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**Cotton Merchandising in Texas
Costs for the 1964 - 65 Season**

COTTON ECONOMIC RESEARCH

The University of Texas • Austin



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COTTON MERCHANDISING IN TEXAS:
COSTS FOR THE 1964-65 SEASON

Cotton Economic Research
The University of Texas
Austin, Texas

A Part of
The Cotton Research Committee of Texas

PREFACE

Cotton Economic Research developed this report from data gathered for a study conducted by the Cotton Research Committee of Texas. The original material has been rearranged to include data from the El Paso (District 6 or Texas) central market firms with those located in the central markets of Dallas, Houston-Galveston, and Lubbock.

Personnel from Textile Research Laboratories, Texas Technological College, and the Agricultural Economics and Sociology Department, Texas A&M University, assisted in the study by making interviews of the firms located in various marketing areas in the state. Textile Research Laboratories is a part of the Cotton Research Committee of Texas. The cooperation of the individual Texas cotton shippers is gratefully acknowledged.

Our appreciation is expressed to Mr. Maurice R. Cooper, 1905-1966, who spent a lifetime helping the cotton industry.

Grateful appreciation is expressed to all who had a part in this project and to Dr. William A. Faught, United States Department of Agriculture, Economic Research Service, and Mr. Carl Cox, Director of the Cotton Research Committee of Texas, for reviewing this publication.

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INTRODUCTION

Cotton merchant-shippers fill the void between the cotton producers and the spinners much as the wholesaler does between manufacturers and retailers. The cotton producer may have thousands of bales of cotton or only a few bales for sale each season. A large producer may have cotton bales with staple lengths from 15/16 to 1 1/16 in length and grades from low middling spotted to good middling white all in one season's production. The majority of the spinners are not interested in purchasing cotton bales which have such a wide diversity in length and grade, for the spinner must have "even-running" lots of cotton from which he can produce a given end-product. The merchant-shipper enters the picture at this point buying cotton from many sources and assembling the cotton into even-running lots. An even-running lot consists of 100 bales of cotton with the same grade and staple qualities. Cotton shippers and cotton merchants, as defined and used in connection with this study, 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.

This report covers the costs which the Texas cotton shipper must surmount in an effort to stay in business as he buys cotton from the grower and sells it in even-running lots to the spinner. In recent years the shipper has been skating on thin ice as he must compete price-wise with the government loan as well as other buyers for the purchase of needed cotton and still sell it to the buyer at a price which will yield a profit. In addition, the marketing legislation in force during the 1964-65 season removed his ability to "hedge" the price of cotton on the various cotton exchanges. This loss of "hedging" increased the risk of financial loss

to the merchant and--when coupled with a loan price above world price level, increased mill direct buying and increased foreign cotton production--has made the merchandising of American cotton an often unprofitable venture. Firms, both large and small, in an effort to stay in business, had to reduce their staffs as a result. Many firms, both large and small, elected to give up the merchandising of American cotton both at home and abroad rather than to continue losing money under the conditions involved. During the period of 1961 to 1964, an average of eleven firms moved or closed their offices in each of the market trading areas of Dallas, Houston-Galveston, and Lubbock. The Agricultural Act of 1964 under which the cotton industry operated was summarized in Cotton Price Statistics, 1964-65 and has been excerpted here.

The Agricultural Act of 1964 provided that the national minimum acreage allotment of 16.0 million acres would be retained for the 1964 crop. A national domestic allotment was established equal to about two-thirds of the national minimum allotment. Producers had the following choices relative to acreage and support price on 1964-crop upland cotton: (1) plant their "effective" allotment (basic allotment after any release or reapportionment) and be eligible for the price support of 30.00 cents per pound, basis Middling 1" at average location; (2) plant their domestic allotment (about two-thirds of their "effective" allotment) and be eligible for the 30.00-cent price support plus an additional 3.5 cents per pound on the normal yield of their domestic allotment. For small farms, the domestic allotment was the smaller of 15 acres or their 1964 "effective" allotment; (3) plant their entire "effective" allotment plus an export allotment up to five percent of their "effective" allotment. Production from the "effective" allotment was eligible for the 30.00-cent price support but production from the export acreage was exported without benefit of any price support or government export subsidy. Equalization payments were made through the issuance of payment-in-kind certificates at the rate of 6.5 cents per pound to domestic users of eligible raw upland cotton (3).*

* Figures in parentheses, other than those in quotation, refer to items listed in Reference List.

The data in this publication are based on the information furnished by those merchant-shipper firms, including merchandising cooperatives, which are located in the Texas central markets of Dallas, El Paso, Houston-Galveston, and Lubbock. Since Texas produces nearly one-third of the nation's cotton, it also has a large number of firms and individuals involved in merchandising the many qualities of cotton produced in the state. In addition, many of the nation-wide firms have their main offices located in Texas; and there are many branch offices in the state of those firms whose main offices are located outside the state. Over 92 percent of the firms contacted were firms whose main offices were located in the state. Firms of all sizes were included, and the firms were divided into three different size categories for this study to give a well-rounded base for obtaining reliable results. The firm sizes used were: Large--sales volume over 100,000 bales annually; medium--sales volume of 50,000 to 100,000 bales annually; and small--sales volume of 50,000 bales and less annually.

The majority of the firms contacted for interviews were highly cooperative in their efforts to supply the necessary information. In some cases a repeat contact or interview was required when some particular part of the information was inconsistent with the data furnished by other firms. Sometimes the particular item had to be plugged with the average cost of the others which reported or with a known value. This was particularly true in relation to ocean transportation costs. But, all in all, very few adjustments were necessary.

Data in this study are based on costs of merchandising as shippers according to the definition of a shipper or for firms merchandising cotton as shippers unless otherwise noted.

TEXAS COTTON MERCHANDISING FIRMS

The cities of Dallas, El Paso, Houston-Galveston, and Lubbock serve as hubs, or centers, of the surrounding cotton-producing areas and thus are the main central markets in which most of the cotton shippers are located. Over 40 firms located in these central markets were contacted and supplied the information used in this report. The total volume of the cotton handled by those firms during the 1964-65 season was 4,538,725 bales of upland cotton. This volume was more than the Texas crop of 4,079,345 running bales for the same season. Table 1 lists the total volume handled by the firms contacted by marketing area, along with the amount marketed during the season by the firms classified as "shippers" and as other types of merchandisers.

Over 91 percent of the volume marketed during the 1964-65 season by these Texas firms was as shippers. Without regard to the market area, the large firms (over 100,000 bales) averaged 222,129 bales, the medium firms (50,000 to 100,000 bales) averaged 64,967 bales, and the small firms (less

Table 1. VOLUME OF COTTON MARKETED AS SHIPPERS AND AS OTHER TYPES OF MERCHANDISING FIRMS AND TOTAL VOLUME BY CENTRAL MARKET (FIRM LOCATION) DURING THE 1964-65 SEASON

Market	Shipper	Other	Total
Dallas	1,480,360	27,640	1,508,000
El Paso	246,000	--	246,000
Houston-Galveston	1,762,462	124,600	1,887,062
Lubbock	<u>652,263</u>	<u>245,400</u>	<u>897,663</u>
Total	4,141,085	397,640	4,538,725

Original data.

than 50,000 bales) averaged 27,889 bales during the season. The average number of bales handled by the firms involved in the study amounted to 108,065 in 1964-65 as compared with 169,891 bales in 1955-56 and 184,170 bales in 1954-55 (1). This total volume of 4,141,085 bales marketed as shippers by the Texas firms was 27.3 percent of the United States production for the season, or 21.8 percent if the purchases from the CCC are omitted. Over 40 percent, or 1,664,716 bales, went to the domestic spinners which amounted to over 18 percent of the season's domestic consumption. Nearly 60 percent, or 2,476,369 bales, went to the export market and represented 61 percent of the total United States cotton exported for the season. Thus the volume handled by the firms located in the four Texas central markets represented over 31 percent of the combined total for the national exports and domestic consumption during the season.

The volume marketed by the firms during the season in the category other than shipper, which amounted to 397,640 bales, would raise the percentage handled by the Texas firms to over 34 percent of the export and domestic consumption total for 1964-65. Table 2 gives a comprehensive breakdown as to the total volume marketed during the season for the four central market areas in which the firms are located as to the percentage marketed according to the various methods of merchandising employed.

It can be seen from Table 2 that the method of merchandising varies somewhat according to the market area involved and is not a constant pattern for the state. In the Dallas central market, the small firms (less than 50,000 bales) are primarily the ones which vary their methods of merchandising beyond the category "shipper" as used in the broad sense. In the Houston-Galveston central market the medium and small sized firms both deviate from "shipper" in their merchandising pattern. The only large

Table 2. PERCENTAGE OF VOLUME BY MARKET AREAS AND METHOD OF MERCHANDISING FOR THE 1964-65 SEASON

Market Area	Shippers	Mill Buyers	F.O.B. Merchants	Brokers	Commission Buyers	Total
Dallas	98.2	.2	1.1	.3	.2	100.0
El Paso	100.0	--	--	--	--	100.0
Houston-Galveston	93.4	--	6.0	.3	.3	100.0
Lubbock	72.7	--	27.3	--	--	100.0
Total	91.2	.1	8.3	.2	.2	100.0

Original data.

deviation is in the Lubbock central market where over 27 percent of the volume is marketed under the category of "f.o.b. merchants." In the Lubbock market all size firms merchandise in this category plus that of shipper. In the El Paso central market the firms are strictly of the shipper category regardless of the size of the firm. This is further proof that each of the central markets and the firms doing business in them are different as to their merchandising patterns.

Where do the firms located in the four Texas central markets purchase the cotton that they sell as shippers? The answer to this question is found in Table 3. The Southwestern region includes Texas and Oklahoma, excluding District 6 of Texas. As would be expected, the firms located in the various national regions purchase most of their stocks from the region in which they are located. District 6, as noted on the table, is included in the Western region of the nation. The average data for the four markets in this table are compared with the 1956-57 season data for the Southwestern region and the national average for 1956-57 season

Table 3. PERCENTAGE OF COTTON PURCHASED BY THE FIRMS LOCATED IN THE FOUR TEXAS CENTRAL MARKETS FROM THE FOUR NATIONAL REGIONS FOR THE 1964-65 SEASON

Firm Location	Region of Growth of Cotton Purchased				Total
	Western	Southwestern	Midsouth	Southeastern	
Dallas	14.1	59.6	24.8	1.5	100.0
El Paso	100.0*	--	--	--	100.0
Houston-Galveston	14.7	59.3	18.6	7.4	100.0
Lubbock	.6	98.2	1.2	--	100.0
All Markets	17.3	62.0	17.0	3.7	100.0

* District 6 of Texas is included in the Western region.
Original data.

in (a.) section of Table 21 in the Appendix. From this table it can be seen that the Texas firms have increased their cotton purchases from the Midsouth and Southeastern regions since the 1956-57 season survey. The amount purchased by the Texas firms in the four national cotton production regions divided by the production of the region indicates that these firms located in Texas were responsible for the purchase of 23.7 percent of the Western production, 61.2 percent of the Southwestern production, 12.8 percent of the Midsouth production, and 6.3 percent of the Southeastern production.

These firms located in the state purchased and marketed approximately 2,813,650 bales of Texas growths during the 1964-65 season as "shippers." This volume amounted to nearly 69 percent of the Texas production for the season. The portion which went to the domestic spinners represented nearly 12 percent of the total domestic consumption for the season, while the portion which was exported represented over 42 percent of all cotton exported during the period.

To determine the source from which the firms purchased this cotton which they marketed, consult Table 4. The largest single source from which these firms located in Texas obtained their cotton was the farmers (ex-warehouse and others), but these purchases represented only 37.5 percent of the firms' total purchases.

The firms in the central markets of El Paso and Lubbock buy predominately from the farmers, ex-warehouse. In the other two central markets of Dallas and Houston-Galveston, the firms buy predominately from the ginners and local buyers first and from the CCC second. The 1964-65 season data of this table are compared with the 1956-57 season data for the Southwestern region and national average in the (b.) section of Table 21 in the Appendix. It can be seen that since the 1956-57 survey, the Texas firms have decreased their purchases from CCC and spot brokers and increased their purchases from the farmers, while purchases from ginners and other local buyers have remained constant.

