

UNITED STATES DEPARTMENT OF AGRICULTURE

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Weekly Cotton Market Review

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Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 79.35 cents per pound during the week ending Friday, August 10, according to the Cotton Division, Agricultural Marketing Service, USDA. Daily average quotations ranged from a high of 80.10 cents on Tuesday, August 7, to a low of 78.14 cents on Friday, August 10. Spot cotton quotations averaged 79.33 cents a week earlier and 69.81 cents in the corresponding week a year ago. The New York October 1990 futures settlement price closed on Friday at 74.85 cents compared with 76.40 cents a week earlier. The December settlement price was 70.65 cents against 72.77 cents the previous week. Spot transactions reported in the designated markets totaled 3,633 bales during the week ended Friday, August 10. This compared with 7,106 bales the previous week and 59,516 bales in the corresponding week last season.

Southeastern markets. Inter-merchant trading constituted the bulk of spot market activity. Demand slowed somewhat as merchants now appear to have most of their needs covered but demand was best for grades 51, 42 and higher, staples 34 and longer, mike 35-49. Prices offered for grade 41 in these lots were around 500 points on NY October futures. Cotton with strengths of 27 grams per tex and higher brought premiums of 100 to 150 points. Domestic mill demand remained fairly good. Contracting of 1990-crop cotton was slow. Prices offered remained at around 150 to 300 points off NY December futures in North Carolina and Georgia to 350 to 450 points off in Alabama. Most contracts included premiums for strengths of 27 and higher grams per tex. The crop is in good condition, but most areas could use a good rain.

South central markets. Trading slowed but remained fairly active. Very little cotton remained in growers' hands. Merchant demand was strongest for cotton to cover immediate to nearby needs and was particularly good for grades 41 and higher. In mixed lots, grade 41 staple 34, mike 35-49 sold at prices ranging from 300 to 500 points on NY October futures. A small volume of 1989-crop equities sold at 18 to 21 cents per pound. Domestic mills bought a small volume of cotton for immediate needs. A few mills made inquiries for new-crop cotton that could be delivered in October and November. Export trading increased and was mostly with Far Eastern mills. Sales included a small volume of cotton for prompt delivery and a larger amount for November through March shipment. A light to moderate volume of 1990-crop cotton was forward contracted. Growers signed acreage contracts at around 600 points off NY December futures and bale contracts at 500 to 575 off, basis grade 41 staple 34, mike 35-49. Weather conditions continued good for cotton development.

Southwestern markets. Trading was almost nonexistent. Demand remained best for south Texas cotton grades 51, 42 and higher, staples 34 and longer. In the Plains area offerings were light. Growers forward contracted a light volume at 1,800 to 1,900 points over CCC loan rates. Mills made numerous inquiries but trading was very light. The cotton crop made good progress as more favorable weather conditions returned. Growers in some localities applied control measures for insects.

Western markets. Trading remained inactive. Grower supplies of cotton were very small. Domestic mills purchased a small amount of mostly grades 41 and higher from the San Joaquin Valley for prompt shipment. Forward contracting of upland cotton was at a standstill as growers were unwilling to book at prevailing prices. The cotton crop made good progress. The first bale was ginned in Arizona. Demand for American Pima cotton remained good. In the Desert Southwest, there was light trading between Arizona growers

and merchants at \$1.10 per pound for grade 3 staples 44 and 46, mike 35-49, and at \$1.01 for grade 4. In the El Paso area, a few lots of mostly grades 3 and 4 brought \$1.08 per pound. European mills purchased a light volume for first quarter shipment. A small volume of 1990-crop cotton was forward contracted in the El Paso area at \$1.15 per pound, basis grade 3 staple 46, mike 35-49.

Textile mill report. Domestic mill buying remained extremely slow. Buyer interest was light for both nearby and forward deliveries. Recent buying was mostly of western growths. Mill business slowed but was still fairly good for most products. Leading sellers continued to be athletic wear, and most knits, while sales of poly-cotton blends, combed yarns, selected household products and denims were slow. A few mills have implemented production adjustments ranging from reduced shifts to closing plants for specified periods of time. A few small yarn mills were on four-day workweeks, and some mills discontinued weekend shifts.

