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Weekly Cotton Market Review

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Trading of CCC loan equities continued to dominate spot cotton market activity, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were steady. Supplies of available cotton are primarily pledged to the CCC loan and growers offered and sold a light to moderate volume of equities. Merchant demand was good. Domestic mill buying was light. Export trading increased. Growers had forward contracted about 2 percent of their expected 1986 upland acreage through the end of March. Planting was completed in south Texas and made rapid progress in the far western states. Dry soil conditions prevailed in many areas of the Cotton Belt. USDA announced a two-week extension, through April 25, for enrollment in 1986 farm programs.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 62.41 cents per pound during the week ended Thursday, April 3. Prices ranged from a high of 62.75 cents on Monday to a low of 62.24 cents on Tuesday. A week earlier, prices averaged 62.31 cents per pound and ranged from 62.10 to 62.66 cents. In the corresponding week a year ago, the average price was 62.22 cents. The New York May 1986 futures settlement price ended the week on Thursday at 64.05 cents per pound compared with 65.56 cents a week earlier. The October settlement price was 40.00 cents against 39.32 cents last Thursday and the December price was 39.99 cents compared with 39.23 cents a week ago.

Trading. Grower offerings and sales, particularly as CCC loan equities, continued moderate to heavy. The bulk of supplies has been pledged to the CCC loan and most growers offered their equities freely. Growers netted mostly \$5 to \$10 per bale on equities with a light volume moving at about \$20. Demand remained good to moderate but merchants continued to purchase selectively. Domestic mills purchased a light volume for prompt through March 1987 delivery. Inquiries for new-crop cotton increased. Export trading was more active. Sales were primarily to Far Eastern mills. Purchases reported by cotton exchanges in the designated markets totaled 141,000 bales in the week ended Thursday, April 3. This compares with 85,000 bales reported a week earlier and 75,000 bales in the corresponding week a year ago.

Textile mill report. Domestic mill buying was a little slower. Mill interest centered on central and western growths of the medium and lower white and Light Spotted grades, mostly for deferred delivery. Inquiries for 1986-crop cotton were increasing. Textile business remained good to very good. Mills reported orders booked into third and fourth quarter months. Yarns and apparels, as well as household and automotive goods, continued to move readily. Sales of industrial products were mixed. Mills' work schedules were mostly five to six days; although, some plants outturning quick moving items were on seven days.

Prices received by farmers for upland cotton averaged 55.00 cents per pound in mid March, according to the Statistical Reporting Service, USDA. This compares with 55.40 cents for the entire month of February and 56.10 cents in March 1985. These prices include cotton delivered against forward contracts.

Ginnings. Upland cotton ginned from the 1985 crop totaled 12,837,088 running bales, according to a preliminary report from the Bureau of the Census. This compares with 12,418,749 bales ginned in 1984 and 7,413,334 in 1983. Ginnings of 1985 American Pima

cotton totaled 150,746 running bales, the largest crop since 1963 and the second largest on record. This compares with 126,117 bales ginned in 1984 and 90,902 in 1983. The number of active gins for the crop of 1985 was 1,773 against 1,859 for 1984 and 1,852 for 1983.

Quality of ginnings. Upland cotton ginned from the 1985 crop contained a larger percentage of grades 41 and higher than the previous season but also contained a record high proportion of Light Spotted grades. Grade 41 was the predominant grade in the 1985 crop, accounting for 25 percent of ginnings against 18 percent in 1984. Grade 31 was the predominant grade in 1984. Grades 41 and higher made up 47 percent of ginnings compared with 45 percent last year. Light Spotted grades comprised 43 percent of the 1985 crop against 41 percent a year ago. The average staple length was 34.5 thirty-seconds inches, down from 34.7 a year ago. Cotton with mike 35-49, at 85 percent, comprised the second largest proportion on record. Average fiber strength in grams per tex was 25.4, the weakest since 1981.

American Pima cotton from the 1985 crop averaged lower in grade than last season. Grades 4 and higher accounted for 53.8 percent of ginnings, down from 65.9 percent a year earlier. Grade 4 was the predominant grade both years, accounting for 50.3 percent in 1985 and 54.2 in 1984. Grades 5 and lower made up 46.3 percent compared with 34.0 percent in 1984. Staples 46 and longer made up 94.4 percent of the ginnings from the 1985 crop against 92.0 percent a year earlier. The average staple was 45.9 thirty-seconds inches, the same as last year. Average mike was 40 compared with 41 in 1984.

