

# UNITED STATES DEPARTMENT OF AGRICULTURE

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**TEXAS TECH**  
**DEPT. OF AG. ECONOMICS**  
**REFERENCE ROOM**

## Weekly Cotton Market Review

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April 2, 1991

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 76.13 cents per pound during the week ending Thursday, March 28, according to the Cotton Division, Agricultural Marketing Service, USDA. Daily average quotations ranged from a low of 75.88 cents on Monday, March 25, to a high of 76.70 cents on Wednesday, March 27. Spot cotton quotations averaged 76.66 cents a week earlier and 68.53 cents in the corresponding week last year. The New York May 1991 futures settlement price closed on Thursday at 81.82 cents compared with 83.43 cents a week earlier. The October 1991 settlement price was 72.08 cents compared with 72.50 cents a week earlier, and December 1991 was 68.05 cents compared with 67.90 cents the previous week. Spot transactions reported in the designated markets totaled 5,034 bales during the week ending Thursday, March 28. This compares with 17,027 bales reported during the previous week and 38,947 bales in the corresponding week last season.

Southeastern markets. Trading was slow. Grower-held supplies were about depleted. Trading between merchants was active. Prices were steady to firm. Mixed lots of mostly grades 41 and higher, staples 34 and longer, mike 35-49 brought 200 to 250 points off New York May futures, FOB trucks in Georgia. In the Carolinas and Alabama, prices were mostly 350 to 400 points off, FOB warehouse. Grades 42 and 51 traded at around 200 points lower than grade 41. CCC loan equity trading was light. Merchants offered to contract 1991-crop cotton at around 350 to 450 points off December futures, basis grade 41 staple 34. Most growers were reluctant to accept these prices, but a number of contracts were signed by North Carolina growers with acreage outside the farm program. Fieldwork was at a standstill.

South central markets. Grower-to-merchant trading slowed. Very little cotton remained in growers' hands and offerings were almost nil. Merchants had prompt and nearby commitments fairly well covered and were not actively seeking cotton. Mixed lots of mostly grades 41, staples 34 and longer, traded at around 500 to 550 points off NY May futures. Even-running lots of grades 31 and 41 commanded slightly higher prices. Domestic mill buying was active. Purchases included a moderate volume for prompt delivery and a very large quantity for October 1991 through July 1992 delivery. Reports indicated that a sizeable volume of 1991-crop cotton has been sold ahead for export but inquiries and purchases were very light during the week. Forward contracting of 1991-crop cotton by growers was active. Bale contracts were signed at around 550 points off NY December futures and acreage contracts at 600 to 700 points off, basis grade 41 staple 34, mike 35-49. Rain and below normal temperatures halted land preparation in many localities.

Southwestern markets. Spot cotton trading was slow to inactive. Supplies remained limited. Prices remained steady. The few mixed lots that traded, brought around 2,000 to 2,500 points above CCC loan rates. A limited acreage was contracted in south and central Texas at 62 to 72 cents per pound, basis grade 41 staple 34, mike 35-49 depending on dryland versus irrigated acreage and picker versus stripper harvested methods. Some premiums were paid for high strength varieties. Merchant interest in contracting west Texas and Oklahoma cotton remained weak. Much of the south Texas crop was up to a good stand, but strong winds and blowing sand were of some concern to producers. Strong winds and blowing sand continued in west Texas and southeast Oklahoma and soil moisture conditions were less than desirable. Scattered showers were received in some localities.



Western markets. Grower to merchant trading was inactive in the San Joaquin Valley (SJV). Domestic and Far Eastern mills purchased a small volume for nearby shipment. In the Desert Southwest (DSW), grower to merchant trading was inactive. Foreign mills purchased a small volume of cotton for nearby and prompt shipment. In the SJV, forward contracting of 1991 crop was at a standstill. In Arizona, growers booked a small acreage at 70 cents per pound, basis grade 31, staple 34. Wet fields hampered planting in many localities. American Pine trading was slow, even though demand was good. Small amounts of grade 3 traded at \$1.21 per pound and grade 4 at \$1.02. A limited acreage of 1991 crop was forward contracted at \$1.12 per pound, basis grade 3. Around 80 percent of the crop has been planted in Yuma County, Arizona, but some replanting will be necessary because of heavy rain and hail.

