

UNITED STATES DEPARTMENT OF AGRICULTURE

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Weekly Cotton Market Review

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Trading was slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Supplies in growers' hands were limited and offerings were very light. Merchant demand was restricted primarily to cotton needed to fill commitments. Domestic mills apparently had nearby needs fairly well covered and demand was limited for cotton for prompt or nearby delivery. Mill demand for forward delivery was good to strong as mills actively sought cotton to cover gaps in inventories. Export trading was slow and mostly 1987-crop cotton. Trading in generic and newer cotton certificates was light. Demand was strong for cotton certificates that could be used for CCC catalog purchases but supplies were very light. Growers had forward contracted about 29 percent of the 1987 upland and 33 percent of the American Pima crop by the end of July. Scattered showers over most of the southeastern and south central states provided relief to some of the stressed areas. Cotton is maturing rapidly and some harvesting could begin later in the month. The cotton crop made excellent progress in the southwestern states. Plants were blooming and setting bolls in later producing areas. The first bale was ginned in the Waco area. Hot, dry weather in south Texas allowed harvesting to become more active. A few gins were operating around-the-clock. The crop continues to make good progress in the western states.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 75.63 cents per pound during the week ending Friday, August 7. Prices ranged from a high of 76.33 cents on Monday to a low of 74.72 cents on Friday. A week earlier, prices averaged 75.05 cents and ranged from 74.11 to 76.00 cents. The New York October 1987 futures settlement price ended the week on Friday at 77.20 cents per pound compared with 79.30 cents a week earlier. The December 1987 settlement price was 76.10 cents against 77.25 cents the previous week. Purchases reported by cotton exchanges in the designated markets totaled 34,669 running bales during the week ending Friday, August 7. This compares with 35,319 bales reported the previous week and 180,882 bales in the corresponding week last season.

Trading was slow on western states cotton markets as most growers had already marketed their 1986 crop. Demand was light. Domestic mills bought a light volume for prompt through October delivery. Foreign mills purchased a limited volume of 1987 crop for delivery through March 1988. Far Eastern mills were the most active buyers. In very light trading, generic certificates brought around 107 percent of par. Cotton certificates were in very short supply and no trading was reported. California growers forward contracted a small volume of 1987-crop cotton at 85 to 85.50 cents per pound, basis grade 31 staple 35, mike 35-49, and a light amount of 1988 crop at 72 to 73 cents. Arizona growers booked a light to moderate volume of 1987 crop at 80 to 81 cents, basis grade 31, staples 34 and longer, mike 35-49. Trading was very slow on southwestern markets. Supplies were light. In limited trading, CCC loan equity prices ranged from \$100 to \$140 per bale. Merchant demand was best for grades 53 and lower. Domestic mill buying was very light. Export trading was slow and mostly with Far Eastern mills for nearby delivery. No certificate trading was reported. Growers forward contracted several thousand acres of 1987-crop cotton at 2,000 to 2,250 points over 1987 CCC loan rates. The higher prices specified strength of 26 grams per tex or higher. A very light volume of spot cotton traded on south central states markets. Lower grade lots sold at \$80 to \$110 per bale above the 1986 CCC loan redemption rate. Mixed lots of mostly grade 41 staple

34, mike 35-49, not in the loan, brought around 300 to 500 points off New York October futures. The higher prices were paid for more even running lots. Domestic mill buying was very light for prompt or nearby delivery. Interest was keen for cotton for 1988 delivery and a moderate volume was purchased. No export trading was reported. Trading was slow in generic certificates at around 107 to 109 percent of par. Interest in older cotton certificates that could be used to purchase CCC catalog cotton was strong and prices were around 88 to 90 percent of par. Newer cotton certificates traded around 65 to 75 percent of value. Growers forward contracted limited acreages of 1987-crop cotton at 70 to 74 cents per pound, basis grade 41 staple 34, mike 35-49. Grower-held supplies were limited in southeastern markets and trading was slow. Growers received \$89 to \$132 per bale equity for small lots of mostly grades 52 and 62, staples 34 and 35, mostly mike 35-49. Domestic mill buying for nearby needs remained very light. Purchases for forward delivery were light to moderate and mostly grades 41, 50 and 51, staples 34 and 35. Delivery dates extended through July 1988. No certificate trading was reported. Growers forward contracted a light to moderate volume of 1987-crop cotton at around 375 to 450 points off NY December futures, basis grade 41 staple 34, mike 35-49.