Firms located in one Texas central market not only buy cotton from various other national cotton-producing regions, but in addition they buy from the various central markets in a given cotton-producing region. Cotton that is purchased in one central market is often located (stored) in another central market. Generally, however, the firm will buy a majority of its cotton from the central market in which the main office is located. This information in relation to the Texas central markets and the firms located therein is shown in Table 5.

The large percentage of cotton purchased by the Lubbock firms in Lubbock and El Paso firms in El Paso is due to the concentration of cotton grown in the immediate areas and to the presence of merchandising cooperatives in these two markets which concentrate on the purchase of local growths.

Table 4. SOURCE OF TEXAS COTTON SOLD IN PERCENT BY CENTRAL
MARKETS IN WHICH FIRMS ARE LOCATED

Marketing Area	Farmers Ex-whse	Farmers Other	Ginners & Local Buyers	CCC	Shippers	Spot		Total
						Brokers	Others	
Dallas	1.0	8.5	49.4	24.8	7.9	7.7	.7	100.0
El Paso	43.1	42.6	10.7	--	.1	3.5	--	100.0
Houston- Galveston	.7	25.2	35.4	30.5	1.1	5.1	2.0	100.0
Lubbock	76.5	.2	15.5	5.5	1.4	.9	--	100.0
All Mkts.	21.7	15.8	33.1	20.4	3.2	4.8	1.0	100.0

Original data.

Table 5. PERCENTAGE OF COTTON PURCHASED AND SHIPPED FROM TEXAS
CENTRAL MARKETS ACCORDING TO THE LOCATION OF THE MAIN OFFICE

Office Location	Percent Purchased in Designated Central Market					Total
	Dallas	Houston-Galveston	Lubbock	El Paso	Outside*	
Dallas	46.9	27.0	26.1	--	--	100.0
El Paso	--	--	--	93.0	7.0	100.0
Houston- Galveston	13.5	54.7	31.8	--	--	100.0
Lubbock	2.8	1.9	95.3	--	--	100.0
All Mkts.	20.4	29.2	41.7	8.1	.6	100.0

* Western area purchases other than District 6 of Texas.
Original data.

PRICES

Prices declined during the 1964-65 season as can be seen by the 15 market spot quotations for middling inch which averaged 30.73 cents per pound for the season as compared with 33.52 cents and 33.18 cents per pound for the 1962-63 and 1963-64 seasons respectively. The decrease in price was basically due to the Agricultural Act of 1964 through the price and acreage provisions thereof. Some 48 percent of the 1964-65 United States production, or 7,341,000 bales of the crop, entered the loan during the season. Of this amount, 2,487,000 bales were redeemed prior to the end of the season leaving 4,854,000 bales, or 32 percent of the crop, still in the loan at the end of the season. A substantial amount of the cotton marketed by the merchandising firms during the season came from the CCC stocks. The sales from the CCC owned stocks amounted to 3,634,673 bales which was down some 180,000 bales from the preceding season. The total reported spot purchases for the season in the 15 markets amounted to 11,776,514 bales. Table 6 lists the merchant reported spot purchases and the middling inch spot cotton price for the season in the designated Texas markets. A portion of the reported purchases represents a double count and is not fully representative but is given here to indicate the volume reported in the Texas marketing areas (3).

Total United States disappearance amounted to 13,372,000 bales during the 1964-65 season which is almost one million below the figure for the preceding season and some 1.6 million above the 1962-63 disappearance. Exports were below a year ago, while domestic consumption was greater than a year earlier. During the season, domestic consumption in the United States was 9,171,000 bales and exports reached 4,201,000 bales (2,9,12,14).

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

Marketing Area	Reported Purchases in Bales	Price Middling 1" Cents Per Pound
Dallas	1,011,711	30.29
Lubbock	818,477	30.18
El Paso*	--	30.28
Houston	656,062	30.27
Galveston	101,767	30.37
All 15 Markets	11,776,514	30.73

* No volume figures given, price quotations begin January 4, 1965 through July 31, 1965.
Reference (3).

Premiums for grades higher than middling were slightly wider for the 1964-65 season which is a reversal of the trend which has been in effect the last two seasons. Most medium and longer staple premiums were moderately wider for the season for the second consecutive year. The grade premiums for good middling and strict middling, one inch, had widened an average of only one point more than the preceding season. For most grades below middling, the discounts narrowed slightly during the harvesting period of the season, but were relatively unchanged for the remainder of the season (3).

The 1964-65 season was the first season during which all 15 markets made premium and discount quotations for micronaire. The first and last of the season 15 market quotations for micronaire are given in Table 7, along with the highest and lowest quotations for the season according to the fineness divisions used. The discounts for the 2.6 and below micronaire cotton showed a decrease through the season. From the start to the

Table 7. THE 1964-65 SEASON AVERAGE, HIGH, AND LOW MICRONAIRE DIFFERENCES FOR THE 15 MARKETS AND TEXAS MARKET SEASONAL AVERAGES IN POINTS PER POUND

	<u>Micronaire Reading</u>				
	<u>2.6 & Below</u>	<u>2.7 - 2.9</u>	<u>3.0 - 3.4</u>	<u>3.5 - 4.9</u>	<u>5.0 & Above</u>
	<u>15 Market Average</u>				
First	-340	-217	- 85	0	-29
Last	-329	-203	- 86	0	-65
Average	-333	-198	- 83	0	-50
High	-341	-217	- 86	0	-65
Low	-328	-191	- 73	0	-28
	<u>Designated Texas Market Averages for the Season</u>				
Dallas	-351	-238	-100	0	-43
Galveston	-315	-165	- 65	0	-30
Houston	-319	-181	- 81	0	-37
Lubbock	-304	-200	- 85	0	-50

Reference (3).

end of the season, the decrease amounted to 11 points, or 55 cents, per bale. In the 2.7 to 2.9 micronaire cotton there was a decrease in the amount of discounts from the first of the season to the end which amounted to 14 points, or 70 cents, per bale although the decrease was greater during the season and then increased to the final difference shown for the end of the season. In the 3.0 to 3.4 micronaire cotton group, discounts increased and then decreased during the season. The difference between the beginning and end of the season was only one point. The largest discount change in the 15 market average occurred in the 5.0 and above micronaire cotton quotations which increased a total of 36 points, or \$1.80, per bale.

Table 7 also lists the average micronaire differences for the season for the designated Texas markets. Of the Texas markets, only the Dallas discounts were higher than the 15 market average for cotton in the 2.6 and

below micronaire range. Dallas micronaire discounts were 18 points, or 90 cents, a bale greater than the 15 market average. In the 2.7 to 2.9 and the 3.0 to 3.4 micronaire ranges, the average difference quotations for both the Dallas and Lubbock markets were greater than the 15 market averages for the season. Dallas discounts were 40 points, or \$2.00, a bale greater for cotton in the 2.7 to 2.9 range and 17 points, or 85 cents, a bale greater than the 15 market average in the 3.0 to 3.4 range. Lubbock discounts were only 2 points, or 10 cents, a bale greater than the 15 market average in the 2.7 to 2.9 and 3.0 to 3.4 micronaire ranges than the 15 market average. None of the four Texas markets had an average discount quotation greater than the 15 market average difference quotation for the 5.0 and above micronaire range for the season. In this same range, Lubbock's average discount quotation was the same as the 15 market average while all the other Texas markets had quotations which were less.

The average price received by the Texas farmers for the cotton of the 1964-65 season was 27.92 cents per pound which was less than the average price for the previous season. The preliminary estimate for price received by the farmer on a national average was reported as 27.9 cents per pound.

The average landed price for middling inch cotton at 201 mills (Group B) during the season was 26.67 cents a pound from the Southwestern region, 26.74 cents a pound from the Midsouth region, and 26.61 cents a pound from the Southeastern region. The national average, based on the average price per pound for growths of the four territories, was 27.56 cents a pound. This price, and the other landed price, is after the PIK payment of 6.5 cents a pound was made.

On the basis of the United States average price received by the

farmer for the 1964-65 season as compared with the 1954-55 season, prices showed a decline of 3.82 cents per pound while the average United States price for middling 1 inch in the designated markets showed a decline of 4.28 cents per pound over the same period. The United States average price for cotton landed at 201 mill points (Group B) from 1954-55 to 1964-65 decreased 8.39 cents a pound. This decrease amounts to only 1.89 cents a pound when the PIK payment of 6.50 cents a pound is deducted. A comparison of the cloth prices for the seasons of 1964-65 and 1954-55 shows a 14 points per pound increase in 1964-65 over the earlier season. The spread between the price received by the farmer and the landed price before PIK payments was only 3.33 cents a pound for the 1964-65 season as compared with 4.21 cents a pound for the 1955-56 season and 2.34 cents a pound for the 1954-55 season. The widest spread occurred in the 1957-58 season when it was 7.37 cents a pound (3).

For a pictorial presentation of the United States average seasonal prices received by farmers for upland cotton, middling 1 inch in designated markets and landed at Group 201 mill points (Group B), see Figure 1 covering the seasons 1954-55 through 1965-66. In this figure note that the spread between the price the farmer received and landed price was smallest in the 1954-55 season at 2.34 cents a pound and largest in the 1957-58 season as mentioned previously. This figure also shows the domestic consumption, exports, and the volume reported purchased in the 15 designated spot markets for the seasons.