Forward contracting of upland cotton by growers, as of April 1, crops of 1977-1986 and prospective plantings, 1986 crop ^{1/}

State	Cotton crops										Prospective plantings ^{2/} 1,000 acres
	1977 Pct.	1978 Pct.	1979 Pct.	1980 Pct.	1981 Pct.	1982 Pct.	1983 Pct.	1984 Pct.	1985 Pct.	1986 Pct.	
Alabama	5	3	8	14	7	3	2	24	20	-	320
Georgia	*	-	5	11	6	*	-	9	1	-	245
North Carolina	14	1	5	24	2	-	5	26	-	-	84
South Carolina	16	*	4	39	1	-	21	31	16	-	110

Southeastern states	6	2	6	18	5	2	5	21	11	-	759

Arkansas	15	3	9	44	8	2	12	30	6	-	465
Louisiana	5	4	8	34	9	1	9	10	*	-	580
Mississippi	18	22	26	61	19	7	16	27	10	-	1,000
Missouri	15	9	13	83	4	1	17	46	*	-	155
Tennessee	2	5	4	18	1	2	16	30	3	-	330

South central states	13	11	16	49	12	4	14	25	6	-	2,530

Oklahoma	21	20	2	4	-	-	-	8	-	-	360
Texas	15	4	8	11	2	*	2	14	2	1	4,400

Southwestern states	15	6	7	11	2	*	2	14	2	1	4,760

Arizona	50	22	13	27	5	4	4	3	1	-	260
California	26	31	17	12	3	6	8	24	1	17	1,210
New Mexico	12	<u>3/</u>	<u>3/</u>	<u>3/</u>	-	-	-	1	1	-	68

Western states	30	29	16	16	3	5	6	18	1	13	1,538

United States	16	10	11	20	4	2	5	18	3	2	9,587

^{1/} Contracting estimates for 1977 through 1980 based on January prospective plantings report; 1982-1985 based on February; 1981 and 1986 based on March. Estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations.

^{2/} March 1986, Crop Reporting Board, Statistical Reporting Service, USDA.

^{3/} Not included in planting intentions report.

* Less than 0.5 percent.

Grade and staple of upland cotton ginned in the United States, 1985-86

Grade	Staple																	All staples	
	26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	40 and longer	Bales	Percent			
White:																			
11	0	1	3	5	13	47	68	49	2	1,051	4	2	191						
21	4	46	209	601	2,137	8,347	33,440	66,028		2,856	1	4	112,962			0.9			
30	16	312	2,082	9,973	42,616	233,001	628,307	1,406,302		36,227	687	27	2,378,518			18.5			
40	2	24	158	1,198	6,633	52,479	130,237	157,173		7,530	153	12	6,357,994			2.8			
41	14	105	888	7,060	30,375	43,422	76,804	441,569	1,400,112	1,104,232	1,828	99	3,170,148			24.7			
50	2	7	198	793	1,207	1,925	18,254	81,625		6,819	115	9	229,051			1.8			
51	31	314	3,271	17,818	29,092	40,218	90,157	299,741	1,449	14,311	540	29	703,817			5.5			
60	1	17	225	1,856	3,903	7,353	10,855	19,754	1,473	705	45	3	3,720			0.5			
61	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			
70	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			
71	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			
Total	36	179	1,612	62,779	178,529	856,383	2,634,317	3,043,462	130,517	3,375	180	33	7,023,983			54.7			
Light Spotted:																			
12	1	11	60	584	2	707	995	1,291	6	39			12						
22	20	442	3,343	17,609	52,310	54,507	72,931	147,283	167,796	7,590	233	23	574,443			4.1			
42	240	3,250	22,200	130,402	418,829	389,979	309,700	746,526	413,055	30,960	1,272	65	2,803,709			21.8			
52	72	1,026	7,843	59,231	246,150	288,789	269,101	264,180	473,594	215,751	510	35	1,842,205			14.4			
62	3	54	492	3,863	20,305	31,516	41,825	74,384	96,555	22,222	58	6	292,520			2.3			
Total	337	4,783	33,937	211,334	671,910	749,190	1,465,050	820,048	55,735	2,073	129	33	5,518,956			43.1			
Spotted:																			
13	1	1	4	1	7	5	31	10	1	11			64						
23	4	51	347	1,871	1,388	64	186	222	11	146	2	1	754						
33	3	229	1,180	11,569	8,924	7,338	9,563	19,000	15,939	690	18	3	19,154			0.2			
43	5	84	414	1,826	6,408	7,381	18,375	25,581	33,393	509	11	1	79,435			0.6			
53	1	4	56	298	2,230	5,922	20,547	15,040	2,230	77	6	2	74,992			0.6			
63	13	367	2,005	8,092	20,745	19,017	23,250	63,430	34,093	1,435	37	5	47,654			0.4			
Total	24	14	78	462	1,871	106	268	448	6	20	2	1	1,149			0.2			
Tinged:																			
24	1	14	78	462	1,871	106	268	448	6	20	2	1	1,149						
34	2	10	57	220	366	355	550	1,173	1,530	11	2	3	4,945						
44	1	8	57	220	366	355	550	1,173	1,530	11	2	3	4,804						
54	3	20	149	722	1,073	857	1,870	2,995	2,229	38	3	6	10,914						
Total	7	41	242	1,122	3,068	2,573	5,043	10,000	10,000	77	10	10	222,054			1.8			
Stained:																			
25	1	1	1	3	2	3	2	2	1	2	3	1	9						
35	1	1	1	3	2	3	2	2	1	2	3	1	9						
Total	2	2	2	6	4	6	4	4	2	4	6	2	18			0.2			
Light Gray:																			
16	1	1	1	5	1	1	1	1	1	1	1	1	2						
26	1	1	1	5	1	1	1	1	1	1	1	1	2						
36	1	1	1	5	1	1	1	1	1	1	1	1	2						
46	1	1	1	5	1	1	1	1	1	1	1	1	2						
Total	4	4	4	20	4	4	4	4	4	4	4	4	8			0.1			
Gray:																			
17	1	1	1	5	1	1	1	1	1	1	1	1	2						
27	1	1	1	5	1	1	1	1	1	1	1	1	2						
37	1	1	1	5	1	1	1	1	1	1	1	1	2						
47	1	1	1	5	1	1	1	1	1	1	1	1	2						
Total	4	4	4	20	4	4	4	4	4	4	4	4	8			0.1			
Below Grade 1/	4	18	77	456	1,707	3,582	9,430	17,673	10,053	1,920	145	16	45,083			0.4			
All grades	393	5,367	37,780	233,835	824,535	889,382	1,678,650	4,182,458	3,907,481	187,903	5,505	316	92	12,837,088	2/	100.0			
All grades	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.			
1/	0.3	0.3	0.3	1.8	6.4	6.9	6.9	32.6	30.4	1.5	1.5	1.5	100.0			34.5			
2/	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	Less than 0.05 percent.	56.5		
3/	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	Percent tenderable.	1.3		
4/	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	Percent Average Rule Used (ARU).....	10.1		

