1.49	6.41		.14		1.71	.53	2.56	18.24
Group 200	.37	2.00	1.55	7.16		.03		2.04	.67	2.58	19.45
Ala./Ga.	.65	2.00	1.28	5.84		.15		1.48	.44	2.40	16.82
New England	.91	1.97	1.34	7.95		.29		1.62	.26	2.04	18.87
Other domestic											
Total domestic	.53	1.98	1.48	6.46		.13		1.72	.53	2.53	18.23
Europe	.85	2.32	1.39	3.31	8.92	.91		1.46	.47	2.46	24.75
Japan	1.27	2.13	1.23	4.28	11.70	.85		2.06	.32	1.26	27.98
India	.71	2.50	1.54	3.58	13.99	1.29		1.57	1.39	2.64	31.76
Other foreign	.82	2.39	1.42	4.00	11.68	.95		1.33	.53	2.66	28.42
Total foreign	.79	2.40	1.46	3.51	11.56	1.09		1.51	.90	2.53	28.37
All outlets	.58	2.07	1.47	5.85	2.38	.10	.22	1.68	.60	2.53	20.31



Table 14.--Continued

Trading Area and Outlets	1/	H.D. Com-		2/		3/		4/		5/		6/		7/
	Buying and Local Ex-warehouse Storage	Patches & Marks	Warehouse Services	Other	Domestic Freight	Ocean <sup>4</sup> / Freight	Marine Insurance	Cotton Other	Interest and Exchange	Selling	Tare	Miscellaneous	Overhead	
<b>Houston Area:</b>														
Group 201	.79	.72	1.85	1.22	4.97			.09	1.06	.97	.37	.37	1.90	13.94
Group 200	.76	.59	1.98	1.10	5.45			.06	1.05	.93	.29	.29	2.05	14.26
Ala./Ga.	.78	.61	1.98	1.06	4.57			.08	1.04	.91	.31	.31	1.93	13.27
New England	.76	.52	1.99	1.04	6.67			.05	1.10	.97	.27	.27	2.36	15.73
Other domestic	.76	.57	1.57	1.01	1.27			.11	.34	.98	.06	.06	.87	7.54
Total domestic	.78	.62	1.89	1.08	4.32			.08	.95	.94	.28	.28	1.80	12.74
Europe	.53	.75	2.21	1.23	1.00	7.96	.62		.93	1.44	.37	.37	1.29	18.33
Japan	.66	.77	2.19	1.17	1.24	10.83	.63	.01	.95	1.35	.46	.46	1.46	21.72
India	.75	.94	2.54	1.11	1.18	15.30	.69		1.20	1.28	.36	.36	1.86	27.21
Other foreign	.86	.78	2.56	1.22	1.76	11.60	.76		1.01	1.31	.27	.27	1.57	23.70
Total foreign	.64	.76	2.28	1.20	1.25	9.77	.65	*	.97	1.38	.38	.38	1.41	20.69
All Outlets	.69	.72	2.16	1.17	2.19	6.74	.48	*	.96	1.24	.34	.34	1.53	18.22
<b>Lubbock Area:</b>														
Group 201	.62	.83	2.00	.84	5.61			.08	.86	.91	.27	.27	1.78	13.80
Group 200	.57	.79	2.00	.65	5.79			.10	.54	.80	.14	.14	2.57	13.95
Ala./Ga.	.62	.78	2.00	.82	5.02			.08	.75	.87	.13	.13	1.90	12.97
New England	.73	.50	2.00	.95	7.23			.04	1.03	.92	.27	.27	2.18	15.85
Other domestic	.54	.98	1.99	.54	2.00			.13	.34	.75	.10	.10	2.85	10.22
Total domestic	.61	.80	2.00	.77	5.01			.09	.71	.85	.15	.15	2.07	13.06
Europe	.64	.84	2.64	.95	3.00	8.55	.38	.05	.68	1.08	.32	.32	2.07	21.20
Japan	.70	.88	2.49	.97	3.09	11.25	.40	.03	.65	.97	.27	.27	1.79	23.49
India	.67	.88	2.64	.94	3.05	15.30	.42		.77	1.03	.31	.31	2.25	28.26
Other foreign	.66	.98	2.64	1.06	3.14	11.65	.42	.03	.76	1.06	.32	.32	1.88	24.60
Total foreign	.67	.89	2.57	.98	3.08	10.70	.40	.04	.68	1.03	.30	.30	1.90	23.24
All outlets	.64	.86	2.35	.91	3.82	6.54	.28	.02	.69	.96	.24	.24	1.97	19.28