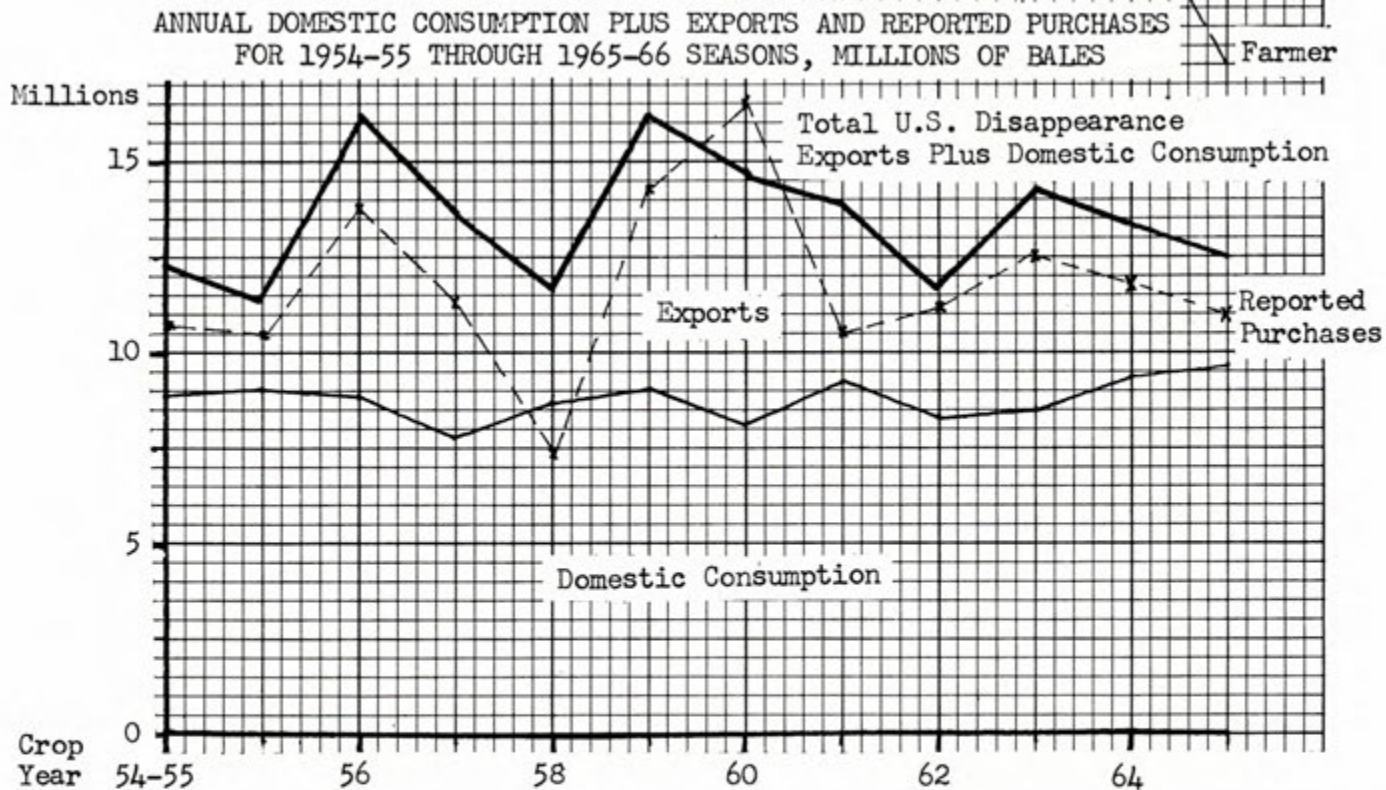
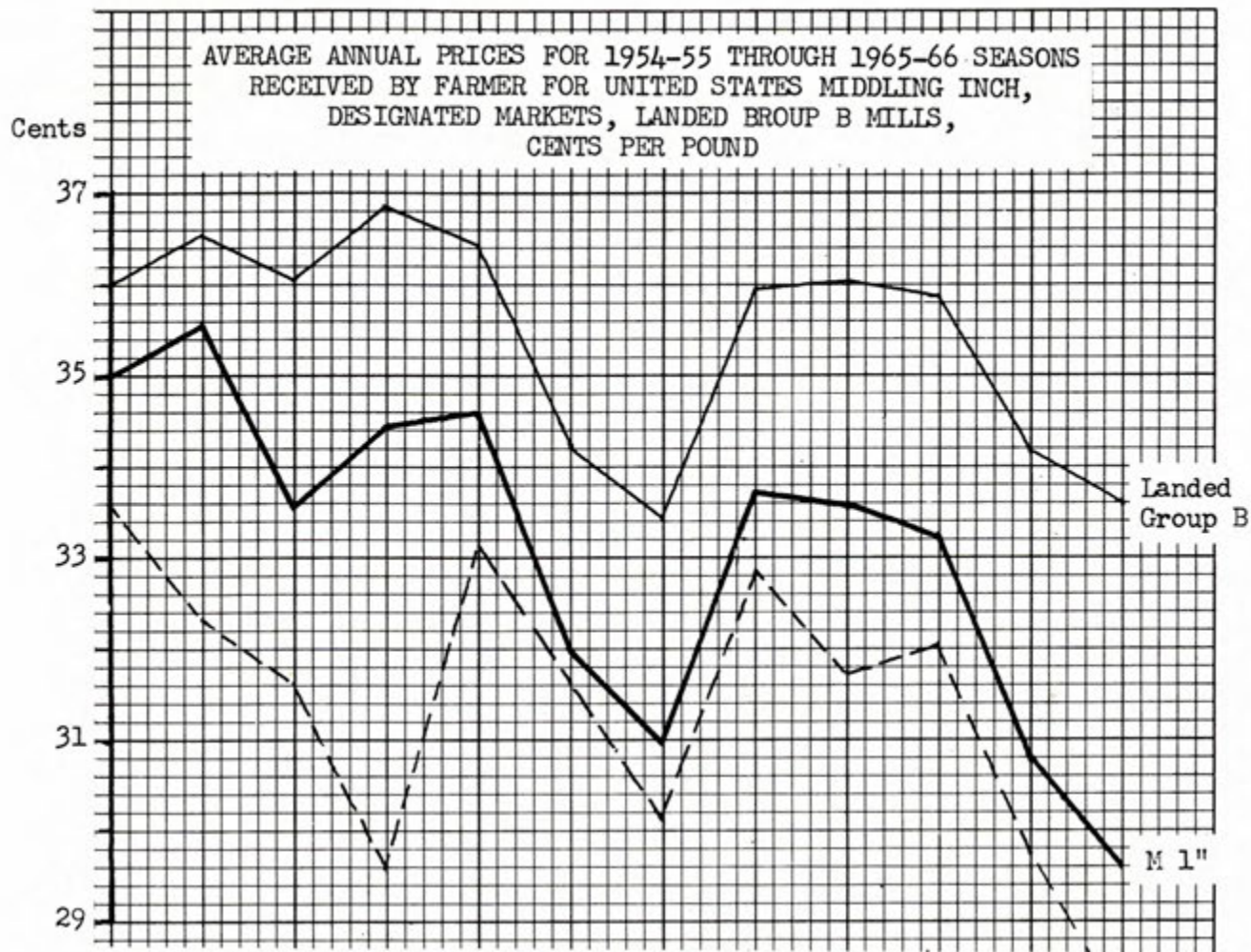


Figure 1

COSTS

The average merchandising costs for Texas shippers on domestic shipments was \$13.97 per bale and \$22.58 per bale for foreign shipments, while the overall average cost was \$19.24 per bale for shipments during the 1964-65 season. The largest cost item was transportation which amounted to \$10.19 per bale for the seasonal average. The second largest cost item was the combined costs of compression, patches, and marks which amounted to \$2.25 per bale. Overhead was the next largest cost with an average of \$1.86 per bale. Carrying charges and exchange costs were just 10 cents less than overhead at \$1.76 per bale.

When domestic merchandising costs for the season are considered by themselves, transportation at \$5.15 per bale is still the leading cost item. In second place in domestic merchandising costs is overhead at \$2.09 per bale followed by compression, patches, and marks at \$1.97 per bale. The cost attributable to carrying charges and exchange is the next most expensive domestic merchandising cost at \$1.89 per bale.

When foreign costs are considered by themselves, transportation, as with domestic costs, is still the largest at \$13.40 per bale of which \$10.42 is due to ocean freight and \$2.98 is internal transportation costs. Compression, patches, and marks has increased to second place at \$2.42 per bale followed by overhead at \$1.71 per bale. Carrying charges and exchange is the next largest cost item at \$1.70 per bale, just one cent a bale less than overhead.

The average overall merchandising cost for the four trading areas, plus national average, for both foreign and domestic merchandising shipments for the season are:

<u>Trading Area</u>	<u>Cost Per Bale</u>
El Paso	\$20.31
Dallas	20.06
Lubbock	19.28
Houston-Galveston	18.22
National Average (11)	17.14

Cost data for the four trading areas of the state for the various 1964-65 cost items on which data were collected for both foreign and domestic outlets are found in Table 8 for Texas upland cotton. The national average cost for shippers assembling and distributing United States cotton by types of cost and outlets for the same season is in Table 22 of the Appendix.

Transportation costs are dependent on the distance from the point of origin and the destination plus the value of the cotton being shipped. It is well known that the firms in the Southeastern region have a cost advantage in selling to mills located in their own area the same way that Texas firms have a transportation advantage in sales to Texas mills. Often this is not the complete story since cotton with particular qualities is needed to fill mill requirements. The supply and/or production of a particular quality may be insufficient in the Southeast to supply the annual needs of the mills. When this shortage occurs, the mill and merchant must seek the cotton from whatever part of the cotton belt that produces the desired qualities. This same factor applies in relation to the foreign spinners who may not only seek the required qualities in various parts of the United States, but also in all parts of the world at the best prevailing price. The West Coast has a transportation advantage for shipments destined for Japan, India, and other Far Eastern countries in comparison to shippers located in other regions.

Table 8. ESTIMATED AVERAGE OF SPECIFIED COSTS OF ASSEMBLING AND DISTRIBUTING TEXAS UPLAND COTTON, BY TEXAS MARKET TRADING AREAS AND BY OUTLETS, 1964-65 SEASON

Area in Which Purchased ----- Outlet To Which Shipped	Average Cost in Dollars Per Bale for Each of the Costs or Groups of Costs									
	Buying and Local Delivery 1/	Carrying Charges and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression Patches and Marks 4/	Transportation and Related Service 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total (Excludes Operating Margins)	
Dallas Trading Area:										
Domestic Outlets . . .	\$.79	\$ 1.63	\$.98	\$ 1.98	\$ —	\$.94	\$.24	\$ 2.02	\$ 13.36	
Foreign Outlets . . .	.81	1.78	1.12	2.34	10.74	1.14	.38	1.69	23.32
All Outlets . . .	.80	1.73	1.08	2.22	7.23	1.07	.33	1.80	20.06
Houston-Galveston Trading Area:										
Domestic Outlets . . .	.78	1.56	1.08	1.89	—	.93	.28	1.80	12.72
Foreign Outlets . . .	.64	1.73	1.20	2.28	9.76	1.38	.38	1.41	20.68
All Outlets . . .	.69	1.67	1.17	2.16	6.74	1.24	.34	1.53	18.22
Lubbock Trading Area:										
Domestic Outlets . . .	.61	1.50	.77	2.00	—	.86	.15	2.07	13.05
Foreign Outlets . . .	.67	1.58	.98	2.57	10.70	1.02	.30	1.90	23.23
All Outlets . . .	.64	1.55	.90	2.35	6.54	.96	.24	1.97	19.28
El Paso Trading Area:										
Domestic Outlets . . .	.53	3.47	1.47	1.99	—	1.13	.53	2.53	18.23
Foreign Outlets . . .	.79	2.42	1.46	2.41	11.42	1.70	.90	2.53	28.37
All Outlets . . .	.58	3.24	1.47	2.07	2.37	1.25	.60	2.53	20.31
All Texas Mkt. Areas:										
Group 201 Mills . . .	.62	2.66	1.26	1.97	—	1.06	.44	2.22	16.23
Group 200 Mills . . .	.60	1.73	.88	1.99	—	.88	.25	2.42	14.69
New England Mills . . .	.78	1.71	1.04	1.99	—	.96	.24	2.22	15.89
Ala./Ga Mills . . .	.69	1.61	.93	2.00	—	.89	.20	1.96	13.19
Other Domestic . . .	.66	1.16	.78	1.78	—	.84	.10	1.86	8.92
All Domestic Outlets:	.66	1.89	1.01	1.97	—	.94	.26	2.09	13.97	
Europe . . . . .	.62	1.65	1.10	2.38	8.24	1.33	.34	1.70	19.97
India . . . . .	.72	2.14	1.22	2.54	14.71	1.32	.75	2.28	29.46
Japan . . . . .	.72	1.68	1.06	2.37	11.14	1.07	.38	1.70	23.21
Other Foreign . . .	.76	1.75	1.14	2.57	11.65	1.18	.29	1.67	24.20
All Foreign Outlets:	.70	1.70	1.10	2.42	10.42	1.19	.36	1.71	22.58	
Total All Outlets:	.68	1.78	1.06	2.25	6.38	1.09	.32	1.86	19.24	

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange.
 3/ Receiving, out-handling, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments.
 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees.
 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees.
 Reference (7,10).

Overall transportation costs for the Texas firms amounted to 53 percent of the total average cost for the combined domestic and foreign shipments during the 1964-65 season. Domestic transportation costs averaged 37 percent of the total for the season as compared with 35 and 32 percent of the total costs for the 1954-55 and 1955-56 seasons respectively. When transportation is considered in relation to the total cost for export shipments, the percentage increases to 59 percent of the total merchandising costs. Table 9 lists the percentages that the various cost items are of the total cost for merchandising Texas cotton by trading areas for the 1964-65 season.

The eight cost items shown in Table 8 are the same items that were used in the four regional tables, numbers 23 (Western), 24 (Southwestern), 25 (Midsouth), 26 (Southeastern), located in the Appendix. By considering a single cost item at a time in the four regional tables, it was possible to determine which region had the smallest cost for the most number of domestic and foreign outlets. The region with the lowest cost to the greatest number of domestic outlets was considered to have the domestic advantage. The region with the lowest cost to the most number of foreign outlets was considered to have the advantage for foreign shipments. This was accomplished for each of the eight cost items based on the 1964-65 season data in the four regions and the results were recorded in table form. These data are in Table 10. The Southeastern and Southwestern regions had the advantage to the same number of domestic destinations for the buying and local delivery cost item. The Western and Southeastern regions had the advantage to the same number of domestic destinations for overhead.