NOTE: Totals may not add due to rounding.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1985-1986

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1985	1986		1985	1986		1985	1986
	Cents	Cents		Cents	Cents		Cents	Cents
January	52.20	53.00	June	60.30	November	56.00		
February	49.50	55.40	July	60.50	December	53.30		
March	56.10	55.00 ^{1/}	August	56.00	Calendar			
April	57.00		September	55.10	year avg.	54.70		
May	57.50		October	56.70				

^{1/} Mid-month price.

Source: Statistical Reporting Service, USDA

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

Date	Grade 41 Staple 34						Desig. 8- Mkt. Avg.	Grade 31 Staple 35 'A' Index ^{1/}
	Futures Settlement							
	May '86	Jul '86	Oct '86	Dec '86	Mar '87	May '87		
Mar. 27	65.56	65.99	39.32	39.23	39.95	40.50	62.66	50.20
28	C L O S E D							HOLIDAY
31	65.69	65.97	39.83	39.78	40.45	41.00	62.75	HOLIDAY
Apr. 1	63.88	64.15	40.10	40.05	40.75	41.10	62.24	50.25
2	64.10	64.48	39.90	39.92	40.65	41.10	62.29	50.10
3	64.05	64.51	40.00	39.99	40.75	41.20	62.34	49.95

^{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 1984-85 and 1985-86

Description	Marketing Year			
	1984-85		1985-86	
	Through March 28		Through March 27	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,890,800	-	453,300
Exports	109,200	4,316,800	36,700	1,441,600
Total export commitments	-	6,207,600	-	1,894,900
New sales	43,400	-	24,600	-
Buy-backs and cancellations	30,000	-	6,000	-
Net sales	13,400	-	18,600	-
Sales next marketing year	22,000	386,800	88,400	571,100

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

Upland cotton export sales for the current marketing year resulted in a net increase of 18,600 running bales during the week ended March 27, according to the Foreign Agricultural Service, USDA. Major buyers were South Korea with 9,200 bales, Ireland 5,800 and Italy 4,700 bales. Sales for 1986-87 of 88,500 bales were primarily to South Korea of 40,300 bales, Japan 25,300 bales and the Philippines 14,100 bales. Exports for the week totaled 36,700 bales. Asian destinations accounted for 50 percent of the week's shipments, African 29 percent, West European 20 percent and Western Hemisphere 1 percent.