World cotton supply and demand estimates. The global cotton outlook for 1990-91 is for a close balance between production and consumption, with stocks working lower for the fifth consecutive year. The carryover at the end of this season is projected at 23.4 million bales, 3.5 percent below beginning stocks and about half the level of 5 years ago. While output during 1990-91 is estimated at 86.6 million bales, up 9 percent from last season, use is up nearly 1 percent to a record 87 million. Trade is projected at 24 and one-fourth million bales, about in line with 1989-90.

U.S. cotton prospects this season feature strong demand in the face of a limited supply. Recent robust cotton mill activity and export sales would suggest total use close to last season's estimated 16.4 million bales. However, a moderately smaller 1990-91 supply is expected to restrict use substantially. Even with a prospective one-fifth larger 1990 crop of 14.9 million bales, small beginning stocks will knock supplies down about 8 percent from last season. This will limit mill use and exports to around 8 million and 7 million bales, respectively, 7 and 10 percent below last season's revised levels. Ending stocks are expected to remain at 2.9 million bales.

Foreign cotton supply-demand prospects for 1990-91 are about unchanged from last month. Relatively large output in major producing countries is expected to boost production abroad about 6.5 percent to 71.7 million bales. Consumption, fueled mostly by larger use in China and Pakistan, is projected up 1 percent in 1990-91. With sluggish use in major importing countries, foreign imports may decline slightly this season. Meanwhile, exports abroad are projected to increase about 8 percent, reflecting the limited U.S. supply. The 1990-91 carryover in foreign countries is placed at 20.5 million bales, 4 percent below beginning stocks.

All cotton production in the United States is forecast at 14.9 million bales, up 22 percent from last year's production, but 4 percent below the 1988 crop. Of the total, Upland is expected to account for 14.4 million bales while Pima production will total 440 thousand bales, well below last year's record high Pima production. Planted area, at 12.3 million acres, is up 16 percent from last year. Growers expect to harvest 11.5 million acres, up 20 percent from 1989. Yield is expected to average 622 pounds per acre, 8 pounds above last year.

Upland cotton production in Texas and Oklahoma is forecast at 4.46 million bales, 47 percent above 1989. The Texas crop has been under stress due to dry conditions; the eastern and southern areas have been stressed for most of the growing season. A large amount of the High Plains crop was planted under dry conditions and didn't emerge. Recent July rains have improved crop development. The Delta States (Arkansas, Louisiana, Mississippi, Missouri, and Tennessee) expect to produce 5.04 million bales, up 25 percent from last year. Arkansas producers were unable to plant all of the intended acreage because of heavy June rainfall. Seedling disease affected some of the Arkansas acreage, causing some spot replanting. As of August 5, this region's crop was rated in mostly good condition. Louisiana and Tennessee were the only States in this region with bolls opening as of August 5, at 6 percent and 4 percent, respectively. Production in the Western States (Arizona, California, and New Mexico) is expected to total 3.61 million bales, up 6

percent from 1989. Growers expect to harvest 1.43 million acres, up 7 percent from last year. The Arizona and California crops are in good to excellent condition. Arizona's yield is slightly higher than last year, while California's yield is expected to average 28 pounds less than 1989. The forecast in the Southeastern States (Alabama, Georgia, North Carolina, and South Carolina) puts production at 1.27 million bales, 25 percent greater than last year's production. Crop development in Alabama and Georgia was delayed early in the season, due to hot, dry conditions, but recent rains improved development. North Carolina's cotton development has been slightly ahead of average. In South Carolina, the hot, dry weather caused the crop to develop shorter stalks, but fruit heavily. The Bureau of the Census reports 119,793 running bales ginned prior to August 1, compared with 90,154 running bales to the same date last year and 136,063 running bales in 1988.