\* Less than .005

Table 14.--Continued

Trading Area and Outlets	1/	H.D. Com-		2/		3/		4/		5/		6/
	Buying and Local Ex-warehouse Storage	Patches & Marks	Warehouse Services	Other Warehouse Services	Domestic Freight	Ocean <sup>4</sup> / Freight	Cotton Insurance	Marine Other	Interest and Exchange	Tare	Miscellaneous	Overhead Total
Texas:												
Group 201	.62	1.29	1.97	1.26	5.89		.11		1.37	1.06	.44	2.22
Group 200	.60	.86	1.99	.88	5.86		.08		.87	.88	.25	2.42
Ala./Ga.	.69	.72	2.00	.93	4.84		.07		.89	.89	.20	1.96
New England	.78	.61	1.99	1.04	6.88		.07		1.10	.96	.24	2.22
Other domestic	.66	.79	1.78	.78	1.62		.12		.37	.84	.10	1.86
Total domestic	.66	.89	1.97	1.01	5.06		.09		1.00	.94	.26	2.09
Europe	.62	.77	2.38	1.10	2.05	8.24	.54		.88	1.33	.34	1.70
Japan	.72	.86	2.37	1.06	2.56	11.14	.52		.81	1.07	.38	1.70
India	.72	.93	2.54	1.22	2.93	14.71	.85		1.21	1.32	.75	2.28
Other foreign	.76	.88	2.57	1.14	2.58	11.65	.60		.86	1.18	.29	1.67
Total foreign	.70	.84	2.42	1.10	2.40	10.42	.56		.86	1.19	.36	1.71
All Outlets	.68	.86	2.25	1.06	3.43	6.38	.38		.92	1.09	.32	1.86

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage. 3/ Receiving, outhandling, reweighing, re-sampling, 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.