The average total merchandising costs for domestic shipments in the

Table 9. ESTIMATED AVERAGE OF SPECIFIED COSTS OF ASSEMBLING AND DISTRIBUTING TEXAS UPLAND COTTON, BY TEXAS MARKET TRADING AREAS AND BY OUTLETS IN PERCENT, 1964-65 SEASON

Area in Which Purchased ----- Outlet To Which Shipped	Buying and Local Delivery 1/	Carrying Charges and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression Patches and Marks 4/	Percent Transportation and Related Service 5/		Selling 6/	Miscellaneous 7/	Overhead 8/	Total (Excludes Operating Margins)
					Ocean	Other				
Dallas Trading Area:										
Domestic Outlets	5.9	12.2	7.3	14.8	—	35.8	7.1	1.8	15.1	100.0
Foreign Outlets	3.5	7.6	4.8	10.0	46.1	14.2	4.9	1.6	7.3	100.0
All Outlets	4.0	8.6	5.4	11.1	36.0	18.9	5.3	1.7	9.0	100.0
Houston-Calveston Trading Area:										
Domestic Outlets	6.1	12.3	8.5	14.8	—	34.6	7.3	2.2	14.2	100.0
Foreign Outlets	3.1	8.4	5.8	11.0	47.2	9.2	6.7	1.8	6.8	100.0
All Outlets	3.8	9.2	6.4	11.8	37.0	14.7	6.8	1.9	8.4	100.0
Lubbock Trading Area:										
Domestic Outlets	4.7	11.5	5.9	15.3	—	39.0	6.6	1.1	15.9	100.0
Foreign Outlets	2.9	6.8	4.2	11.0	46.1	15.1	4.4	1.3	8.2	100.0
All Outlets	3.3	8.0	4.7	12.2	33.9	21.4	5.0	1.3	10.2	100.0
El Paso Trading Area:										
Domestic Outlets	2.9	19.0	8.1	10.9	—	36.1	6.2	2.9	13.9	100.0
Foreign Outlets	2.8	8.5	5.1	8.5	40.3	16.7	6.0	3.2	8.9	100.0
All Outlets	2.8	16.0	7.2	10.2	11.7	30.5	6.2	3.0	12.4	100.0
All Texas Mkt. Areas:										
Group 201 Mills	3.8	16.4	7.8	12.1	—	37.0	6.5	2.7	13.7	100.0
Group 200 Mills	4.1	11.8	6.0	13.5	—	40.4	6.0	1.7	16.5	100.0
New England Mills	4.9	10.8	6.6	12.5	—	43.7	6.0	1.5	14.0	100.0
Ala./Ga. Mills	5.2	12.2	7.1	15.2	—	37.2	6.7	1.5	14.9	100.0
Other Domestic	7.4	13.0	8.7	20.0	—	19.5	9.4	1.1	20.9	100.0
All Domestic Outlets:	4.7	13.5	7.2	14.1	—	36.9	6.7	1.9	15.0	100.0
Europe	3.1	8.3	5.5	11.9	41.3	13.1	6.6	1.7	8.5	100.0
India	2.5	7.3	4.1	8.6	49.9	12.8	4.5	2.6	7.7	100.0
Japan	3.1	7.3	4.6	10.2	48.0	13.3	4.6	1.6	7.3	100.0
Other Foreign	3.1	7.2	4.7	10.6	48.2	13.2	4.9	1.2	6.9	100.0
All Foreign Outlets:	3.1	7.5	4.9	10.7	46.2	13.2	5.2	1.6	7.6	100.0
Total All Outlets:	3.5	9.2	5.5	11.7	33.2	19.8	5.7	1.7	9.7	100.0

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange.
 3/ Receiving, outbanding, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments.
 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees.
 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees.
 Reference (7,10).

Table 10. REGIONS HAVING COST ADVANTAGES FOR ITEMS INDICATED
 ACCORDING TO MAJORITY OF DOMESTIC AND FOREIGN DESTINATIONS,
 1964-65 SEASON

Cost Item	Domestic Destination	Foreign Destination
Transportation	Southeastern	Western
Buying and Local Delivery	Southeastern & Southwestern*	Southwestern
Carrying Costs and Exchange	Southwestern	Southwestern
Warehouse Services Other Than Storage	Midsouth	Midsouth
Compression, Patches and Marks	Southeastern	Midsouth
Selling	Southeastern	Southwestern
Miscellaneous	Southwestern	Southwestern
Overhead	Western & Southeastern*	Western
Total	Southeastern	Southwestern

* Both areas have cost advantage to same number of destinations. Reference (5,6,7,10) and original data. See Tables 23, 24, 25, and 26 in Appendix for regional data.

four respective regions for the seasons of 1954-55, 1955-56, and 1964-65 are shown in Table 11. The data for these earlier years are the best that are available and are shown here for information even though the total average costs are not entirely comparable because of differences in the method of developing the averages and due to the sources from which the cotton was purchased in the different years. The addition of the El Paso trading area to the other trading areas raised the cost above the Southwestern regional average. From this table it can be seen that the 1964-65 season national average total domestic merchandising cost increased 16 cents per bale above the 1954-55 season or 86 cents a bale above the 1955-56 season.

It can be noted from the table that the 1964-65 average domestic

Table 11. AVERAGE MERCHANDISING COST IN DOLLARS PER BALE

Region	Domestic Shipments Only		
	1964-65	1955-56	1964-65
Western	\$12.89	\$12.38	\$18.88
Southwestern	15.31	14.05	13.03
Midsouth	12.23	11.94	11.71
Southeastern	8.65	8.24	8.23
National Average	13.40	12.70	13.56

Reference (1,5,6,7,9,10). See Tables 23, 24, 25, and 26 in Appendix for complete regional data.

merchandising costs were less than the 1954-55 and 1955-56 costs for the Southwestern, Midsouth, and Southeastern regions, while they increased in the Western region above both the previous seasons.

Comparing the merchandising cost for domestic shipments from the Southwestern region for 1964-65, the cost decreased \$2.28 per bale below the 1954-55 cost and \$1.02 per bale below the 1955-56 cost. On a per-pound basis, this decrease amounted to approximately 46 points below the 1954-55 cost and approximately 20 points below the 1955-56 cost.

This decrease in the total average domestic merchandising cost for the 1964-65 season can be attributed to decreases in such cost items as insurance, interest and exchange, overhead, etc. Costs that increased in the 1964-65 season as compared to the other seasons include miscellaneous, compression, concentration, and handling costs. Transportation for 1964-65 was less than in 1954-55 and more than the cost in 1955-56. Table 12 was constructed showing these costs for the three seasons. The cost items and division used in Table 12 are based on those used in the study for the 1954-55 and 1955-56 season, and the 1964-65 data were adjusted to fit the

Table 12. AVERAGE COST PER BALE OF MERCHANDISING COTTON BY FIRMS LOCATED IN THE SOUTHWESTERN REGION IN DOLLARS PER BALE FOR DOMESTIC SHIPMENTS

Cost Item	1954-55	1955-56	1964-65
Direct and Carrying Costs			
Insurance	\$.21	\$.20	\$.08
Transportation	5.31	4.44	4.75
Compression, Concentration	3.51	3.27	3.58
Interest, Exchange	1.45	1.32	.84
Others	1.47	1.29	.90
Subtotal	\$11.95	\$10.52	\$10.15
Overhead	\$ 3.25	\$ 3.42	\$ 2.68
Miscellaneous	.11	.11	.20
Subtotal	\$ 3.36	\$ 3.53	\$ 2.88
Grand Total	\$15.31	\$14.05	\$13.03

Reference (1,10)

older classifications. The 1964-65 overhead was actually \$1.98 per bale; but for this table, buying and local delivery were added to make \$2.68 per bale.

The 1954-55 and 1955-56 surveys were for merchandising cost for domestic shipments only, but the same publication which was the source of the data also contains data for the 1956-57 season on cost of merchandising with a different set of cost classifications for shipments to both foreign and domestic outlets from the Dallas market trading area. These 1956-57 costs of merchandising according to the cost items used for shipments from Dallas to Group B mills, New England, Europe, and Japan have been compared with the 1964-65 data from the same origin to the same destinations in Table 13. Only the cost items for which direct comparison was possible were used in the construction of this table.

The cost of merchandising cotton to Group B mills for the 1964-65 season decreased for such cost items as buying and local delivery,

Table 13. AVERAGE COST OF MERCHANDISING COTTON FROM DALLAS, TEXAS
TO THE DESIGNATED OUTLETS FOR THE 1956-57 AND 1964-65 SEASONS
FOR THE COST ITEMS SHOWN IN DOLLARS PER BALE

Cost Item	Group B Mills		New England		Europe		Japan	
	56-57	64-65	56-57	64-65	56-57	64-65	56-57	64-65
Buying & Local Cost	\$.90	\$.85	\$.90	\$.81	\$.85	\$.81	\$.85	\$.82
Compression	1.45	1.99	1.45	1.98	1.65	2.26	1.65	2.33
Transportation	5.60	5.16	7.05	6.29	11.00	10.92	12.80	14.04
Concentration	1.60	1.69	1.60	1.54	1.55	1.76	1.40	2.06
Interest & Exchange	.90	1.13	.90	.99	.85	.98	.80	.93
Insurance	.10	.08	.10	.05	.55	.56	.75	.63
Selling Cost	.80	1.04	.85	.97	2.90	1.41	2.40	.97
Total	\$11.35	\$11.94	\$12.85	\$12.63	\$19.35	\$18.70	\$20.65	\$21.78

Reference (1) and original data.

transportation, and insurance while the costs of compression, concentration, interest and exchange, and selling increased in 1964-65. The same holds true for merchandising to New England except for the concentration which showed a decrease in 1964-65 for shipments to this outlet.

When these same cost items are examined in relation to the foreign outlet of Europe, it is noted that buying and local delivery, transportation, and selling costs were down for the 1964-65 season; and the remainder of the items listed in the table increased. When the cost items for shipments to Japan are examined, note that buying and local delivery, insurance and selling costs decreased for the 1964-65 season, while all others increased.

Texas cotton merchandising firms perform a service to the grower and the mill alike. The firms in the four Texas market trading areas merchandised cotton which had an estimated value of over \$620 million during the

1964-65 season. The merchandising of this cotton represented an expense of over \$79 million during the season for such items as transportation, insurance, salaries, compression, taxes, etc.

A hypothetical cotton merchandising income statement for the 1964-65 season (based on the Texas average per-bale cost) has been constructed and is shown in Table 14. This table (hypothetical income statement) is based on a single bale rather than a specified number. The gross sales and net income figures were not derived from this study as this information was not available. The figures shown are estimated "normal figures."

Table 14. HYPOTHETICAL TEXAS AVERAGE COTTON MERCHANDISING INCOME
STATEMENT FOR THE 1964-65 SEASON ON A PER-BALE
BASIS IN DOLLARS

Revenue:		
Gross sales		\$170.46*
Cost of goods sold:		
Net purchases	\$150.00	
Net cost of purchases (buying & local delivery)	<u>.67</u>	
Cost of goods sold		<u>150.67</u>
Gross profit from sales		\$ 19.79
Operating expenses:		
Selling expenses:		
Sales cost	\$ 1.09	
Carrying charges & exchange	1.78	
Warehouse, etc.	1.07	
Freight-out & delivery expense	10.21	
Compression, patches, & marks	<u>2.25</u>	
Total selling expenses		\$ 16.40
General and administrative expenses:		
Overhead	\$ 1.88	
Miscellaneous	<u>.31</u>	
Total general and admin- istrative expenses		<u>2.19</u>
Total operating expenses		<u>18.59</u>
Net Income		<u>\$ 1.20*</u>

* The gross sales and net income figures were not derived from this study but are estimated "normal figures."