Cotton supply and use: World, United States, major exporters and importers;
marketing years 1989-90, and 1990-91 1/
August 9, 1990

Region	Supply			Use		Loss 2/	Ending stocks	
	Beginning stocks	Produc- tion	Imports	Domestic	Exports			
Million 480 pound bales								
1989-90 (Estimated)								
World	30.54	79.53	24.85	86.47	23.76	0.43	24.25	
United States	7.09	12.20	3/	8.60	7.80	-0.01	2.90	
Total foreign	23.44	67.33	24.85	77.87	15.96	0.44	21.35	
Major exporters 4/	9.13	43.57	2.93	39.14	8.24	0.23	8.03	
China	4.97	17.40	1.90	20.00	0.70	-	3.57	
Pakistan	0.23	6.68	3/	4.84	1.30	0.20	0.60	
USSR	1.97	12.23	0.35	9.20	3.40	-	1.95	
Major importers 5/	5.54	1.51	15.98	17.30	1.00	0.09	4.64	
Japan	0.79	-	3.10	3.35	-	-	0.54	
Selected Other								
Brazil	2.25	3.03	0.60	3.45	0.60	-	1.83	
India	1.70	10.00	-	8.55	0.60	-	2.55	
1990-91 (Projected)								
World								
July	24.1	86.6	24.7	87.1	24.7	0.3	23.2	
August	24.3	86.6	24.1	87.0	24.3	0.3	23.4	
United States								
July	3.00	15.00	3/	7.80	7.30	-0.08	3.00	
August	2.90	14.86	3/	8.00	7.00	-0.12	2.90	
Total foreign								
July	21.13	71.55	24.71	79.32	17.41	0.42	20.24	
August	21.35	71.71	24.10	79.02	17.25	0.40	20.50	
Major exporters 4/								
July	7.76	47.11	2.32	40.13	8.64	0.24	8.19	
August	8.03	47.17	2.28	40.12	8.54	0.24	8.59	
China	July	3.6	21.0	1.3	20.5	1.0	-	4.4
Aug.	3.57	21.00	1.30	20.50	1.00	-	4.37	
Pakistan	July	0.4	6.9	3/	5.3	1.3	0.2	0.5
Aug.	0.60	6.90	3/	5.30	1.25	0.20	0.77	
USSR	July	1.9	11.5	0.4	9.2	3.0	-	1.6
Aug.	1.95	11.50	0.35	9.20	3.00	-	1.60	
Major importers 5/								
July	4.74	1.67	15.98	16.90	1.17	0.07	4.26	
August	4.64	1.67	15.73	16.67	1.17	0.06	4.14	
Japan	July	0.5	-	3.3	3.4	-	-	0.5
Aug.	0.54	-	3.15	3.25	-	-	0.44	
Selected Other								
Brazil	July	1.8	3.4	0.6	3.6	0.5	-	1.8
Aug.	1.83	3.40	0.60	3.56	0.50	-	1.77	
India	July	2.5	9.4	-	8.8	1.0	-	2.2
Aug.	2.55	9.40	-	8.75	1.00	-	2.20	

1/ Marketing year beginning August 1. Totals may not add and trade may not balance due to rounding and other factors. 2/ For foreign countries, reflects cotton lost or destroyed in the marketing channel; for the United States, reflects the difference between ending stocks based on Bureau of Census data and implicit stocks based on supply less total use. 3/ Less than 5,000 bales. 4/ Australia, China, Central American, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. 5/ Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