Table 15. TEXAS COTTON PRODUCTION OF ALL GRADES BY STAPLE LENGTH, THOUSANDS OF BALES

Crop Year	13/16 & Less	7/8 & 29/32	15/16 & 31/32	1 Inch & 1-1/32	1-1/16 & 1-3/32		1-1/8 & 1-5/32		1-3/16 & 1-7/32		1-1/4 & Up	Total
					1-1/16	1-3/32	1-1/8	1-5/32	1-3/16	1-7/32		
1932	414.3	1,918.6	1,554.8	362.3	37.5	19.7	19.7	19.7	.2			4,307.4
1933	240.4	1,615.3	1,811.9	468.8	73.8	10.1	10.1	10.1				4,220.3
1934	295.0	1,298.7	593.0	72.7	37.0	18.5	18.5	18.5				2,314.9
1935	482.3	1,167.2	936.1	211.0	36.1	17.0	17.0	17.0				2,849.7
1936	643.6	1,110.6	762.0	233.0	58.1	17.9	17.9	17.9	.2			2,825.4
1937	927.0	2,477.0	1,230.5	197.9	95.5	19.0	19.0	19.0	.1			4,947.0
1938	288.8	893.3	1,183.0	469.4	109.0	20.6	20.6	20.6	.1			2,964.2
1939	453.5	1,298.0	600.8	285.5	92.7	6.3	6.3	6.3				2,736.8
1940	240.0	887.5	1,256.1	595.2	119.8	9.0	9.0	9.0	*			3,107.6
1941	325.1	756.6	994.7	365.3	72.4	34.1	34.1	34.1	.6		.1	2,548.9
1942	409.9	1,081.9	881.7	410.6	80.4	38.3	38.3	38.3	1.9		1.5	2,906.2
1943	728.1	723.9	665.4	465.0	85.6	17.8	17.8	17.8	1.2		.2	2,687.2
1944	475.0	940.1	694.4	303.8	134.4	8.8	8.8	8.8	.1		*	2,556.7
1945	176.3	399.4	684.0	320.6	142.2	24.9	24.9	24.9	1.9		*	1,749.4
1946	125.7	452.1	536.8	282.8	208.0	25.1	25.1	25.1	3.0		.7	1,634.2
1947	699.5	980.7	885.7	513.4	188.3	42.6	42.6	42.6	2.7		.5	3,313.4
1948	494.2	952.4	817.1	499.3	215.3	74.3	74.3	74.3	6.0		1.8	3,060.4
1949	560.5	2,181.8	1,817.4	859.4	314.8	76.3	76.3	76.3	41.2		6.6	5,858.0
1950	164.6	940.4	833.9	505.8	313.9	50.9	50.9	50.9	43.7		4.4	2,857.6
1951	202.4	1,782.3	1,079.3	406.4	425.8	91.0	91.0	91.0	43.7		.8	4,031.7
1952	425.6	1,653.4	849.5	397.9	247.4	102.8	102.8	102.8	24.8		.5	3,701.9
1953	56.6	1,471.9	1,646.5	733.7	176.4	131.6	131.6	131.6	13.7		.2	4,230.6
1954	211.7	1,502.4	1,103.6	677.4	154.7	168.0	168.0	168.0	27.9		3.2	3,848.9
1955	311.4	1,390.4	1,186.7	634.1	205.5	194.5	194.5	194.5	18.5		.5	3,941.6
1956	136.3	880.4	1,206.4	783.0	295.7	227.0	227.0	227.0	7.8		.2	3,536.8
1957	50.0	734.0	1,447.2	897.3	215.3	225.5	225.5	225.5	3.3		*	3,572.6
1958	10.5	445.5	2,174.0	1,052.1	249.3	273.8	273.8	273.8	4.1		.3	4,209.6
1959	18.5	741.7	2,115.3	960.9	311.1	223.3	223.3	223.3	1.6		.2	4,372.6
1960	1.6	315.7	2,619.7	862.4	295.4	221.2	221.2	221.2	1.8		.4	4,318.2
1961	1.2	560.7	2,839.7	854.4	307.3	202.8	202.8	202.8	4.8		3.5	4,774.4
1962	2.3	732.2	2,707.3	752.1	339.8	153.6	153.6	153.6	4.4		2.8	4,694.3
1963	15.5	1,295.8	2,123.9	565.1	245.7	99.1	99.1	99.1	5.0		.4	4,350.4
1964	47.1	1,080.0	1,927.5	660.5	220.3	96.3	96.3	96.3	.5		.6	4,032.9
1965	9.1	976.2	2,555.3	524.6	396.9	125.7	125.7	125.7	3.2		8.5	4,599.5
1966	6.8	704.7	1,617.3	433.9	248.4	86.5	86.5	86.5	13.6		14.3	3,125.5
1967P	2.5	332.7	1,155.8	562.1	369.4	174.2	174.2	174.2	42.2			2,638.9

\* Less than .05. P - Preliminary. Reference (5).