Textile mill. Domestic mill buying increased. Demand was good for a wide range of new crop qualities and delivery dates. Several mills bought a moderate volume for delivery from October 1991 through July 1992. Cotton for delivery through spring and early summer constituted only a small portion of purchases. Best demand was for grades 51 and higher, white and equivalent Light Spotted grades, staples 34 and longer, mike 35-49. Mill business remained steady. Sales of open end carded yarns and denims continued as best sellers. New sales of most other products remained slow to moderate. A few plants closed Easter week.

Four months and older certificated stock, as of March 31, 1991

Aging	Delivery points						Total stock
	Galveston	Memphis	Houston	New Orleans	Greenville		
	Bales	Bales	Bales	Bales	Bales	Bales	
4 Months	73	2,901	-	-	-	-	2,974
5 Months	22	345	-	-	-	-	367
6 Months	-	4,755	-	-	-	-	4,755
7 Months	-	-	-	-	-	-	0
8 Months	79	43	7	28	-	-	157
9 Months	-	-	-	-	-	-	0
10 Months	-	-	-	-	-	-	0
11 Months	4	1	-	-	-	-	5
12 Months	9	-	-	-	-	-	9
13 Months	4	53	-	-	-	-	57
14 Months	6	39	-	-	-	-	45
15 Months	13	8	-	-	-	-	21
16 Months	5	3	1	-	-	-	9
17 Months	111	47	4	-	-	-	162
18 Months	14	-	-	-	-	-	14
19 Months	9	-	-	-	-	-	9
20 Months	4	-	1	-	-	-	5
21 Months	-	-	-	-	-	-	0
22 Months	4	-	4	-	-	-	8
23 Months & older	4	10	4	-	-	-	18
Total	361	8,205	21	28	0	0	8,615

March prospective plantings. Area planted to all cotton for 1991 is expected to total 14.0 million acres, 13 percent above 1990 and 32 percent above the 1989 planted area. Upland acreage is expected to total 13.8 million acres, up 13 percent from last year. Growers intend to reduce their plantings of American Pima cotton to 222 thousand acres, a 4 percent decrease from last year.

Upland growers in the Delta States (Arkansas, Louisiana, Mississippi, Missouri, and Tennessee) intend to plant 4.14 million acres. This is a 16 percent increase from 1990 and up 39 percent from two years ago.

Texas and Oklahoma producers intend to plant 6.88 million acres, a 15 percent increase from 1990. Planting has begun in the Rio Grande Valley and Coastal Bend. Land preparation is underway in other parts of Texas, but rain is needed in the High Plains to provide subsoil moisture. Six percent of the crop was seeded on March 24, which equalled last year's pace and only 1 percent behind average.

In the Southeast (Alabama, Georgia, North Carolina, and South Carolina), planting intentions are estimated at 1.39 million acres up 26 percent from 1990. If realized, this region would have the largest percentage increase.

Upland planted acreage in the Western States (Arizona, California, and New Mexico) is expected to total 1.31 million acres, down 12 percent from last year. Cotton planting has begun in Arizona and by March 24, 5 percent of Arizona's crop had been planted, compared to 10 percent in 1990. Precipitation and low temperatures have delayed Arizona's plantings and precipitation caused fieldwork to progress slowly in California.

Cotton acreage planted, by states, 1989, 1990, and prospective plantings March 1991