Textile mill report. Domestic mill purchases of cotton for prompt to nearby delivery remained very light. The moderate volume of recent buying was for October through July 1988 delivery and consisted of southeastern and Delta growths, mostly grades 41, 50 and 51, staples 34 and 35. High price quotations for Texas growths encouraged some mills to switch to central belt, high mike, cotton as a less costly substitute. Mill sales of textiles remained brisk and included a wide range of products. Orders on numerous items were booked into late months of 1988. Workweeks were on six to seven-day schedules.

Forward contracting of 1987-crop cotton was more active during July. United States upland cotton growers had contracted about 29 percent of their planted acreage by the end of July, up from 23 percent a month earlier. Contracting has been most active this season in the western states where 55 percent of the crop was booked by the end of July and in the south central states where 42 percent was contracted. Growers in the southeastern states had forward contracted 24 percent of their crop and in the southwestern states had booked 14 percent. American Pima cotton growers had forward contracted about 33 percent of their crop by the end of July. This was the same as a month earlier. Texas growers had booked 58 percent of their crop, and New Mexico and Arizona growers 25 percent, each. These estimates were based on the Agricultural Statistics Board's July planted acreage report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

The Foreign Agricultural Service, USDA, reports that cotton farmers in China are being encouraged to increase production. Originally, policymakers thought that an increase in the procurement price for northern producing provinces could adequately meet rising consumption and export requirements. However, late last year a review of planting intentions and cotton sales to textile mills revealed that a price increase for southern producing provinces also was warranted. Since farmers are being encouraged to maintain the area devoted to grain and other cash crops, there is some doubt that the target of 19.5 million bales can be achieved.

Turkey's 1987-88 cotton crop is forecast at 2.3 million bales, 6 percent above last year's revised estimate of 2.2 million bales; planted area increased 4 percent. Cotton, which normally competes with wheat, soybeans and sunflowers, received a 20 percent price increase. While this is in line with the increases announced for soybeans and sunflowers, the price for wheat is much greater and as a result, some cotton farmers in the Cukurova region may have switched to wheat. Cotton planting is complete in all regions except the Aegean.

Spain's 1987-88 cotton crop is forecast at 416,000 bales, 12 percent above last year's revised crop estimate of 372,000 bales due to a 10 percent increase in planted area. This year's crop is projected to exceed the maximum amount eligible to receive special price support assistance. A cut in production aid to growers was imposed last year as output exceeded the maximum guarantee amount, fixed at 185,000 tons of seed cotton.

Forward contracting of upland cotton by growers, as of August 1, crops of 1978-1987
and area planted, 1987 crop 1/

State	Cotton crops										Planted acreage 2/	
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987		
Alabama 3/	7	12	23	7	15	23	26	21	Pct.	Pct.	17	399
Georgia	-	7	11	10	4	6	27	4	N		25	260
North Carolina	2	10	28	2	15	24	35	-			41	90
South Carolina	9	13	48	12	33	52	53	17	0		32	125
Southeastern states	5	11	25	8	15	23	31	12	T		24	874
Arkansas	18	14	43	13	16	21	36	8			55	650
Louisiana	25	11	39	9	16	19	23	1			18	640
Mississippi	32	40	63	20	21	26	28	15	A		35	1,100
Missouri	13	18	74	20	19	35	56	*			63	190
Tennessee	6	10	27	4	19	32	36	4	V		66	400
South central states	23	24	51	15	19	25	30	8	A		42	2,980
Oklahoma	25	3	4	-	1	-	14	-	I		9	430
Texas	8	11	14	3	2	5	16	4			15	4,500
Southwestern states	9	10	13	3	2	5	16	3	L		14	4,930
Arizona	33	23	35	7	20	12	4	4	A		20	330
California	35	22	23	9	15	12	27	5	B		68	1,130
New Mexico	10	6	4	1	*	-	1	1			4	70
Western states	33	22	25	8	16	11	20	4	L		55	1,530
United States	16	15	24	7	9	11	21	5	E		29	10,314