Table 16. UNITED STATES COTTON PRODUCTION OF ALL GRADES BY STAPLE LENGTH, THOUSANDS OF BALES

Crop Year	13/16 & Less		7/8 & 29/32		15/16 & 31/32		1 Inch & 1-1/32		1-1/16 & 1-3/32		1-1/8 & 1-5/32		1-3/16 & 1-7/32		1-1/4 & Up		Total
1932	838.0	4,785.0	3,671.0	1,822.0	872.0	622.0	85.0	6.0	12,701.0								
1933	539.0	4,504.0	3,992.0	2,004.0	824.0	640.0	145.0	6.0	12,654.0								
1934	783.0	3,491.0	2,065.0	1,416.0	880.0	681.0	123.0	19.0	9,458.0								
1935	1,320.0	3,235.0	2,628.0	1,682.0	867.0	554.0	103.0	14.0	10,403.0								
1936	1,152.0	3,143.0	2,617.0	2,749.0	1,555.0	732.0	156.0	20.0	12,124.0								
1937	1,835.0	5,235.0	5,038.0	3,542.0	1,639.0	842.0	90.0	16.0	18,237.0								
1938	510.0	2,006.0	3,124.0	2,964.0	2,024.0	764.0	155.0	51.0	11,598.0								
1939	627.4	2,397.9	2,779.7	3,351.0	1,761.9	425.6	75.5	32.9	11,451.9								
1940	333.6	1,591.3	2,999.1	4,183.9	2,506.1	534.4	67.1	44.9	12,260.4								
1941	441.1	1,224.1	2,265.2	3,820.4	1,968.3	495.5	138.9	79.6	10,433.1								
1942	530.6	1,667.7	2,586.2	4,330.9	2,517.6	521.3	110.3	98.4	12,363.0								
1943	858.2	1,256.7	2,593.0	4,230.4	1,631.0	301.7	141.5	55.7	11,068.2								
1944	549.5	1,330.1	2,187.9	4,883.6	2,538.8	254.4	65.2	20.8	11,830.3								
1945	234.0	676.5	1,697.3	3,698.9	2,262.3	180.8	40.1	19.2	8,809.1								
1946	168.1	620.0	1,108.3	3,493.8	2,878.8	200.9	29.5	15.0	8,514.4								
1947	812.7	1,262.8	1,772.7	4,988.2	2,581.0	128.2	7.5	2.2	11,555.3								
1948	568.5	1,230.1	1,662.8	5,723.2	5,095.3	279.0	12.4	5.2	14,576.5								
1949	614.5	2,492.6	2,375.9	4,955.7	5,069.4	313.6	64.4	18.2	15,904.3								
1950	175.7	1,073.8	1,091.9	3,001.7	4,212.5	206.2	67.9	16.7	9,846.4								
1951	287.6	2,079.6	1,624.7	5,263.8	5,446.7	258.3	59.0	5.5	15,025.2								
1952	499.3	1,889.4	1,713.7	5,291.5	5,135.2	293.2	34.0	1.5	14,857.8								
1953	81.0	1,698.4	2,172.3	5,813.2	6,100.0	363.6	22.5	1.2	16,252.2								
1954	263.5	1,756.1	1,918.2	5,299.1	3,889.6	414.6	31.5	4.1	13,576.7								
1955	371.8	1,683.1	1,560.8	3,807.0	6,505.8	546.8	21.8	3.1	14,500.2								
1956	161.9	1,048.5	1,579.8	5,198.7	4,640.7	457.9	12.0	2.3	13,101.8								
1957	55.7	837.2	1,865.6	3,498.9	4,132.3	405.5	4.5	.6	10,800.3								
1958	12.6	504.7	2,465.6	3,178.2	4,681.4	504.0	5.2	1.4	11,353.1								
1959	20.6	829.9	2,596.2	3,808.2	6,706.0	479.0	5.1	.6	14,445.6								
1960	1.9	340.3	3,030.7	4,095.1	6,222.2	502.9	3.5	2.2	14,198.8								
1961	1.8	591.0	3,261.4	3,074.7	6,828.0	491.0	9.3	5.1	14,262.3								
1962	2.5	778.3	3,061.2	3,644.8	6,844.2	407.7	9.5	6.2	14,754.4								
1963	17.5	1,419.2	2,436.4	4,198.8	6,699.1	332.3	16.6	1.9	15,121.8								
1964	49.1	1,196.0	2,192.9	4,338.2	6,819.4	430.4	4.1	.9	15,030.9								
1965	9.4	1,041.9	2,944.5	3,552.5	6,847.6	418.4	6.6	10.0	14,830.8								
1966	7.7	734.7	1,813.7	1,642.2	4,889.4	345.7	38.3	19.6	9,491.2								
1967P	1.8	381.1	1,308.9	1,103.7	3,816.2	673.4	51.6	27.0	7,363.6								

Reference (5) P-Preliminary.