TRADING AREA ADVANTAGES OR DISADVANTAGES

Using data contained in Table 8 for the merchandising costs according to the various cost items, Table 15 was constructed. Shown in this table are the areas which had the advantage cost-wise over the average of the other three areas in cents per bale for the various cost items. Also shown are the cost per bale and the area which had the greatest disadvantage cost-wise for the various cost items. The cost item of transportation is excluded from the table since distance is the main governing factor involved. Thus the area nearest the destination or port of embarkation has the greatest advantage.

Some firms located in the various areas might also be at a disadvantage in their own trading area if their cost is very much above the average costs shown in Table 8. Firms can, through the use of the data in this publication, determine if their cost is above or below the average for a specific cost item or in relation to the total for their own trading area or for the state as a whole.

During the same period that a decrease was taking place in the total costs of merchandising to domestic destinations for three of the four trading areas in the state, the price received by the farmer also decreased. This decrease in the 1964-65 price received amounted to an estimated \$22.35 per 500-pound bale when compared with the 1954-55 price and amounted to \$11.90 per 500-pound bale when compared with the 1955-56 price received for the Southwestern region. On a per-pound basis the 1964-65 price decreased 4.47 cents per pound from the 1954-55 level or 2.38 cents per pound when compared with the 1955-56 season.

Table 15. MARKETING AREAS WITH A COST ADVANTAGE, AMOUNT OF ADVANTAGE, AND AREAS WITH A COST DISADVANTAGE BY ITEMS COSTS ARE PER-BALE FOR 1964-65 SEASON

Outlet	Area	Marketing Advantage		Marketing Disadvantage	
		Lowest Average Cost Per Bale	Cents Per Bale Advantage Over Average Other 3	Area	Highest Average Cost Per Bale
<u>Buying and Local Delivery</u>					
Domestic	El Paso	\$.53	\$.20	Dallas	\$.79
Foreign	Houston-Galveston	.64	.16*	Dallas	.81
Foreign	Lubbock	.67	.13*	Dallas	.81
<u>Carrying Charges and Exchange</u>					
Domestic	Lubbock	1.50	.72	El Paso	3.47
Foreign	Lubbock	1.58	.39	El Paso	2.42
<u>Warehouse Services Other Than Storage</u>					
Domestic	Lubbock	.77	.41	El Paso	1.47
Foreign	Lubbock	.98	.28	El Paso	1.46
<u>Compression, Patches, and Marks</u>					
Domestic	Houston-Galveston	1.89	.10	Lubbock	2.00
Foreign	Houston-Galveston	2.28	.16	Lubbock	2.57
<u>Selling</u>					
Domestic	Lubbock	.86	.14	El Paso	1.13
Foreign	Lubbock	1.02	.39	El Paso	1.70
<u>Miscellaneous</u>					
Domestic	Lubbock	.15	.30	El Paso	.53
Foreign	Lubbock	.30	.17	El Paso	.90
<u>Overhead</u>					
Domestic	Houston-Galveston	1.80	.40	El Paso	2.53
Foreign	Houston-Galveston	1.41	.63	El Paso	2.53

* Average of El Paso and Dallas rather than the other three. Reference (7,10) and original data.

DESTINATIONS OF SHIPMENTS

The firms located in the Dallas and Houston-Galveston trading areas shipped to all destinations, both foreign and domestic. Firms contacted in the Lubbock trading area did not report any shipments to the New England mills during the season, while the El Paso firms did not report shipments to the category "other domestic mills." For a percentage breakdown of the volume shipped according to the four marketing areas from which the cotton was purchased and for the state as a whole according to designated domestic and foreign destinations during the 1964-65 season, see Table 16. In this table note that the percentages sold to the same destinations are different according to the marketing area origin. Dallas shipments are predominately for export (75 percent), with Japan being the prime destination which amounted to 30 percent for the season. Houston-Galveston and Lubbock shipments are also predominately for export with Japan still maintaining the lead as the prime destination; although on a percentage basis, the amount is less than for Dallas. El Paso merchandising is mostly domestic (78 percent) with 201 mill points (Group B) being the leading purchasers.

The four trading areas as a combined group had nearly 60 percent of their shipments going to the foreign destinations during the season with the remainder going to domestic outlets. In Table 17, the data for the same destinations have been arranged according to firm size rather than source of purchase. The large and medium size firms sell predominately to the export markets, and yet the large and small size firms sell to all destinations, both foreign and domestic. The medium size firms sell to three of the five domestic outlets and three of the foreign outlets. It appears that the medium sized firms are more specialized in their sales and outlets than the others.

Table 16. PERCENTAGE SHIPPED DURING THE 1964-65 SEASON 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	4.9	3.0	2.3	13.3	1.2	19.2	1.8	29.6	24.7	100.0
Houston-Galveston	7.3	2.6	1.4	24.3	4.1	25.0	1.3	26.0	8.0	100.0
Lubbock	4.2	6.5	--	25.1	5.3	19.0	1.2	25.5	13.2	100.0
El Paso	65.4	5.1	2.0	5.3	--	10.4	10.2	.3	1.3	100.0
State Total	10.9	3.8	1.4	19.4	4.7	19.0	2.2	24.8	13.8	100.0
				All Domestic . . 40.2					All Foreign . . 59.8	

Original data.

Table 17. PERCENTAGE SHIPPED TO INDICATED OUTLETS ACCORDING TO SIZE OF FIRM DURING THE 1964-65 SEASON

Firm Size	201 Mills	200 Mills	New England	Ala./ Ga.	Other Domestic	Europe	India	Japan	Other Foreign	Total
Large	11.5	4.4	1.6	19.7	3.0	19.8	2.3	23.4	14.3	100.0
Medium	2.8	--	--	12.2	10.1	18.8	--	49.1	7.0	100.0
Small	12.9	2.8	1.4	22.4	11.3	14.2	2.7	16.5	15.8	100.0
State Total	10.9	3.8	1.4	19.4	4.7	19.0	2.2	24.8	13.8	100.0

Original data.

Total domestic shipments handled by the Texas firms as "shippers" for the 1964-65 season amounted to 1,132,289 bales, while the foreign shipments amounted to 1,681,362 bales. This made a total of 2,813,651 bales handled by these Texas firms doing business as "shippers" for the season and represents nearly 65 percent of the production of the state for the season. Combining all the firms in the state according to their size classification indicated that the large firms handled 78.1 percent, the medium sized firms handled 8.9 percent, and the small sized firms handled 13.0 percent of the total volume handled as shippers for the season. Recombining the firms according to their location in the four trading areas indicates that the volume handled was as follows: Dallas, 31.5 percent; Houston-Galveston, 37.4 percent; Lubbock, 22.9 percent; and El Paso, 8.2 percent for the crop year. This can be seen in Table 18, along with the percentage of the total that was furnished by the firms in the trading areas to the designated outlets. This table shows which trading areas (for firms located therein) supplied the majority of the cotton to the designated outlets.

The percentage of Texas cotton supplied by the firms located in the four Texas marketing areas that was consumed in domestic and foreign mills is shown in Table 19 for the 1964-65 season. Also shown in the same table is the percentage of cotton that was consumed which was supplied by these same firms without regard to location of growth. Texas growths handled by the firms located in the four trading areas of the state amounted to over 21 percent of the total United States disappearance, while the total volume handled (all growths) by these same firms amounted to over 31 percent of the disappearance for the season. Texas growths handled for export by these firms in the state represented 42 percent of the total

Table 18. PERCENTAGE SHIPPED BY FIRMS ACCORDING TO THEIR LOCATION IN THE TRADING AREAS TO INDICATED OUTLETS, 1964-65 SEASON

Outlet	Houston-Galveston	Dallas	Lubbock	El Paso	Total
Group 201 Mills	25.3	14.6	9.0	51.1	100.0
Group 200 Mills	24.9	24.9	38.6	11.6	100.0
New England	38.5	52.0	--	9.5	100.0
Alabama/Georgia	46.7	21.6	29.5	2.2	100.0
Other Domestic	49.7	11.2	39.1	--	100.0
Total Domestic	38.5	20.2	24.4	16.9	100.0
Europe	45.5	29.6	21.2	3.7	100.0
India	22.9	26.2	12.4	38.5	100.0
Japan	39.0	37.4	23.5	.1	100.0
Other Foreign	21.6	55.8	21.8	.8	100.0
Total Foreign	36.7	38.6	22.0	2.7	100.0
All Outlets	37.4	31.5	22.9	8.2	100.0

Original data.

Table 19. PERCENTAGE OF DOMESTIC AND FOREIGN MILL COTTON PURCHASES THAT WERE FURNISHED BY TEXAS FIRMS, 1964-65 SEASON

Domestic Mills	Texas Growths	All Growths	Foreign Mills	Texas Growths	All Growths
Group 200 & 201	6.8	10.2	Europe	42.2	57.8
Alabama/Georgia	19.7	29.1	Japan	70.3	96.0
New England	21.5	31.7	India	24.3	37.5
Other Domestic	33.0	74.0	Other Foreign	26.6	39.0
Total Domestic	11.7	18.2	Total Foreign	42.3	61.0
Total-for all domestic and foreign mills				21.1	31.1

Original data.

cotton exported during the season. This figure increased to 61 percent when all cotton exported by these Texas firms, without regard to origin of growth, was included.

The 1964-65 season data for Texas sales to various outlets are shown with the Southwestern and national data for the 1956-57 season in the (c) section of Table 21 in the Appendix. The data are not strictly comparable since the 1964-65 data are on volume while the data for 1956-57 are simple arithmetic averages of percentages. However, the table still gives an indication of what has happened during the period between the two seasons. A larger percentage of cotton during the 1964-65 season was sold and shipped to the domestic outlets than in the 1956-57 season. The reverse, of course, occurred in relation to the foreign outlets.

See Table 20 for the United States 1964-65 season production by regions, total volume exported by outlets and domestic consumption by outlets for the season. In relation to the production, the 1964-65 United States crop was about 1.5 million above the 1954-55 crop, .4 million above the 1955-56 crop, and 1.8 million above the 1956-57 crop. The Western and Midsouth regions were the areas primarily responsible for the variation involved between the seasons. For a more comprehensive presentation of the United States production by regions in bales and percent for crop years from 1935-36 through 1964-65, see Table 27 in the Appendix. The United States domestic consumption for the 1964-65 season amounted to 9,171,000 bales. This domestic consumption in the 1964-65 season was .3 million above that of the 1954-55 season, almost equal to the 1955-56 consumption, and was .4 million above the 1956-57 consumption. A comprehensive table containing the quantity and proportion of cotton consumed in the United States by regions for the seasons 1934-35 through 1964-65

Table 20. UNITED STATES 1964-65 SEASON PRODUCTION, DOMESTIC CONSUMPTION, AND EXPORTS IN 1,000 OF EQUIVALENT 500-POUND BALES

<u>Production by Region</u>				
<u>Western*</u>	<u>Southwestern</u>	<u>Midsouth</u>	<u>Southeastern</u>	<u>Total</u>
3,035.0	4,197.0	5,483.0	2,467.0	15,182.0
<u>Domestic Consumption by Outlets</u>				
<u>200 & 201 Mills**</u>	<u>Ala./Ga.</u>	<u>New England</u>	<u>Other</u>	<u>Total</u>
5,965.0	2,760.0	183.0	262.9	9,170.9
<u>Exports to Indicated Outlets</u>				
<u>Europe</u>	<u>Japan</u>	<u>India</u>	<u>Other</u>	<u>Total</u>
1,360.9	990.1	243.0	1,465.5	4,059.5

* District 6 of Texas included.

** Va., N.C., S.C., and Tenn.
Reference (2,12,14).

is shown in Table 28 in the Appendix. The United States 1964-65 season total cotton exported amounted to 4,201,000 bales. The total exports during the 1964-65 season were about .6 million above the 1954-55 exports, 1.6 million below the 1955-56 exports, and 3.5 million below the 1956-57 exports. The quantity and proportion of cotton exported from the United States by countries for specified seasons including the 1964-65 season are in Table 29 of the Appendix. In Table 30 of the Appendix are the quantity and proportion of all cotton consumed for a selected list of countries in 1,000's of 500-pound gross weight bales for specified seasons including 1964-65.