Cotton acreage harvested, yield per acre and production, by states, 1989-1990

State	Area harvested		Lint yield per harvested acre		Production 480 lb. net weight bales 1/	
	1989	Indicated : 1990	1989	Indicated : 1990	1988	1989 : 1990
		1,000 acres		Pounds		1,000 bales
Upland						
Alabama	322.0	398.0	571	630	380.0	522.0
Arizona	239.0	339.0	1,303	1,317	865.0	930.0
Arkansas	595.0	720.0	687	733	1,044.0	1,100.0
California	1,040.0	1,040.0	1,228	1,200	2,824.0	2,600.0
Florida	25.0	29.5	557	750	34.2	46.1
Georgia	260.0	320.0	631	525	370.0	350.0
Kansas	0.4	1.3	240	406	0.7	1.1
Louisiana	620.0	770.0	672	748	948.0	1,200.0
Mississippi	1,020.0	1,180.0	732	732	1,825.0	1,800.0
Missouri	209.0	235.0	618	592	306.0	290.0
New Mexico	55.0	50.0	698	720	102.0	75.0
North Carolina	110.0	200.0	615	552	133.0	230.0
Oklahoma	340.0	365.0	244	342	303.0	260.0
South Carolina	118.0	159.0	626	513	140.0	170.0
Tennessee	460.0	525.0	497	590	584.0	645.0
Texas	3,750.0	4,900.0	367	411	5,215.0	4,200.0
Virginia	2.6	5.0	498	547	3.4	5.7
U.S.	9,166.0	11,236.8	602	616	15,077.3	14,424.9
American Pima						
Arizona	244.5	130.0	936	960	241.0	260.0
California	17.9	25.5	1,078	1099	3.2	58.4
Mississippi 3/	1.1	1.0	436	528		1.1
New Mexico	30.2	20.0	707	720	23.5	30.0
Texas	78.0	58.0	794	745	66.5	90.0
U.S.	371.7	234.5	893	900	334.2	439.5
U.S. all cotton	9,537.7	11,471.3	614	622	15,411.5	14,864.4

1/ Based on crop conditions about December 1.

2/ Estimates for current year carried forward from earlier forecast.

Compiled from reports of the Agricultural Statistics Board, National Agricultural Statistics Service, USDA and Bureau of the Census.

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	1990				
	July 20-26	July 27-31	Aug. 1-2	Aug. 3-9	Aug. 10-16
Adjusted world price	67.65	67.03	67.12	66.40	66.31
Course 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					7 Mkt.: Average	Staple 35 'A' Index 1/	Coarse Count 'B' Index 1/
	Futures Settlement							
	Oct '90	Dec '90	Mar '91	May '91	Jul '91			
Aug. 6	76.61	72.43	73.30	74.00	73.60	79.83	82.35	79.15
7	76.99	72.11	73.13	73.65	73.50	80.10	82.35	79.15
8	76.58	71.87	72.98	73.66	73.50	79.81	82.20	79.10
9	75.26	70.95	72.00	72.70	72.70	78.86	82.05	78.75
10	74.85	70.65	71.75	72.45	72.32	78.14	81.75	78.60

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 August 3	Through August 2	Through August 3	Through August 2
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,254,600 1/	-	3,021,700 2/
Exports	42,600	42,600	17,000	17,000
Total export commitments	-	2,297,200	-	3,038,700
New sales	135,600	-	188,300	-
Buy-backs and cancellations	7,000	-	2,700	-
Net sales	128,600	-	185,600	-
Sales next marketing year	4,400	16,400	8,600	21,400

1/ Includes 579,500 bales carryover from marketing year 1988-89.

2/ Includes 678,100 bales carryover from marketing year 1989-90.

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Sales for the 1990-91 marketing year totaled 185,600 running bales during the week ending August 2, according to the Foreign Agricultural Service, USDA. Major buyers were Egypt with purchases of 40,000 bales, Japan 38,100, South Korea 34,200 and Italy 22,700 bales. A total of 678,100 in sales were outstanding on July 31 and were carried forward to 1990-91. Final shipments of 109,000 bales brought accumulated exports for 1989-90 to 6,864,600 bales. Exports for August 1 and 2 of 17,000 bales were primarily to South Korea with purchases of 8,400 bales and Japan 7,600 bales. Total shipment of American Pima for 1989-90 of 430,800 bales exceeded the previous year's 251,900 bales by 71 percent. Current outstanding sales for 1990-91 total 254,500 bales including carryover of 78,800 bales and new sales of 7,400 bales.

