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USDA

Weekly Cotton Market Review

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Trading was slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were steady. Supplies were large. Many growers continued to resist merchant bid prices but offerings were sufficient to meet the limited demand. Merchants bought primarily to cover prompt or nearby commitments. Domestic and foreign mill buying was slow. Unfavorable weather continued to delay the late stages of harvesting in many localities. United States cotton production in 1985-86 is expected to total 13.8 million bales, down slightly from last month's estimate but 6 percent above 1984. The world cotton outlook for 1985-86 features a record supply, weak growth in demand, and low prices.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 55.51 cents per pound during the week ending Thursday, December 12. Prices ranged from a low of 55.09 cents on Tuesday to a high of 55.97 cents on Thursday. A week earlier, prices averaged 55.47 cents per pound and ranged from 55.34 to 55.61 cents. In the corresponding week a year ago, the average price was 60.02 cents. The New York March 1986 futures settlement price ended the week on Thursday at 60.83 cents per pound compared with 60.40 cents a week earlier.

Trading was slow on spot cotton markets. Offerings were sufficient to meet the limited demand but many growers continued to refuse merchant bid prices. Growers continued to pledge eligible cotton to the CCC loan program. Merchant buying was primarily to fill prompt or nearby commitments. Domestic mill buying was slow. Export trading was slow to inactive. Purchases reported by cotton exchanges in the designated markets totaled 137,900 bales in the week ended Thursday, December 12. This compares with 135,100 bales reported a week earlier and 294,600 bales in the corresponding week last season.

Textile mill report. Mill buying was slow. Purchases included a range of qualities from most growth areas. A light volume was bought for both prompt and deferred delivery. Most mills were covered for immediate and nearby needs and were unwilling to add stocks with the year end holidays approaching. Textile product sales remained good. Most apparels, all-cotton yarns, household items and selected industrials continued to move readily. Sales were extending into first and second quarter months. Mills operated five and six day weeks with some plants on seven days. Holiday closings are not expected to be as lengthy as in recent years.

All cotton production in the United States is expected to total 13.8 million 480 pound net weight bales, down fractionally from the November 1 forecast but 6 percent above 1984, according to the Crop Reporting Board, SRS, USDA. Upland production is forecast at 13.7 million bales. American Pima production is forecast at 148,000 bales. Upland growers expect to harvest 10.3 million acres, down fractionally from last year. American Pima area for harvest is estimated at 86,600 acres, 9 percent more than 1984.

Oklahoma and Texas upland production is forecast at 4.46 million bales, 2 percent below November 1 and 15 percent above 1984. Harvest in Texas has moved ahead at a fast pace as weather permitted and was 55 percent complete by December 1. In Oklahoma, harvest was getting back to full swing after a long, foggy, wet period. By month's end, harvest was 45 percent complete.

Production in the Delta states -- Arkansas, Louisiana, Mississippi, Missouri and Tennessee -- is forecast at 3.74 million bales, fractionally below the forecast on November 1, and 3 percent below last year. Area for harvest is forecast at 2.60 million acres. In Arkansas, harvest was 97 percent complete, Louisiana 99 percent, Mississippi 97 percent, Missouri 94 percent, and Tennessee 90 percent complete as of December 1.

Western states -- Arizona, California and New Mexico -- expect an upland production of 4.28 million bales, up 2 percent from November 1 and 4 percent above 1984. In Arizona, picking was slowed by storms moving across the state during the last two weeks of the month. By December 1, 80 percent of the acreage had been picked at least once. In California, harvest suffered from wet weather at the end of the month. As of December 1, harvest was getting underway in the Imperial Valley and was 92 percent complete statewide.

Production in the southeastern states -- Alabama, Georgia, North Carolina and South Carolina -- is forecast at 1.16 million bales, down 3 percent from November 1, but up 13 percent from last year. Area for harvest is estimated at 792,000 acres, down 5,000 acres from November 1 but 113,000 acres above 1984. Wet weather early in the month caused poor harvesting conditions and then damage from hurricane Kate late in the month resulted in lower production prospects in Georgia and South Carolina.

Cottonseed production, based on a three year average lint-seed ratio, is forecast at 5.48 million tons, 7 percent above the 1984 production of 5.15 million tons.

The Bureau of the Census reports 10,133,900 running bales ginned prior to December 1, 1985 compared with 8,972,412 bales ginned to the same date in 1984 and 6,002,973 bales in 1983.