State	1989	1990	Indicated 1991	1991 as percent of 1990
<b>Upland</b>				
		1,000 acres		Percent
Alabama	328.0	390.0	430.0	110
Arizona	240.0	350.0	350.0	100
Arkansas	610.0	770.0	930.0	121
California	1,050.0	1,070.0	880.0	82
Florida	25.5	37.0	40.0	108
Georgia	265.0	355.0	400.0	113
Kansas	1.5	1.5	2.0	133
Louisiana	645.0	810.0	940.0	116
Mississippi	1,050.0	1,225.0	1,350.0	110
Missouri	214.0	248.0	300.0	121
New Mexico	61.0	69.0	75.0	109
North Carolina	112.0	201.0	370.0	184
Oklahoma	370.0	385.0	380.0	99
South Carolina	120.0	155.0	190.0	123
Tennessee	465.0	525.0	620.0	118
Texas	4,650.0	5,600.0	6,500.0	116
Virginia	2.7	5.3	13.0	245
U.S.	10,209.7	12,196.8	13,770.0	112.9
<b>America Pima</b>				
Arizona	245.0	125.0	85.0	68
California	18.0	25.7	60.0	233
Mississippi	1.6	1.0	1.5	150
New Mexico	30.3	20.0	20.0	100
Texas	82.0	60.0	55.0	92
U.S.	376.9	231.7	221.5	95.6
U.S. all cotton	10,586.6	12,428.5	13,991.5	112.6

Source: Agricultural Statistics Board, National Agricultural Statistics Service, USDA



Prices received by farmers for upland cotton averaged 73.00 cents per pound in mid March, according to the National Agricultural Statistics Service, USDA. This compares with 67.90 cents for the entire month of February and 63.90 cents in March 1990. These prices include cotton delivered against forward contracts.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1990-1991

Month	Year beginning		Month	Year beginning		Month	Year beginning	
	January 1	January 1		January 1	January 1		January 1	January 1
	1990	1991		1990	1991		1990	1991
	Cents	Cents		Cents	Cents		Cents	Cents
January	60.20	64.20	June	62.30		November	68.20	
February	61.00	67.90	July	62.90		December	65.90	
March	63.90	73.00 1/	August	64.60				
April	65.00		September	65.00		Calendar		
May	65.40		October	67.50		year avg	65.60	

1/ Mid-month price.

Source: National Agricultural Statistics Service, USDA

Forward contracting of upland cotton by growers, as of April 1, crops of 1982-1991 and prospective plantings, 1991 crop 1/

State	Cotton crops										Prospective planting
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	1,000 acres
Alabama 3/	3	2	24	20	-	9	*	3	4	3	470
Georgia	*	-	9	1	-	-	1	7	10	4	400
North Carolina	-	5	26	-	-	-	-	10	2	9	370
South Carolina	-	21	31	16	-	-	-	2	1	24	190
Southeastern states	2	5	21	11	-	4	*	5	6	8	1,430
Arkansas	2	12	30	6	-	1	2	6	9	16	930
Louisiana	1	9	10	*	-	4	2	12	10	1	940
Mississippi	7	16	27	10	-	1	4	4	9	4	1,350
Missouri	1	17	46	*	-	1	2	2	10	30	300
Tennessee	2	16	30	3	-	1	-	1	3	3	620
South central states	4	14	25	6	-	1	2	6	9	8	4,140
Oklahoma 4/	-	-	8	-	-	-	-	2	-	1	382
Texas	*	2	14	2	1	1	3	*	4	8	6,500
Southwestern states	*	2	14	2	1	1	3	1	4	8	6,882
Arizona	4	4	3	1	-	-	1	4	4	4	350
California	6	8	24	1	17	8	8	29	8	18	880
New Mexico	-	-	1	1	-	3	9	2	1	3	75
Western states	5	5	18	1	13	6	6	22	7	14	1,305
United States	2	2	18	3	2	2	3	5	6	8	13,757

1/ Contracting estimates are based on March prospective planting's report: Estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations. 2/ March 1991, Agricultural Statistics Board, NASS, USDA. 3/ Includes Florida, 1984, 1987-1990 crops. 4/ Includes Kansas, 1991 crop. \* Less than 0.5 percent.