1/ Contracting estimates for 1978 through 1984 based on June planted acreage report; 1985 through 1987 based on July. Estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations. 2/ July 1987, Agricultural Statistics Board, NASS, USDA. 3/ Includes Florida, 1984 and 1987 crops. * 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	1987				
	July 17-23	July 24-30	July 31	Aug. 1-6	Aug. 7-13
	Adjusted world price	70.75	72.20	72.84	72.73
Coarse count adjustment	0	0	0	0	0

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					: 8 Mkt. Average	Grade 31 : 'A' Index	Coarse Count : 'B' Index
	Futures Settlement							
	Oct '87	Dec '87	Mar '88	May '88	Jul '88			
Aug. 3	79.55	77.66	78.28	78.48	78.10	76.33	85.95	80.25
4	78.27	76.30	77.05	77.32	77.25	75.52	86.05	80.35
5	78.65	77.13	77.80	78.35	78.00	75.81	85.15	79.75
6	78.58	77.30	78.00	78.35	78.13	75.75	85.45	80.25
7	77.20	76.10	76.93	77.50	77.20	74.72	85.60	80.40

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 1985-86 and 1986-87

Description	Marketing Year			
	1985-86		1986-87	
	Through July 31		Through July 30	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-		-	472,300
Exports		COMPARABLE	102,100	6,212,300
Total export commitments		DATA	-	6,684,600
New sales		NOT	8,600	-
Buy-backs and cancellations		AVAILABLE	3,500	-
Net sales			5,100	-
Sales next marketing year			143,200	2,878,700

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

Upland cotton export sales for the 1986-87 marketing year resulted in a net increase of 5,100 running bales during the week ending July 30, according to the Foreign Agricultural Service, USDA. Major current marketing year activity included increases to West Germany of 1,800 bales; Thailand 1,700; and Indonesia 1,300 bales. Sales for the 1987-88 marketing year totaled 143,200 bales. Major buyers were Japan with purchases of 87,100 bales and South Korea 32,900 bales. Exports for the week of 102,100 bales were 11 percent above the previous week's level. Asian destinations accounted for 81 percent of the week's shipments, West European 16 percent and Western Hemisphere 3 percent.

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

August 7, 1987

Spot prices are in cents per pound for cotton equal to the Official Standards with mike readings of 35 thru 49, net weight, in mixed lots, uncompressed, free of all charges in 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.

GREENVILLE, SC				MONTGOMERY, AL				MEMPHIS, TN				GREENWOOD, MS				
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade			
	31	41	32	42	31	41	32	42	31	41	32	42	31	41	42	52
33	72.45	71.70	71.70	71.45	71.70	70.70	70.70	69.70	73.25	72.05	71.95	69.55	71.45	70.50	68.15	64.55
34	74.95	74.20	74.20	72.45	73.70	72.70	72.70	71.20	75.50	74.20	74.05	71.05	73.25	72.20	69.30	64.55
35	75.40	74.70	74.70	72.70	73.80	72.80	72.80	71.30	76.00	74.65	74.50	71.25	73.65	72.55	69.50	64.60
36	75.70	74.90	74.90	72.80	73.90	72.90	72.90	71.40	76.10	74.80	74.60	71.35	73.70	72.70	69.60	64.60