Table 17. MILL CONSUMPTION OF ALL GROWTHS OF COTTON IN THE UNITED STATES, THOUSANDS OF RUNNING BALES

Year Begin- ning Aug. 1	Consumption	Year Begin- ning Aug. 1	Consumption	Year Begin- ning Aug. 1	Consumption
1934	5,361	1945	9,163	1956	8,728
1935	6,351	1946	10,025	1957	7,973
1936	7,950	1947	9,354	1958	8,671
1937	5,748	1948	7,795	1959	9,017
1938	6,858	1949	8,851	1960	8,252
1939	7,784	1950	10,654	1961	9,071
1940	9,722	1951	9,120	1962	8,391
1941	11,170	1952	9,424	1963	8,554
1942	11,100	1953	8,576	1964	9,171
1943	9,943	1954	8,841	1965	9,497
1944	9,568	1955	9,141	1966	9,449
				1967*	7,033

\* Partial August through April.  
Reference (7).



Table 18. UNITED STATES COTTON EXPORTS BY COUNTRIES, RUNNING BALES, 1966-67

Country	Under 1"	1" - 1-1/8"	Over 1-1/8"	Upland Total	American Egyptian and Sea Island
Canada	47,669	246,781	2,118	296,568	352
Jamaica		5,423		5,423	
Haiti		1,689		1,689	
Trinidad		2,100		2,100	
Colombia		1,295		1,295	
Venezuela		521	379	900	
Peru	1,120	3,720		4,840	
Bolivia	1,243	2,952		4,195	
Chile	194	1,803	1,106	3,103	
Sweden	15,617	55,528		71,145	
Norway	2,354	8,033		10,387	
Finland	1,672	13,663		15,335	
Denmark		8,078		8,078	
United Kingdom	41,803	105,458	5,100	152,361	144
Ireland	75	9,399		9,474	
Netherlands	1,578	27,787	1,520	30,885	43
Belgium	1,579	49,141	1,133	51,853	385
France	15,248	137,177	10,434	162,859	
West Germany	3,334	144,831	11,077	159,242	237
Austria		3,022	1,058	4,080	
Switzerland	5,110	65,570	8,309	78,989	
Poland	5,118	72,847		77,965	
Portugal	400	780		1,180	43
Italy	23,519	234,578	4,814	262,911	26
Yugoslavia	15,837	122,415	287	138,539	
Lebanon		5,712		5,712	
Israel		843	1,508	2,351	
India	2,731	203,099	74,323	280,153	8,508
Pakistan		71	387	458	2,190
Thailand	38,148	31,757	416	70,321	
South Vietnam	302	63,896	1,811	66,009	
Malaysa	2,103	353		2,456	
Singapore	6,652			6,652	
Indonesia	25,406	133,585	2,385	161,376	
Philippine Republic	42,550	86,300	4,932	133,782	
Korean Republic	183,116	175,507	13,026	371,649	
Hong Kong	163,205	19,607	473	183,285	
Taiwan	219,834	144,444	8,491	372,769	82
Japan	731,779	540,189	19,873	1,291,841	894
Nan. Is.	793	2,920		3,713	
Australia	4,037	12,280	210	16,527	
Morocco	100	13,818		13,918	
Tunisia		15,217		15,217	
Ghana		14,910		14,910	
Congo		33,528		33,528	
Somalia Republic	887	450		1,337	
Ethiopia	4,429	4,373		8,802	
Rep. of South Africa	6,326	24,572	7,403	38,301	
Other Countries	2,068	2,573	801	5,442	38
Total	1,617,936	2,854,595	183,374	4,655,905	12,942

Reference (9).