SUMMARY AND CONCLUSIONS

The shipper-merchant engaged in merchandising Texas cotton during the 1964-65 season faced increases in some of the costs of merchandising cotton such as salaries, compression, interest and exchange costs in some of the trading areas. The monthly storage cost has also increased over the last ten years (1954-55 to 1964-65) adding to the merchants' problems in the fact that mills can purchase cotton directly from the CCC through the use of the cotton catalog which lists the grade, staple, location, and in some instances micronaire. The number of firms actively engaged in marketing cotton has decreased in Texas during the last ten years.

The growers have in the past ten years turned more to the use of co-operatives in an effort to reduce their costs and as a means of increasing their income. The ability of the cooperatives to put cotton into the loan has contributed to their use by the grower who can simply turn his cotton over to the cooperative which acts as his agent and obtains the best price for the grower, as well as for the cooperative, be it through the loan or in normal trade channels.

The cotton produced in the various areas of the state and nation has changed as to amount and kind during the same ten-year period. In addition, the spinners made more use of the fiber property data in the purchase of cotton during 1964-65 than they did earlier, which caused an increase in merchandising costs.

All of these factors have added to the problems the merchant must overcome in his effort to merchandise American cotton in both the domestic

and foreign markets. In the domestic market, he has also faced increased competition from the synthetic fiber industry. In the foreign market, a merchant faces the competition of cheaper foreign growths, which have become more abundant, so that he finds himself as the residual cotton supplier in the export market.

Both the merchant and mill face the fact that neither can avoid some 85 percent of the costs of merchandising. Even if the spinner were to buy directly he would still have to pay some of these same costs. These costs are compression, purchase cost, insurance, transportation, and warehouse services including storage.

In spite of the problems encountered, the Texas firms in the four market trading areas sold some four million bales of cotton during the 1964-65 season as shippers. This figure represented over 91 percent of the total bale volume they handled during the season. Of the four million bales merchandised as shippers, 60 percent went into the export market and 40 percent into the domestic market. Of this cotton sold, 62 percent was purchased in the Southwestern area with the largest part, nearly 38 percent, coming from the farmers, 33 percent from the ginners and other local buyers, 20 percent from the CCC, and the other 9 percent from other sources. The major outlets to which this cotton was sold were: Japan, 25 percent; Europe, 19 percent; Alabama-Georgia mills, 19 percent; Group 201 mills, 11 percent; and all others combined, 26 percent.

The 1964-65 season average merchandising cost for both domestic and foreign outlets based on all four trading areas was \$19.24 per bale, while the domestic cost was \$13.97 per bale, and the foreign cost was \$22.58 per bale. Of all merchandising costs, the largest item was transportation which amounted to 53 percent of the total. Compression, patches, and

marks was next at about 12 percent, followed by overhead at nearly 10 percent.

There were some cost items which decreased in comparison with the same cost for the 1954, 1955, and 1956 crop years. These items were insurance, overhead, and buying and local delivery costs. At the same time there was an increase in the cost of such items as compression and miscellaneous costs. Selling costs to the domestic outlets increased while cost of selling to foreign outlets decreased.

The new Agricultural Act which went into effect as of August 1, 1966 established a loan price which would make American cotton more competitive in the world cotton market in relation to foreign growths. The method of subsidy would be direct payment to the farmer allowing the spinners, as well as the merchants, to return to an active futures exchange and a freer merchandising system. The new Agricultural Act puts the Texas, and other American, cotton shippers in a more competitive position to supply the fibers necessary for the production of textiles in both the domestic and foreign markets. Thus the problems faced by the cotton shippers which affected their costs of merchandising during the 1964-65 season at the time of this study will undergo various changes in the 1966-67 season, generating a need for further study of the costs involved in merchandising American cotton.

APPENDIX

Table 21. 1956-57 AND 1964-65 SEASONAL COMPARATIVE DATA ACCORDING TO REGION IN WHICH FIRM IS LOCATED IN PERCENT

	1956-57 Season*		1964-65
	SW Region	All Regions	Texas**
(a.) <u>Region of Purchase</u>			
Western	19.2	28.7	17.3
Southwestern	69.9	22.2	62.0
Midsouth	9.5	29.0	17.0
Southeastern	1.4	20.1	3.7
Total	100.0	100.0	100.0
(b.) <u>Source of Purchase</u>			
Farmers, Ex-warehouse	6.9	18.0	21.7
Farmers, Other	2.2	3.1	15.8
Ginners & Other Local Buyers	36.0	33.9	33.1
CCC	43.8	27.6	20.4
Shippers	3.5	4.0	3.2
Spot Brokers	6.9	11.8	4.8
Others	0.7	1.6	1.0
Total	100.0	100.0	100.0
(c.) <u>Destination Outlet</u>			
Southeastern	27.8	58.1	34.1
New England	1.4	2.8	1.4
Other Domestic	0.4	0.4	4.7
Total Domestic	29.6	61.3	40.2
Europe	52.9	28.5	19.0
Orient	15.7	9.3	27.0
Other Foreign	1.8	0.9	13.8
Total Foreign	70.4	38.7	59.8
Total All Outlets	100.0	100.0	100.0

* 1956-57 simple averages for percentage figures--no volume data available.

** All four market trading areas in the state.

Reference (1,7,10).

Table 22. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING UNITED STATES COTTON,
BY TYPES OF COST, AND BY OUTLETS, 1964-65 SEASON

Outlet to Which Shipped	Buying	Carrying	Warehouse	Compression,	Trans.	Miscel- laneous	Over- head	Total
	Local Delivery 1/	Costs and Exchange 2/	Services Other Than Storage 3/	Patches, and Marks 4/	and Related Services 5/				6/	7/	8/	9/
Group 201 Mills	\$0.73	\$2.98	\$0.92	\$1.49	\$6.24	\$0.74	\$1.33	\$14.89
Ala. and Ga. Mills	.69	1.99	.96	1.19	3.84	.76	1.64	11.44
Group 200 Mills	.69	2.10	.95	1.28	4.70	.81	1.61	12.60
New England Mills	.84	2.75	.88	1.65	7.78	.84	1.73	16.84
Other Domestic	.77	2.15	.81	1.82	3.63	.76	1.68	11.85
Total Domestic	.72	2.56	.93	1.39	5.31	.76	1.47	13.56
Europe	.68	2.02	1.03	2.33	11.58	1.35	1.69	21.08
Japan	.73	2.20	1.05	2.37	14.23	1.10	1.66	23.77
India	.88	3.11	1.07	2.31	18.10	1.51	1.85	29.64
Other Foreign	.75	2.39	1.04	2.46	13.57	1.29	1.70	23.55
Total Foreign	.73	2.26	1.04	2.38	13.46	1.26	1.69	23.24
All Outlets	.73	2.44	.97	1.76	8.33	.94	1.55	17.14

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange. 3/ Receiving, outhandling, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. Reference (11).

Table 23. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING WESTERN COTTON, BY TRADING AREAS AND OUTLETS SEASON 1964-65

Trading Area Where Purchased	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4/	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
Outlet to Which Shipped									
El Paso area:									
Group 201 mills	\$0.52	\$3.48	\$1.49	\$1.99	\$6.56	\$1.13	\$0.53	\$2.55	\$18.25
Ala. and Ga. mills . . .	.65	2.96	1.28	2.00	5.99	1.10	.44	2.41	16.83
Group 200 mills 10/ . . .	—	—	—	—	—	—	.67	2.58	19.45
New England mills . . .	.91	3.13	1.34	1.97	8.24	.98	.25	2.04	18.86
Other domestic 10/ . . .	—	—	—	—	—	—	—	—	—
Total domestic . . . .	.53	3.47	1.47	1.99	6.58	1.13	.53	2.53	18.23
Europe . . . . .	.85	2.29	1.39	2.32	13.14	1.82	.48	2.46	24.75
Japan 10/	—	—	—	—	—	—	.32	—	—
India . . . . .	.71	2.56	1.54	2.50	18.87	1.56	1.39	2.65	31.78
Other foreign 10/	—	—	—	—	—	1.90	—	—	—
Total foreign . . . . .	.79	2.42	1.46	2.41	16.16	1.70	.90	2.53	28.37
All outlets . . . . .	.58	3.24	1.47	2.07	8.57	1.25	.60	2.53	20.31
Fresno-Bakersfield area:									
Group 201 mills . . . .	.92	3.82	.97	1.86	9.18	.64	.33	1.09	18.81
Ala. and Ga. mills . . .	.76	4.67	.99	1.90	9.17	.61	.42	1.26	19.78
Group 200 mills 10/ . . .	—	—	—	—	—	—	—	—	—
New England mills . . .	.92	4.22	1.03	1.86	10.75	.68	.40	1.29	21.15
Other domestic	1.09	3.91	.87	1.88	7.64	.62	.50	1.32	17.82
Total domestic . . . .	.93	3.87	.97	1.86	9.19	.64	.35	1.12	18.93
Europe . . . . .	.90	3.83	.95	2.35	13.89	1.20	.50	1.35	24.97
Japan . . . . .	.64	4.84	.98	2.38	13.85	1.11	.47	1.13	25.41
India . . . . .	.85	3.47	1.00	2.21	17.67	1.55	.53	1.41	28.69
Other foreign . . . . .	.68	5.31	.99	2.40	14.98	1.66	.51	1.11	27.64
Total foreign . . . . .	.75	4.43	.98	2.34	14.92	1.36	.50	1.21	26.49
All outlets . . . . .	.88	4.04	.97	2.00	10.90	.86	.39	1.15	21.19
Phoenix area:									
Group 201 mills . . . .	.83	3.99	1.04	1.84	9.14	.66	.44	1.20	19.14
Ala. and Ga. mills . . .	.61	4.51	1.03	1.87	9.13	.60	.37	1.18	19.30
Group 200 mills 10/ . . .	—	—	—	—	—	—	—	—	—
New England mills . . .	.80	4.65	1.05	1.86	10.75	.65	.40	1.27	21.43
Other domestic 10/ . . .	—	—	—	—	—	—	—	—	—
Total domestic . . . .	.81	4.09	1.04	1.85	9.17	.65	.44	1.19	19.24
Europe . . . . .	.91	3.37	1.00	2.41	14.17	1.25	.35	1.34	24.80
Japan . . . . .	.86	3.58	1.05	2.44	14.47	1.08	.41	1.60	25.50
India	1.24	4.75	1.07	2.20	18.08	1.69	1.50	1.73	32.26
Other foreign . . . . .	.73	5.28	1.01	2.39	15.09	1.16	.59	1.11	27.37
Total foreign . . . . .	.92	4.12	1.03	2.37	15.26	1.26	.65	1.47	27.08
All outlets . . . . .	.85	4.11	1.04	2.05	11.47	.88	.52	1.30	22.22
Western region:									
Group 201 mills . . . .	.85	3.81	1.06	1.87	8.81	.71	.38	1.32	18.81
Ala. and Ga. mills . . .	.71	4.35	1.05	1.91	8.62	.69	.41	1.44	19.17
Group 200 mills . . . .	.99	2.85	1.17	1.93	8.10	.99	.60	2.14	18.77
New England mills . . .	.90	4.21	1.06	1.87	10.54	.70	.39	1.35	21.02
Other domestic	1.00	4.24	.89	1.88	7.63	.61	.50	1.27	18.03
Total domestic . . . .	.85	3.85	1.06	1.88	8.80	.71	.39	1.34	18.88
Europe . . . . .	.89	3.50	1.02	2.36	13.84	1.30	.46	1.51	24.88
Japan . . . . .	.72	4.40	1.01	2.39	14.10	1.10	.45	1.30	25.48
India . . . . .	.92	3.62	1.11	2.26	17.98	1.58	.92	1.72	30.11
Other foreign . . . . .	.69	5.22	1.01	2.40	15.05	1.53	.54	1.15	27.59
Total foreign . . . . .	.80	4.18	1.03	2.36	15.12	1.36	.58	1.41	26.84
All outlets . . . . .	.83	3.95	1.05	2.02	10.74	.91	.45	1.36	21.31

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Includes insured storage, interest, and exchange. 3/ Receiving and outlanding and, for some bales, reweighing, resampling and other special services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. 10/ Insufficient information to permit separate estimates. Reference (?).

