

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

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Weekly Cotton Market Review

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Trading on spot cotton markets remained slow, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices averaged slightly higher. Supplies were limited and offerings were very light. Merchant demand was weak. Domestic and foreign mill buying was slow. Forward contracting of the 1985 crop by growers remained light. Through the end of July, about 5 percent of the United States acreage had been booked. The crop made good to excellent progress and was earlier than last season in most localities. Soil moisture is in good supply with rain needed in only a few areas. Harvesting and ginning were at peak rates at most gins in the Harlingen area and increased in other early producing sections of Texas. The interest rate for CCC loans disbursed in August will be 7.75 percent. The first production report for the 1985 cotton crop is scheduled for release on August 12.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 59.09 cents per pound during the week ended Thursday, August 8. Prices ranged from a high of 59.57 cents on Monday to a low of 58.42 cents on Thursday. A week earlier, prices averaged 59.06 cents per pound and ranged from 58.74 to 59.22 cents. In the corresponding week a year ago, the average price was 64.15 cents. The New York October 1985 futures settlement price ended the week on Thursday at 59.17 cents per pound compared with 59.90 cents a week earlier. The December settlement price was 59.42 cents against 59.85 cents a week ago.

Trading remained slow on spot cotton markets. Grower supplies were limited and offerings were light. Growers holding uncommitted cotton were not willing to sell at prevailing prices. Most merchants had prompt and nearby needs covered and were not actively seeking cotton. Light trading was reported in south Texas growths by merchants needing cotton to cover commitments. Domestic mill purchases were light and were mostly small lots for fill-ins. Export trading was slow. Purchases reported by cotton exchanges in the designated markets totaled 20,800 bales in the week ended Thursday, August 8. This compares with 33,100 bales reported a week earlier and 74,100 bales in the corresponding week last season.

Textile mill report. Domestic mill buying remained light. A few mills were buying old-crop cotton to fill in until heavy movement of the new crop. Some mills have sent or were planning to send representatives to southern Texas to look over and perhaps buy some of that growth. A few mills were expecting to take delivery of truckload lots of southern Texas cotton in the next week or two. Most mills continued to operate five days per week. Sales of athletic wear remained good. Underwear, sheets and towels continued to sell at a fairly active pace. Apparels were slow sellers.

Foreign crop report. The Cotton Outlook of Liverpool reports that, for the moment at least, there is little evidence to suggest either that production of raw cotton outside the United States in the 1985-86 season will be appreciably below earlier expectations, or that consumption will rise significantly. In most parts of the Northern Hemisphere, cotton has made excellent progress over the last few weeks in the prevailing heat. It would seem clear that plantings in China failed to decline as much as Western markets had hoped, and that prospective output is indeed in the region of 23,000,000 bales (of

480 lbs). In Russia, Uzbekistan has enjoyed an exceptionally favourable growing season, and has clearly made great strides in repair and maintenance of machinery, the failure of which has in the past so greatly impeded the harvest. One must therefore presume that the target production level, of somewhat above 12 million bales is still realistic. Elsewhere in Asia, great uncertainty surrounds the crop forecast for Pakistan, where lack of irrigation water greatly delayed, and perhaps significantly reduced sowings. Trade assessments at present centre around a figure of about 3,750,000 bales, whereas the original target was above 4,500,000. India was earlier concerned by the rather fitful behaviour of the monsoon, but good rain has since fallen, suggesting that production will approach the 1984-85 crop level, of perhaps 7,400,000. Quite exceptionally favourable weather has prevailed of late in the Eastern Mediterranean, where despite the reduced sowings prospective yields in Turkey are now so high that production is unlikely to fall far short of last season's 2,700,000 bales. Planting is only just ending in sub-Saharan Africa: most countries report that excellent rains have fallen, and the 'Franc Zone' countries; whose combined production rose to over 1,500,000 bales last season, may again harvest over 1,400,000.

The weakness of prices has already caused some reappraisal of prospective plantings in the Southern Hemisphere. South Brazil, Argentina and Paraguay all fear reductions in the region of 20 percent, and the once optimistic plans of Australian growers may not be maintained. Despite these developments, it still seems probable that world output (including say 12,800,000 bales from the United States) will be around the 79,000,000 bales level in the 1985-86 season, almost 10,000,000 more than last season's consumption.

Quality of early-ginned cotton in south Texas. In the Corpus Christi area, the predominant grade of cotton classed through August 1 this season was grade 41 at 47 percent. White grades 41 and higher made up 89 percent of classings and all white grades comprised 98 percent. Light Spotted grades made up around 1 percent. Average staple length was 33.3 thirty-seconds inches. Staples 33 and 34, at 53 percent, accounted for the largest proportion of classings. Cotton in the mike 35-49 range made up 99 percent. Fiber strength data was not available. Samples classed through August 1 totaled 1,200 bales. In the Harlingen area, grade 31, at 44 percent, was the predominant grade of cotton classed. White grades 41 and higher made up 94 percent of classings and all white grades comprised 97 percent. Light Spotted grades made up 4 percent. Average staple length was 34.3 thirty-seconds inches. Staples 34 and 35, at 78 percent, accounted for the largest proportion of classings. Cotton in the mike 35-49 range made up 90 percent. Fiber strength averaged 23.1 grams per tex. Samples classed through August 1 totaled 48,000 bales.