World market price, in cents per pound, adjusted to U.S. quality and location, for grade 41 staple 34, mike 35-49 upland cotton and the coarse count adjustment in effect from 12:01 a.m. Friday through 12:00 midnight Thursday

Description	1991				
	Mar. 1-78	Mar. 8-14	Mar. 15-21	Mar. 22-29	Mar. 29-Apr. 4
Adjusted world price	68.77	68.88	67.65	67.15	66.22
Course count adjustment	2.15	1.57	0.97	1.31	1.76

Source: Agricultural Stabilization and Conservation Service, USDA

New York futures contract settlement, designated spot market average for grade 41 staple 34 and 'A' and 'B' Index cotton prices in cents per pound

Date	Grade 41 Staple 34					Grade 31 : Average: 'A' Index 1/	Grade 31 : Staple 35 : 'B' Index 1/	Coarse Count	1990	1991	1990	1991
	Futures Settlement											
	May '91	Jul '91	Oct '91	Dec '91	Mar '92							
Mar. 25	81.63	82.03	71.65	67.66	68.55	75.88	82.65	78.10	76.75	73.00		
26	81.67	82.33	72.05	68.20	69.10	75.91	82.65	78.10	76.75	73.00		
27	82.78	83.14	72.62	68.35	69.30	76.70	82.70	78.40	76.85	73.15		
28	81.82	82.11	72.08	68.05	68.95	76.01	82.95	78.60	77.15	73.35		
29	H O L I D A Y						H O L I D A Y					

1/ C.I.F. Northern Europe price furnished by Cotton Outlook of Liverpool.

U.S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1989-90 and 1990-91

Description	Marketing Year			
	1989-90		1990-91	
	Through March 22		Through March 21	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,149,300	-	2,183,200
Exports	184,800	4,482,300	169,200	4,951,800
Total export commitments	-	6,631,600	-	7,135,000
New sales	149,900	-	55,100	-
Buy-backs and cancellations	13,100	-	27,500	-
Net sales	136,800	-	27,500	-
Sales next marketing year	96,500	560,400	43,000	897,600

Source: Export Sales Reporting Division, Foreign Agricultural Service, USDA

NOTE: Data may not add due to rounding.

Upland cotton export sales. Net sales of 27,500 running bales, for the 1990-91 marketing year were off 25 percent during the week ending March 21, according to the Foreign Agricultural Service, USDA. The major purchasers were Canada with purchases of 12,700 bales, Indonesia 8,600, South Korea 7,700 and Taiwan 5,800 bales. Those purchases were partially offset by reductions of 18,100 bales for China. Sales increases for the 1991-92 marketing year of 43,000 bales were mainly for Indonesia with purchases of 17,900, South Korea 8,600 and Italy 7,800 bales. Exports of 169,200 bales were off 6 percent from the previous week. Asian destinations accounted for 75 percent of the week's shipments; West European 16 percent; and Western Hemisphere 9 percent.

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NOTE: Portions of the narrative from this report are available on the USDA's Electronic Dissemination of Information System. If you are interested in receiving this information electronically, contact Russell Forte at 202-447-5505.



SPOT COTTON QUOTATIONS - UPLAND

March 29, 1991

Spot quotations are in cents per pound for cotton equal to the Official Standards with mike readings of 35-49, net weight, in mixed lots, uncompressed, free of all charges in the warehouse in the market. Quotations are the average value of spot cotton in each market and may or may not represent actual trades in each quality.

SOUTHEAST					NORTH DELTA					SOUTH DELTA					DESERT SOUTHWEST					
Grade					Grade					Grade					Grade					
31	41	51	42	:	31	41	51	42	:	Staple	:	31	41	51	42	:	21	31	41	32
76.57	75.32	72.57	73.07	:	75.07	73.82	70.82	71.07	:	33	:	75.32	73.82	69.82	70.52	:	73.82	73.82	69.82	69.82
78.57	78.07	75.57	76.32	:	77.82	76.57	73.32	73.57	:	34	:	77.82	76.57	72.57	73.27	:	77.82	77.82	73.82	73.82
78.82	78.32	75.82	76.57	:	78.42	77.32	73.92	74.17	:	35	:	77.92	76.67	72.67	73.37	:	77.92	77.92	73.92	73.92
78.97	78.47	75.97	76.72	:	78.52	77.42	74.02	74.27	:	36	:	78.02	76.77	72.77	73.47	:	77.92	77.92	73.92	73.92