DALLAS, TX				LUBBOCK, TX				PHOENIX, AZ				FRESNO, CA				
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade			
	41	42	52	62	41	42	52	62	31	41	32	42	31	40	41	51
29	64.05	63.30	61.10	58.00	63.85	63.10	60.90	57.80	-	-	-	-	-	-	-	-
30	65.80	64.60	62.20	58.55	65.60	64.40	62.00	58.35	-	-	-	-	-	-	-	-
31	67.90	66.60	63.15	58.75	67.70	66.40	62.95	58.55	-	-	-	-	-	-	-	-
32	69.25	67.60	63.25	58.80	69.05	67.40	63.05	58.60	-	-	-	-	-	-	-	-
33	70.20	68.75	64.10	59.65	70.00	68.55	63.90	59.45	78.20	74.20	74.20	71.20	-	-	-	-
34	72.50	70.30	64.40	59.65	72.30	70.10	64.20	59.45	82.20	78.20	78.20	75.20	82.45	81.95	81.45	80.20
35	-	-	-	-	-	-	-	-	82.30	78.30	78.30	75.30	84.20	83.70	83.20	81.20
36	-	-	-	-	-	-	-	-	-	-	-	-	84.30	83.80	83.30	81.20
37	-	-	-	-	-	-	-	-	-	-	-	-	84.40	83.90	83.40	81.20

MIKE DIFFERENCES

POINTS PER POUND MIKE RANGES										8 MKT
GVL	MTG	MEM	GRNW	DAL	LUB	PHOE	FRES			AVG
-1000	-1200	-1035	-1035	-910	26 & Below	-850	-1300	-1500		-1104
-800	-800	-760	-760	-400	27 thru 29	-300	-1000	-600		-678
-500	-500	-485	-485	-250	30 thru 32	-200	-585	-300		-413
-200	-300	-220	-220	-100	33 thru 34	-100	-220	-100		-183
0	0	0	0	0	35 thru 49	0	0	0		0
-200	-200	-150	-150	-120	50 thru 52	-100	-50	-50		-128
-350	-350	-250	-250	-225	53 & Above	-200	-100	-100		-228

SPOT QUOTATIONS - AMERICAN PIMA 1/

Staple	Grade	Grade	Grade	Mike ranges	Points per pound	
	03	04	05			
		Cents per pound			26 & Below	-3500
44	104.00	96.00	64.75	27 thru 29	-3000	
				30 thru 32	-2400	
46	104.50	96.50	65.00	33 thru 34	-1200	
				35 & Above	0	

1/ Arizona, New Mexico and Texas.

LANDED MILL PRICES - GROUP 201 MILL POINTS

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

SOUTHEASTERN GROWTHS				MEMPHIS TERRITORY GROWTHS				TEXAS-OKLAHOMA GROWTHS				CALIFORNIA (SJV) GROWTHS			
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade		
	31	41	51	42	31	41	51	42	41	51	32	42	31	41	51
29	-	-	-	-	-	-	-	-	71.75	69.75	71.50	70.00	-	-	-
30	-	-	-	-	-	-	-	-	73.75	72.00	73.75	72.25	-	-	-
31	-	-	-	-	-	-	-	-	75.25	73.25	75.25	73.50	-	-	-
32	-	-	-	-	-	-	-	-	76.50	74.50	76.50	74.50	-	-	-
33	82.50	80.25	77.50	78.50	83.00	80.75	78.00	79.00	78.00	75.75	78.00	76.00	-	-	-
34	84.75	81.25	78.50	79.50	85.25	81.75	79.00	80.00	79.75	77.25	79.75	77.25	88.75	86.50	85.50
35	85.50	82.00	79.00	80.00	86.00	82.50	79.50	80.50	-	-	-	-	90.25	89.00	87.75
36	-	-	-	-	-	-	-	-	-	-	-	-	90.50	89.25	87.75