Forward contracting of 1985-crop cotton was slow during July. By the end of the month, about 5 percent had been booked, the same as a month earlier. Since records began in 1974, forward contracting through this period has ranged from a low of 3 percent in 1975 to a high of 47 percent in 1976. A year ago, growers had contracted 21 percent by the end of July and two years ago 11 percent. Contracting this season has been most active in southeastern states where 12 percent had been booked, down from 31 percent in 1984 and 23 percent in 1983. Growers in south central states had contracted 8 percent, down from 30 percent a year earlier and 25 percent two years ago. Western states' growers had booked 4 percent, down from 20 percent the previous year and 11 percent in 1983. In southwestern states, about 3 percent of the crop was under contract, down from 16 percent a year earlier and 5 percent two years ago. American Pima cotton growers had forward contracted about 16 percent of their acreage by the end of July. Arizona growers had booked 22 percent, down sharply from the previous month due to revisions in planted acreage and survey estimates. New Mexico growers had booked 17 percent. No contracting has been reported in Texas. Estimates for the current season were based on the Crop Reporting Board's July planted acreage report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Forward contracting of upland cotton by growers, as of August 1, crops of 1976-1985
and planted acreage, 1985 crop 1/

State	Cotton crops										Planted acreage 2/ 1,000 acres
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
Alabama 3/	66	8	7	12	23	7	15	23	26	21	295
Georgia	31	1	-	7	11	10	4	6	27	4	250
North Carolina	38	14	2	10	28	2	15	24	35	-	89
South Carolina	36	16	9	13	48	12	33	52	53	17	124
Southeastern states	50	8	5	11	25	8	15	23	31	12	758
Arkansas	81	17	18	14	43	13	16	21	36	8	490
Louisiana	75	6	25	11	39	9	16	19	23	1	640
Mississippi	68	22	32	40	63	20	21	26	28	15	1,100
Missouri	84	21	13	18	74	20	19	35	56	*	155
Tennessee	65	2	6	10	27	4	19	32	36	4	310
South central states	74	16	23	24	51	15	19	25	30	8	2,695
Oklahoma	25	19	25	3	4	-	1	-	14	-	370
Texas	22	18	8	11	14	3	2	5	16	4	5,000
Southwestern states	22	18	9	10	13	3	2	5	16	3	5,370
Arizona	61	49	33	23	35	7	20	12	4	4	410
California	71	27	35	22	23	9	15	12	27	5	1,350
New Mexico	38	20	10	6	4	1	*	-	1	1	75
Western states	66	32	33	22	25	8	16	11	20	4	1,835
United States	47	19	16	15	24	7	9	11	21	5	10,658

1/ Contracting estimates for 1976 through 1984 based on June planted acreage report; 1985 based on July. Estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations.

2/ July 1985, Crop Reporting Board, Statistical Reporting Service, USDA.

3/ Includes Florida, 1984 crop.

* Less than 0.5 percent.

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							Grade 31 Staple 35 'A' Index 1/
	Futures Settlement						Desig. 8- Mkt. Avg.	
	Oct '85	Dec '85	Mar '86	May '86	Jul '86	Oct '86		
Aug. 1	59.90	59.85	60.18	60.20	59.87	54.70	59.14	57.85
2	59.75	59.73	60.22	60.16	59.80	54.67	59.03	57.90
5	60.47	60.60	61.20	61.14	60.78	55.53	59.57	57.70
6	60.15	60.45	61.12	61.00	60.70	55.42	59.33	57.70
7	59.76	60.04	60.50	60.57	60.25	55.22	59.10	57.70
8	59.17	59.42	60.20	60.05	59.80	55.07	58.42	57.65

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

Chicago futures contract settlement and designated spot market average for grade 42 staple 31 in cents per pound

Date	Grade 42 Staple 31						Desig. 5-Mkt. Average 1/
	Futures Settlement					Jul '86	
	Oct '85	Dec '85	Mar '86	May '86	Jul '86		
Aug. 1	-	50.25	51.35	-	-	-	50.23
2	-	50.10	51.21	-	-	-	50.14
5	-	50.90	51.65	-	-	-	50.57
6	-	50.50	51.35	-	-	-	50.38
7	-	50.20	51.25	-	-	-	50.15
Aug. 8	-	49.60	51.20	-	-	-	48.99

1/ Greenville, Montgomery, Memphis, Dallas and Lubbock.

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 August 2		Through August 1	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,979,200 1/	-	1,212,900 2/
Exports	27,300	27,300	3,900	3,900
Total export commitments	-	3,006,500	-	1,216,800
New sales	180,000	-	27,200	-
Buy-backs and cancellations	30,100	-	2,000	-
Net sales	149,900	-	25,200	-
Sales next marketing year	-	5,900	-	17,300

1/ Includes 677,200 bales carryover from marketing year 1983-84.

2/ Includes 457,900 bales carryover from marketing year 1984-85.

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

Upland cotton export sales. During the marketing year ended July 31, 1985, a total of 5,943,000 running bales were exported, 8 percent below a year earlier, and 457,900 bales were carried over to the 1985-86 marketing year, according to the Foreign Agricultural Service, USDA. Net sales for the 1985-86 marketing year totaled 25,200 bales during the week ended August 1. Major buyers were Japan with 13,500 bales and South Korea 6,900 bales. Exports for the 1985-86 marketing year (August 1) totaled 3,900 bales.