EAST TEXAS-OKLAHOMA					WEST TEXAS					SAN JOAQUIN VALLEY					
Grade					Grade					Grade					
31	41	32	42	:	31	41	32	42	:	Staple	:	21	31	41	51
64.15	63.55	63.75	63.00	:	64.05	63.55	63.75	63.00	:	29	:	-	-	-	-
66.10	64.75	65.55	63.75	:	66.10	64.75	65.55	63.85	:	30	:	-	-	-	-
68.15	67.15	68.05	66.60	:	68.15	67.15	68.05	66.60	:	31	:	-	-	-	-
71.45	70.50	70.75	67.60	:	71.45	70.50	70.75	67.60	:	32	:	-	-	-	-
73.15	72.30	72.50	70.00	:	73.15	72.30	72.50	70.00	:	33	:	-	-	-	-
75.60	74.50	75.00	70.70	:	75.60	74.50	75.00	70.70	:	34	:	79.07	78.82	78.07	75.32
76.40	75.50	75.80	71.50	:	76.40	75.50	75.80	71.50	:	35	:	80.82	80.57	79.82	76.32
76.50	75.75	75.90	71.50	:	76.50	75.75	75.90	71.50	:	36	:	80.92	80.67	79.92	76.32
76.50	75.75	75.90	71.50	:	76.50	75.75	75.90	71.50	:	37	:	81.02	80.77	80.02	76.32

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-1300	26 & Below	-1300	-2200	-	-1453
-800	-840	-840	-650	27-29	-650	-1500	-1500	-969
-500	-525	-525	-400	30-32	-400	-900	-950	-600
-250	-230	-230	-175	33-34	-175	-450	-350	-266
0	0	0	0	35-49	0	0	0	0
-200	-155	-155	-225	50-52	-225	-200	-100	-180
-250	-240	-240	-300	53 & Above	-	-250	-	-256

SPOT QUOTATIONS - AMERICAN PIMA

Staple	:	01	02	Grade	03	04	05	06	:	Mike ranges	:	Points per pound		
	:			Cents per pound							:	26 & Below	:	-3100
	:								:	27-29	:	-2275		
44	:	122.75	122.50	119.50	101.50	70.50	63.50		:	30-32	:	-1200		
	:								:	33-34	:	-300		
46	:	123.25	123.00	120.00	102.00	70.50	63.50		:	35 & Above	:	0		

LANDED MILL QUOTATIONS - GROUP 201 MILL POINTS

Quotations are in cents per pound for even running lots, with mike readings of 35-49, net weight, prompt shipment, delivered, brokerage included. Quotations for group 200 mill points are slightly higher and for Alabama, Georgia and east Tennessee mills are slightly lower.

SOUTHEASTERN GROWTHS					DELTA GROWTHS					TEXAS-OKLAHOMA GROWTHS					CALIFORNIA (SJV) GROWTHS				
Grade					Grade					Grade					Grade				
31	41	51	42	:	31	41	51	42	:	Staple	:	41	51	32	42	:	31	41	51
-	-	-	-	:	-	-	-	-	:	29	:	74.50	71.25	74.50	72.00	:	-	-	-
-	-	-	-	:	-	-	-	-	:	30	:	76.25	73.75	76.25	74.25	:	-	-	-
-	-	-	-	:	-	-	-	-	:	31	:	77.75	75.00	77.75	75.75	:	-	-	-
-	-	-	-	:	-	-	-	-	:	32	:	79.25	76.00	79.25	76.50	:	-	-	-
84.75	83.50	81.50	82.00	:	85.25	84.00	81.75	82.25	:	33	:	81.25	77.25	81.25	77.75	:	-	-	-
85.75	84.25	82.50	83.00	:	86.25	84.75	82.75	83.25	:	34	:	83.75	79.00	83.75	79.50	:	88.25	87.25	84.50
86.25	85.00	83.00	83.50	:	86.75	85.50	83.25	83.75	:	35	:	-	-	-	-	:	89.75	88.75	85.75
-	-	-	-	:	-	-	-	-	:	36	:	-	-	-	-	:	90.00	89.00	85.75