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 10, 1990

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				
31	41	51	42	31	41	51	42	31	41	51	42	21	31	41	32	
78.30	77.20	74.20	74.70	78.10	77.10	71.60	72.60	33	78.30	77.10	71.35	72.85	74.35	74.35	71.60	71.60
80.35	79.85	76.85	77.35	80.85	79.85	74.10	75.10	34	80.80	79.85	74.10	75.60	78.35	78.35	75.60	75.60
80.60	80.10	77.10	77.60	80.95	80.10	74.20	75.20	35	80.90	79.95	74.20	75.70	78.45	78.45	75.70	75.70
80.75	80.25	77.25	77.75	81.05	80.20	74.30	75.30	36	81.00	80.05	74.30	75.80	78.45	78.45	75.70	75.70

EAST TEXAS-OKLAHOMA

WEST TEXAS

SAN JOAQUIN VALLEY

31	41	32	42	31	41	32	42	Staple	21	31	41	51
69.15	69.00	68.80	67.80	69.30	67.20	67.25	66.10	29	-	-	-	-
69.90	69.75	69.55	68.35	70.55	68.45	68.70	68.65	30	-	-	-	-
73.15	73.00	72.80	72.60	73.15	70.95	71.15	71.00	31	-	-	-	-
74.30	74.00	73.80	73.35	74.20	71.70	72.15	71.90	32	-	-	-	-
75.85	75.45	74.75	74.50	75.75	73.70	73.70	73.30	33	-	-	-	-
77.60	77.25	76.55	75.30	77.30	75.00	75.00	73.60	34	81.60	81.35	79.60	76.10
77.90	77.50	76.80	75.60	77.60	75.25	75.25	73.90	35	83.35	83.10	81.35	77.10
78.00	77.60	76.90	75.60	77.70	75.35	75.35	73.90	36	83.45	83.20	81.45	77.10
78.00	77.60	76.90	75.60	77.70	75.35	75.35	73.90	37	83.55	83.30	81.55	77.10

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1685	-	-1700	26 & Below	-1700	-2100	-	-1687
-800	-1175	-1175	-700	27-29	-700	-1400	-1700	-1093
-500	-680	-680	-450	30-32	-450	-800	-1150	-673
-250	-420	-420	-150	33-34	-150	-350	-450	-313
0	0	0	0	35-49	0	0	0	0
-200	-345	-345	-250	50-52	-250	-50	-100	-220
-250	-430	-430	-300	53 & Above	-	-100	-	-302

SPOT QUOTATIONS - AMERICAN PIMA

Staple	01	02	03	04	05	06	Mike ranges	Points per pound
							26 & Below	-3100
							27-29	-2275
44	110.75	110.50	109.50	101.50	78.50	67.00	30-32	-1200
							33-34	-300
46	111.25	111.00	110.00	102.00	78.50	67.00	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

31	41	51	42	31	41	51	42	Staple	41	51	32	42	31	41	51
-	-	-	-	-	-	-	-	29	73.00	69.75	73.00	70.25	-	-	-
-	-	-	-	-	-	-	-	30	74.75	72.25	74.75	72.75	-	-	-
-	-	-	-	-	-	-	-	31	76.25	73.50	76.25	74.00	-	-	-
-	-	-	-	-	-	-	-	32	77.75	74.50	77.75	75.00	-	-	-
84.50	84.00	81.75	83.50	85.00	84.50	82.00	83.75	33	79.75	75.75	79.75	76.25	-	-	-
85.50	84.75	82.75	84.50	86.00	85.25	83.00	84.75	34	82.00	77.50	82.00	78.00	87.50	86.00	82.25
86.00	85.50	83.25	84.50	86.50	86.00	83.50	84.75	35	-	-	-	-	89.00	87.50	83.50
-	-	-	-	-	-	-	-	36	-	-	-	-	89.25	87.75	83.50