Table 24. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING SOUTHWESTERN COTTON, BY TRADING AREAS AND OUTLETS, SEASON 1964-65

Trading Area Where Purchased	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
Outlet to Which Shipped									
<u>Dallas area:</u>									
Group 201 mills	\$0.84	\$1.82	\$1.00	\$1.99	\$5.24	\$1.04	\$0.35	\$1.92	\$14.20
Ala. and Ga. mills . . . . .	.77	1.58	.99	2.00	4.62	.94	.20	2.06	13.16
Group 200 mills . . . . .	.78	1.55	.96	1.96	5.39	.92	.26	1.98	13.80
New England mills . . . . .	.80	1.49	1.03	1.98	6.34	.97	.18	2.18	14.97
Other domestic . . . . .	.79	1.76	.82	1.75	1.38	.52	.34	1.58	8.94
Total domestic . . . . .	.79	1.63	.98	1.98	4.78	.94	.24	2.02	13.36
Europe . . . . .	.80	1.68	1.05	2.26	11.48	1.42	.28	1.84	20.81
Japan . . . . .	.82	1.86	1.13	2.33	14.66	.97	.48	1.76	24.01
India . . . . .	.84	1.98	.99	2.42	18.48	1.35	.32	1.78	28.16
Other foreign . . . . .	.80	1.72	1.20	2.46	14.96	1.19	.26	1.36	23.95
Total foreign . . . . .	.81	1.78	1.12	2.34	14.06	1.14	.38	1.69	23.32
All outlets . . . . .	.80	1.73	1.08	2.22	11.03	1.07	.33	1.80	20.06
<u>Houston-Galveston area:</u>									
Group 201 mills . . . . .	.80	1.78	1.22	1.86	5.07	.98	.38	1.90	13.99
Ala. and Ga. mills . . . . .	.78	1.65	1.06	1.98	4.65	.91	.31	1.93	13.27
Group 200 mills . . . . .	.76	1.64	1.10	1.98	5.52	.92	.29	2.04	14.25
New England mills . . . . .	.76	1.61	1.04	1.99	6.72	.98	.26	2.36	15.72
Other domestic . . . . .	.76	.90	1.00	1.56	1.38	.98	.06	.88	7.52
Total domestic . . . . .	.78	1.56	1.08	1.89	4.40	.93	.28	1.80	12.72
Europe . . . . .	.53	1.68	1.22	2.20	9.58	1.44	.36	1.29	18.30
Japan . . . . .	.66	1.73	1.17	2.20	12.70	1.34	.46	1.46	21.72
India . . . . .	.75	2.14	1.10	2.54	17.18	1.28	.36	1.86	27.21
Other foreign . . . . .	.86	1.78	1.22	2.56	14.13	1.30	.27	1.56	23.68
Total foreign . . . . .	.64	1.73	1.20	2.28	11.66	1.38	.38	1.41	20.68
All outlets . . . . .	.69	1.67	1.17	2.16	9.42	1.24	.34	1.53	18.22
<u>Lubbock area:</u>									
Group 201 mills . . . . .	.62	1.68	.84	2.00	5.69	.91	.27	1.78	13.79
Ala. and Ga. mills . . . . .	.62	1.53	.81	2.00	5.10	.86	.13	1.90	12.95
Group 200 mills . . . . .	.56	1.33	.65	2.00	5.89	.80	.14	2.57	13.94
New England mills . . . . .	.73	1.53	.95	2.00	7.27	.92	.26	2.18	15.84
Other domestic . . . . .	.54	1.32	.54	2.00	2.13	.75	.10	2.85	10.23
Total domestic . . . . .	.61	1.50	.77	2.00	5.09	.86	.15	2.07	13.05
Europe . . . . .	.64	1.51	.95	2.64	11.97	1.08	.32	2.08	21.19
Japan . . . . .	.70	1.53	.97	2.49	14.78	.97	.26	1.79	23.49
India . . . . .	.66	1.64	.94	2.64	18.78	1.02	.31	2.26	28.25
Other foreign . . . . .	.66	1.74	1.06	2.64	15.24	1.06	.32	1.88	24.60
Total foreign . . . . .	.67	1.58	.98	2.57	14.21	1.02	.30	1.90	23.23
All outlets . . . . .	.64	1.55	.90	2.35	10.67	.96	.24	1.97	19.28
<u>Southwestern region:</u>									
Group 201 mills . . . . .	.73	1.75	1.01	1.95	5.38	.96	.32	1.85	13.95
Ala. and Ga. mills . . . . .	.70	1.57	.92	2.00	4.88	.90	.19	1.94	13.10
Group 200 mills . . . . .	.63	1.42	.78	1.99	5.75	.84	.19	2.39	13.99
New England mills . . . . .	.78	1.54	1.00	1.99	6.80	.96	.24	2.24	15.55
Other domestic . . . . .	.66	1.16	.77	1.78	1.73	.84	.10	1.86	8.90
Total domestic . . . . .	.70	1.55	.91	1.96	4.83	.90	.20	1.98	13.03
Europe . . . . .	.62	1.62	1.09	2.38	10.75	1.31	.34	1.66	19.77
Japan . . . . .	.72	1.67	1.06	2.37	14.23	1.06	.38	1.70	23.19
India . . . . .	.72	1.86	1.00	2.56	18.24	1.16	.32	2.04	27.90
Other foreign . . . . .	.76	1.74	1.14	2.57	14.82	1.17	.29	1.66	24.15
Total foreign . . . . .	.70	1.67	1.09	2.42	13.30	1.18	.34	1.68	22.38
All outlets . . . . .	.70	1.63	1.03	2.26	10.34	1.08	.30	1.79	19.13

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange. 3/ Receiving, outhandling, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. Reference (10).

Table 25. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING MIDSOUTH COTTON, BY TRADING AREAS AND OUTLETS, SEASON 1964-65

Trading Area Where Purchased Outlet to Which Shipped	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4/	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
Greenwood area:									
Group 201 mills	\$0.59	\$2.62	\$0.64	\$1.22	\$4.12	\$0.73	\$0.55	\$0.92	\$11.39
Ala. and Ga. mills . . . . .	.80	1.71	.66	1.22	3.69	.85	.34	1.44	10.71
Group 200 mills . . . . .	.68	2.33	.87	1.21	4.50	.88	.59	1.39	12.45
New England mills . . . . .	.85	2.30	.64	1.21	5.72	.97	.62	1.72	14.03
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic . . . . .	.66	2.36	.67	1.22	4.13	.78	.51	1.13	11.46
Europe . . . . .	.72	1.72	.74	2.14	12.11	1.53	.46	1.70	21.12
Japan 10/	—	—	—	—	—	—	—	—	—
India . . . . .	.83	1.80	.92	2.33	18.76	1.60	.73	2.27	29.24
Other foreign . . . . .	.75	1.78	.88	2.38	10.54	1.38	.30	2.00	20.01
Total foreign . . . . .	.74	1.76	.84	2.29	11.71	1.46	.42	1.93	21.15
All outlets . . . . .	.68	2.20	.72	1.52	6.21	.97	.49	1.35	14.14
Memphis area:									
Group 201 mills . . . . .	.62	2.15	.71	1.21	4.17	.77	.55	1.42	11.60
Ala. and Ga. mills . . . . .	.79	2.11	.73	1.21	3.61	.85	.52	1.69	11.51
Group 200 mills . . . . .	.58	2.42	.98	1.21	4.54	.85	.48	1.30	12.36
New England mills . . . . .	.80	2.18	.61	1.21	5.72	.86	.36	1.68	13.42
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic . . . . .	.66	2.19	.76	1.21	4.15	.80	.52	1.46	11.75
Europe . . . . .	.62	2.01	1.01	2.24	12.16	1.25	.51	1.92	21.72
Japan 10/	—	—	—	—	—	—	—	—	—
India . . . . .	.89	1.84	1.00	2.31	18.75	1.64	.91	2.42	29.76
Other foreign . . . . .	.78	1.85	.88	2.36	10.37	1.34	.31	2.19	20.08
Total foreign . . . . .	.74	1.91	.94	2.30	11.73	1.42	.47	2.13	21.64
All outlets . . . . .	.68	2.13	.79	1.41	5.54	.92	.52	1.58	13.57
Little Rock-New Orleans area:									
Group 201 mills . . . . .	.82	2.52	.46	1.22	4.56	.81	.34	1.58	12.31
Ala. and Ga. mills . . . . .	.93	1.72	.57	1.20	4.03	.86	.32	1.98	11.61
Group 200 mills . . . . .	.79	2.28	.75	1.20	4.94	.94	.31	1.95	13.16
New England mills . . . . .	.89	1.66	.67	1.20	5.97	.90	.31	2.15	13.75
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic . . . . .	.85	2.24	.53	1.21	4.52	.84	.33	1.75	12.27
Europe . . . . .	.84	2.49	.72	2.06	12.07	1.56	.93	2.36	23.03
Japan 10/	—	—	—	—	—	—	—	—	—
India . . . . .	.99	1.69	.89	1.90	18.80	1.75	1.43	2.48	29.93
Other foreign . . . . .	.96	1.52	.72	1.59	12.10	1.41	.82	1.88	21.00
Total foreign . . . . .	.91	2.07	.76	1.91	13.00	1.57	1.04	2.28	23.54
All outlets . . . . .	.87	2.19	.59	1.39	6.66	1.03	.51	1.89	15.13
Midsouth region:									
Group 201 mills . . . . .	.63	2.34	.66	1.21	4.19	.76	.53	1.27	11.59
Ala. and Ga. mills . . . . .	.81	1.92	.69	1.21	3.68	.85	.44	1.65	11.25
Group 200 mills . . . . .	.62	2.38	.93	1.21	4.55	.86	.50	1.37	12.42
New England mills . . . . .	.83	2.13	.63	1.20	5.76	.90	.44	1.77	13.66
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic . . . . .	.68	2.24	.71	1.21	4.18	.80	.50	1.39	11.71
Europe . . . . .	.70	1.98	.85	2.17	12.12	1.50	.57	1.91	21.80
Japan 10/	—	—	—	—	—	—	—	—	—
India . . . . .	.89	1.79	.95	2.23	18.76	1.64	.95	2.38	29.59
Other foreign . . . . .	.78	1.79	.87	2.32	10.54	1.36	.34	2.08	20.08
Total foreign . . . . .	.77	1.87	.88	2.24	11.88	1.46	.53	2.07	21.70
All outlets . . . . .	.70	2.16	.74	1.44	5.89	.95	.50	1.54	13.92

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Includes insured storage, interest, and exchange. 3/ Receiving and outhandling and, for some bales, reweighing, resampling and other special services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. 10/ Insufficient information to permit separate estimates. Reference (5).