Table 19. QUANTITY AND PROPORTION OF COTTON EXPORTED FROM THE UNITED STATES BY COUNTRIES FOR SPECIFIED SEASONS, 500-POUND GROSS WEIGHT BALES

Destination	Cotton Exports			Distribution of Cotton Exports					
	1935-39*	1955-56	1964-65	1966-67	1935-39*	1955-56	1964-65	1966-67	
	----- 1,000 of Bales -----							----- Percent -----	
Europe:									
United Kingdom	1,097	153	153	153	20.7	6.6	3.8	3.3	
France	589	178	184	163	11.1	7.7	4.5	3.5	
Italy	430	105	260	263	8.1	4.5	6.4	5.6	
Germany	579	74	217	159	10.9	3.2	5.3	3.4	
Spain	101	143	28	1	1.9	6.2	0.7	***	
Belgium & Luxembourg	146	30	80	52	2.8	1.3	2.0	1.1	
Netherlands	86	17	65	31	1.6	0.7	1.6	0.7	
Other Europe**	565	181	374	416	10.7	7.8	9.2	8.9	
Total Europe	3,593	881	1,361	1,238	67.8	38.0	33.5	26.5	
Canada	259	75	390	297	4.9	3.2	9.6	6.4	
Japan	1,272	873	990	1,293	24.0	37.6	24.4	27.7	
China (Taiwan Included)	56	124	353	557	1.1	5.4	8.7	11.9	
India	45	9	243	289	0.9	0.4	6.0	6.2	
Other Countries	71	358	723	995	1.3	15.4	17.8	21.3	
Total	5,296	2,320	4,060	4,669	100.0	100.0	100.0	100.0	

\* Season average used for 1934-35 through 1938-39.

\*\* Russia Included in Other Europe.

\*\*\* Less than .05 percent.

Reference (7).

Table 20. QUANTITY AND PROPORTION OF ALL COTTON CONSUMED BY COUNTRIES FOR SPECIFIED SEASONS\*

Countries	Cotton Consumed			Proportion of Cotton Consumed					
	1935-39**	1955-56	1964-65	1966-67	1935-39**	1955-56	1964-65	1966-67	
	--- 1,000 of Bales ---							Percent	---
United Kingdom	2,741	1,545	1,075	900	9.3	3.7	2.1	1.7	
France	1,181	1,218	1,189	1,236	4.0	2.9	2.4	2.4	
Germany	1,077	1,318	1,318	1,177	3.6	3.2	2.6	2.3	
Italy	684	765	879	1,112	2.3	1.9	1.8	2.1	
Belgium	356	415	330	290	1.2	1.0	0.7	0.6	
Spain	234	397	525	600	0.8	1.0	1.0	1.2	
U.S.S.R.	3,058	5,000	6,900	7,500	10.3	12.1	13.8	14.4	
Japan	3,315	2,322	3,401	3,255	11.2	5.6	6.8	6.3	
India	3,096	4,280	5,525	5,075	10.4	10.4	11.0	9.8	
China	3,600	5,900	6,484	6,950	12.2	14.3	12.9	13.4	
United States***	6,454	9,210	9,171	9,477	21.8	22.3	18.3	18.2	
Canada	268	383	430	425	0.9	0.9	0.9	0.8	
Brazil	512	1,050	1,225	1,200	1.7	2.6	2.4	2.3	
Mexico	227	445	600	680	0.8	1.1	1.2	1.3	
Africa	106	563	1,249	1,564	0.4	1.4	2.5	3.0	
Other	2,700	6,415	9,815	10,485	9.1	15.6	19.6	20.2	
World Total	29,609	41,226	50,116	51,926	100.0	100.0	100.0	100.0	

\* Reported in 1,000 bales, 500 pounds gross, 478 pounds net, unless otherwise specified. (Note: Consumption of cotton includes raw cotton consumed in spinning mills and other factories plus estimates of non-commercial or household consumption.)

\*\* Season average used for 1934-35 through 1938-39.

\*\*\* Running bales.

Reference (3).

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