Table 26. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING SOUTHEASTERN COTTON, BY TRADING AREAS AND OUTLETS, SEASON 1964-65

Trading Area Where Purchased Outlet to Which Shipped	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4/	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
<u>Atlanta area:</u>									
Group 201 mills	\$0.46	\$2.17	\$1.42	\$0.39	\$2.18	\$0.55	\$0.57	\$1.08	\$ 8.82
Group 200 mills . . . .	.49	2.46	1.26	.34	3.37	.34	.65	1.21	10.12
Ala. and Ga. mills . . .	.44	1.87	1.39	.06	1.44	.72	.54	1.04	7.50
Alabama mills 10/ . . .	—	—	—	—	—	—	—	—	—
Georgia mills . . . .	.40	1.95	1.42	.06	1.44	.74	.60	.96	7.57
Other outlets 10/ . . .	—	—	—	—	—	—	—	—	—
All outlets . . . .	.45	1.94	1.39	.12	1.63	.68	.55	1.05	7.81
<u>Augusta, Charleston-Greenville area:</u>									
Group 201 mills . . . .	.57	1.97	1.33	.32	1.94	.63	.75	1.28	8.79
Group 200 mills	1.04	1.40	1.21	.10	1.85	.43	.73	1.13	7.89
Ala. and Ga. mills . . .	.82	1.49	1.10	.07	2.20	.48	.29	1.62	8.07
Alabama mills 10/ . . .	—	—	—	—	—	—	—	—	—
Georgia mills . . . .	.77	1.54	1.13	.08	2.10	.48	.36	1.50	7.96
Other outlets 10/ . . .	—	—	—	—	—	—	—	—	—
All outlets . . . .	.71	1.75	1.25	.22	1.99	.56	.63	1.34	8.45
<u>Montgomery area:</u>									
Group 201 mills . . . .	.71	2.73	1.09	.08	2.78	.54	.22	1.49	9.64
Group 200 mills . . . .	.93	2.43	1.23	—	2.65	.50	.17	1.63	9.54
Ala. and Ga. mills . . .	.53	2.38	1.12	.02	1.74	.50	.40	1.38	8.07
Alabama mills . . . .	.46	2.09	1.05	.02	1.50	.42	.48	1.48	7.50
Georgia mills . . . .	.58	2.65	1.18	.02	1.97	.56	.32	1.29	8.57
Other outlets 10/ . . .	—	—	—	—	—	—	—	—	—
All outlets . . . .	.54	2.41	1.12	.02	1.83	.50	.38	1.39	8.19
<u>Southeastern region:</u>									
Group 201 mills . . . .	.58	2.06	1.32	.30	2.04	.62	.68	1.28	8.88
Group 200 mills . . . .	.97	1.58	1.22	.12	2.06	.43	.68	1.17	8.23
Ala. and Ga. mills . . .	.55	2.13	1.18	.03	1.74	.54	.41	1.34	7.92
Alabama mills . . . .	.54	1.96	1.05	.02	1.59	.44	.40	1.54	7.54
Georgia mills . . . .	.56	2.24	1.25	.04	1.83	.60	.42	1.22	8.16
Other outlets 10/ . . .	—	—	—	—	—	—	—	—	—
All outlets . . . .	.59	2.07	1.22	.12	1.85	.56	.51	1.31	8.23

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange. 3/ Receiving, outhandling, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments. 5/ Includes cotton insurance separately reported. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. 10/ Insufficient information to justify separate estimates for this outlet. Reference (6).

Table 27. PRODUCTION AND DISTRIBUTION OF COTTON BY REGIONS, UNITED STATES, 1935-36 THROUGH 1964-65 SEASONS

Seasons	Production*				Distribution					
	West	South- west	Delta States	South- east	United States	West	South- west	Delta States	South- east	United States
	Bales				Percent					
1935-36	449	3,523	3,171	3,495	10,638	4.2	33.1	29.8	32.9	100.0
1936-37	744	3,223	4,724	3,708	12,399	6.0	26.0	38.1	29.9	100.0
1937-38	1,214	5,928	6,787	5,017	18,946	6.4	31.3	35.8	26.5	100.0
1938-39	716	3,649	4,571	3,007	11,943	6.0	30.5	38.3	25.2	100.0
1939-40	747	3,372	4,646	3,052	11,817	6.3	28.5	39.3	25.9	100.0
1940-41	868	4,036	4,122	3,540	12,566	6.9	32.1	32.8	28.2	100.0
1941-42	691	3,370	4,266	2,417	10,744	6.4	31.4	39.7	22.5	100.0
1942-43	706	3,746	5,109	3,256	12,817	5.5	29.2	39.9	25.4	100.0
1943-44	580	3,207	4,502	3,138	11,427	5.0	28.1	39.4	27.5	100.0
1944-45	579	3,280	4,939	3,432	12,230	4.7	26.8	40.4	28.1	100.0
1945-46	576	2,079	3,644	2,716	9,015	6.4	23.1	40.4	30.1	100.0
1946-47	758	1,931	3,412	2,539	8,640	8.8	22.3	39.5	29.4	100.0
1947-48	1,185	3,767	4,192	2,716	11,860	10.0	31.8	35.3	22.9	100.0
1948-49	1,532	3,527	6,282	3,536	14,877	10.3	23.7	42.2	23.8	100.0
1949-50	2,088	6,650	4,878	2,512	16,128	12.8	41.2	30.2	15.8	100.0
1950-51	1,639	3,188	3,518	1,669	10,014	16.4	31.8	35.1	16.7	100.0
1951-52	2,842	4,536	4,467	3,304	15,149	18.8	29.9	29.5	21.8	100.0
1952-53	3,098	4,072	5,068	2,901	15,139	20.5	26.8	33.5	19.2	100.0
1953-54	3,166	4,754	5,646	2,899	16,465	19.2	28.9	34.3	17.6	100.0
1954-55	2,716	4,233	4,507	2,240	13,696	19.8	30.9	32.9	16.4	100.0
1955-56	2,201	4,502	5,313	2,705	14,721	15.0	30.6	36.0	18.4	100.0
1956-57	2,578	3,876	4,629	2,227	13,310	19.5	29.0	34.8	16.7	100.0
1957-58	2,539	3,895	3,010	1,520	10,964	23.1	35.5	27.5	13.9	100.0
1958-59	2,644	4,621	2,883	1,364	11,512	23.0	40.1	25.1	11.8	100.0
1959-60	2,973	4,797	4,784	2,004	14,558	20.4	33.0	32.9	13.7	100.0
1960-61	3,086	4,804	4,448	1,934	14,272	22.0	34.0	31.0	13.0	100.0
1961-62	2,823	5,155	4,497	1,843	14,318	20.0	36.0	31.0	13.0	100.0
1962-63	3,128	5,037	4,724	1,978	14,867	21.0	34.0	32.0	13.0	100.0
1963-64	2,830	4,753	5,423	2,328	15,334	19.0	31.0	35.0	15.0	100.0
1964-65	2,821	4,409	5,483	2,467	15,180	19.0	29.0	36.0	16.0	100.0

* Cotton reported in 1,000 bales, gross weight 500 pounds per bale. Reference (4,8,9).

Table 28. QUANTITY AND PROPORTION OF COTTON CONSUMED IN THE UNITED STATES BY AREAS FOR SPECIFIED SEASONS, 1934-35 THROUGH 1964-65*

Seasons	Quantity by Areas				Proportion by Areas			
	Cotton- Growing States	New England States	Other States	United States	Cotton- Growing States	New England States	Other States	United States
1934-35	5,336	831	184	6,351	84.0	13.1	2.9	100.0
1939-40	8,289	1,148	285	9,722	85.3	11.8	2.9	100.0
1944-45	8,455	891	222	9,568	88.4	9.3	2.3	100.0
1949-50	8,030	664	157	8,851	90.7	7.5	1.8	100.0
1950-51	9,642	840	172	10,654	90.5	7.9	1.6	100.0
1951-52	8,443	559	118	9,120	92.6	6.1	1.3	100.0
1952-53	8,731	601	92	9,424	92.6	6.4	1.0	100.0
1953-54	8,011	498	67	8,576	93.4	5.8	0.8	100.0
1954-55	8,358	427	56	8,841	94.5	4.8	0.7	100.0
1955-56	8,638	446	57	9,141	94.5	4.9	0.6	100.0
1956-57	8,320	355	53	8,728	95.3	4.1	0.6	100.0
1957-58	7,629	297	47	7,973	95.7	3.7	0.6	100.0
1958-59	8,313	314	44	8,671	95.9	3.6	0.5	100.0
1959-60	8,671	309	37	9,017	96.2	3.4	0.4	100.0
1960-61	7,946	273	34	8,253	96.3	3.3	0.4	100.0
1961-62	8,786	264	22	9,072	96.9	2.9	0.2	100.0
1962-63	8,162	209	20	8,391	97.3	2.5	0.2	100.0
1963-64	8,333	201	20	8,554	97.4	2.4	0.2	100.0
1964-65**	6,062	125	14	6,201	97.7	2.1	0.2	100.0

* Data shown reported in thousands of running bales, except for foreign cotton which are in bales of 500 pounds gross weight.

** Data calculated from domestic consumption quoted in Reference (12). Reference (13).

Table 29. QUANTITY AND PROPORTION OF COTTON EXPORTED FROM THE UNITED STATES
BY COUNTRIES FOR SPECIFIED SEASONS ^{1/}

Destination	Cotton Exports				Distribution of Cotton Exports			
	^{2/} 1935-39	1955-56	1963-64	^{3/} 1964-65	^{2/} 1935-39	1955-56	1963-64	^{2/} 1964-65
	Bales				Percent			
Europe:								
United Kingdom	1,097	153	286	153	20.7	6.6	5.1	3.8
France	589	178	380	184	11.1	7.7	6.7	4.5
Italy	430	105	441	260	8.1	4.5	7.8	6.4
Germany	579	74	401	217	10.9	3.2	7.1	5.3
Spain	101	143	14	28	1.9	6.2	0.2	0.7
Belgium & Luxembourg	146	30	176	80	2.8	1.3	3.1	2.0
Netherlands	86	17	128	65	1.6	0.7	2.2	1.6
Other Europe ^{4/}	565	181	544	374	10.7	7.8	9.6	9.2
Total Europe	3,593	881	2,370	1,361	67.8	38.0	41.8	33.5
Canada	259	75	448	390	4.9	3.2	7.9	9.6
Japan	1,272	873	1,300	990	24.0	37.6	22.9	24.4
China (Taiwan Included)	56	124	376	353	1.1	5.4	6.7	8.7
India	45	9	314	243	0.9	0.4	5.6	6.0
Other Countries	71	358	852	723	1.3	15.4	15.1	17.8
Total	5,296	2,320	5,660	4,060	100.0	100.0	100.0	100.0

^{1/} Bales of 500 pounds gross weight.

^{2/} Data for 1934-35 - 1938-39 season average used.

^{3/} Preliminary.

^{4/} Russia included in Other Europe. Reference (4,8,9).

Table 30. QUANTITY AND PROPORTION OF ALL COTTON CONSUMED BY COUNTRIES FOR SPECIFIED SEASONS*

Countries	Cotton Consumed					Proportion of Cotton Consumed				
	1934-35**	1938-39	1955-56	1963-64	1964-65	1938-39	1955-56	1963-64	1964-56	1964-56
	1934-35***	1938-39	1955-56	1963-64	1964-65	1938-39	1955-56	1963-64	1964-56	1964-56
United Kingdom	2,741	1,545	1,065	1,075	1,075	9.3	3.7	2.2	2.2	2.2
France	1,181	1,218	1,307	1,189	1,189	4.0	2.9	2.7	2.4	2.4
Germany	1,077	1,318	1,312	1,318	1,318	3.6	3.2	2.8	2.6	2.6
Italy	684	765	1,049	878	878	2.3	1.9	2.2	1.8	1.8
Belgium	356	415	385	366	366	1.2	1.0	0.8	0.7	0.7
Spain	234	397	525	525	525	0.8	1.0	1.1	1.1	1.1
U.S.S.R.	3,058	5,000	6,600	6,850	6,850	10.3	12.1	14.0	13.7	13.7
Japan	3,315	2,322	3,164	3,401	3,401	11.2	5.6	6.7	6.8	6.8
India	3,096	4,280	5,250	5,525	5,525	10.4	10.4	11.0	11.1	11.1
China	3,600	5,900	5,775	6,484	6,484	12.2	14.3	12.1	12.9	12.9
United States***	6,454	9,210	8,609	9,171	9,171	21.8	22.3	18.1	18.4	18.4
Canada	268	383	435	445	445	0.9	0.9	1.0	0.9	0.9
Brazil	512	1,050	1,150	1,200	1,200	1.7	2.6	2.4	2.4	2.4
Mexico	227	445	560	600	600	0.8	1.1	1.2	1.2	1.2
Africa	106	563	1,048	1,181	1,181	0.4	1.4	2.2	2.3	2.3
Other	2,700	6,415	9,307	9,751	9,751	9.1	15.6	19.5	19.5	19.5
World Total	29,609	41,226	47,541	49,959	49,959	100.0	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.)

** Data for 1934-35 - 1938-39 seasonal average used.

*** Running bales.

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