Cotton acreage harvested, yield per acre, production and ginnings, by states, 1984-1985

State	Area harvested		Lint yield per harvested acre		Production 480 lb. net weight bales 1/			Ginnings prior to December 1	
	1984	Indicated 1985	1984	Indicated 1985	1984	Indicated 1985 November 1	Indicated 1985 December 1	1984	1985
Upland	1,000 acres		Pounds		1,000 bales			Running bales	
Alabama	307.0	327.0	699	734	447.0	500.0	500.0	383,840	481,464
Arizona	429.0	390.0	1,227	1,231	1,097.0	1,020.0	1,000.0	752,505	629,472
Arkansas	465.0	440.0	632	764	612.0	670.0	700.0	521,232	671,148
California	1,400.0	1,340.0	999	1,146	2,913.0	3,100.0	3,200.0	2,327,558	2,413,610
Florida 2/	17.0	21.5	847	781	30.0	35.0	35.0	-	-
Georgia	172.0	255.0	784	678	281.0	390.0	360.0	232,068	300,854
Kansas 2/	0.5	0.8	288	480	0.3	0.8	0.8	-	-
Louisiana	645.0	635.0	786	574	1,056.0	810.0	760.0	927,835	721,493
Mississippi	1,032.0	1,040.0	767	775	1,650.0	1,700.0	1,680.0	1,364,389	1,564,353
Missouri	162.0	152.0	554	616	187.0	185.0	195.0	178,141	183,737
New Mexico	69.0	55.0	605	655	87.0	75.0	75.0	47,281	49,383
North Carolina	96.0	88.0	600	627	120.0	115.0	115.0	99,619	(D)
Oklahoma	375.0	355.0	234	352	183.0	260.0	260.0	86,715	91,621
South Carolina	104.0	122.0	785	708	170.0	185.0	180.0	150,187	147,082
Tennessee	325.0	330.0	498	582	337.0	380.0	400.0	264,563	370,175
Texas	4,700.0	4,700.0	376	429	3,680.0	4,300.0	4,200.0	1,544,559	2,316,511
Virginia 2/	1.0	1.3	528	591	1.1	1.6	1.6	-	-
All other	-	-	-	-	-	-	-	21,534	113,963
U.S.	10,299.5	10,252.6	599	640	12,851.4	13,727.4	13,662.4	8,902,026	10,054,866
American Pima									
Arizona	50.3	59.5	841	863	88.1	107.0	107.0	47,142	48,205
New Mexico	10.0	7.7	595	655	12.4	10.5	10.5	3,976	4,026
Texas	19.3	19.4	744	742	29.9	30.0	30.0	19,268	26,803
U.S.	79.6	86.6	786	818	130.4	147.5	147.5	70,386	79,034
U.S. all cotton	10,379.1	10,339.2	600	641	12,981.8	13,874.9	13,809.9	8,972,412	10,133,900

1/ Based on crop conditions about December 1.
2/ Estimates for current year carried forward from earlier forecast.
(D) Withheld to avoid disclosure of individual gins.

Compiled from reports of the Crop Reporting Board, SRS, USDA and Bureau of the Census.

Cotton supply and use: World, United States, major exporters and importers; marketing years 1983-84, 1984-85, and 1985-86 1/
December 10, 1985

Region		Supply			Use		Ending stocks
		Beginning stocks	Production	Imports	Mill use	Exports	
				Million 480 pound bales			
				1983-84			
World		25.15	67.61	20.52	68.93	19.23	24.66
United States		7.94	7.77	0.01	5.93	6.79	2.78
Total foreign		17.21	59.84	20.51	63.00	12.44	21.89
Major exporters 2/		6.68	43.31	1.34	31.38	8.12	11.70
China		3.02	21.30	0.25	16.00	0.80	7.77
Pakistan		0.15	2.19	0.28	2.03	0.38	0.09
USSR		1.85	12.07	0.78	9.40	3.20	2.09
Major importers 3/		4.67	0.84	15.54	15.97	0.62	4.44
Japan		0.63	-	3.34	3.30	-	0.67
				1984-85 (Estimated)			
World		24.66	87.24	20.08	69.12	20.38	42.25
United States		2.78	12.98	0.02	5.54	6.22	4.10
Total foreign		21.89	74.25	20.05	63.58	14.17	38.15
Major exporters 2/		11.70	53.71	1.11	31.35	9.30	25.66
China		7.77	28.70	0.10	15.50	1.20	19.87
Pakistan		0.09	4.63	-	2.27	1.17	1.13
USSR		2.09	11.88	0.80	9.50	3.20	2.07
Major importers 3/		4.44	0.97	15.41	15.98	0.57	4.26
Japan		0.67	-	3.13	3.19	-	0.61
				1985-86 (Projected)			
World							
November		42.25	81.66	19.51	71.86	19.65	51.64
December		42.25	81.12	19.48	72.09	19.30	51.19
United States							
November		4.10	13.88	0.01	5.75	3.50	8.87
December		4.10	13.81	0.03	6.00	3.10	8.97
Total foreign							
November		38.14	67.79	19.50	66.12	16.15	42.77
December		38.15	67.31	19.45	66.08	16.20	42.23
Major exporters 2/							
November		25.86	48.67	1.02	33.65	10.42	31.17
December		25.66	48.41	1.02	33.55	10.52	30.71
China	Nov.	19.87	24.00	0.10	17.20	1.50	25.17
	Dec.	19.87	24.00	0.10	17.20	1.50	25.17
Pakistan	Nov.	1.13	4.30	-	2.40	1.40	1.46
	Dec.	1.13	4.30	-	2.40	1.50	1.36
USSR	Nov.	2.27	12.50	0.70	9.70	3.40	2.37
	Dec.	2.07	12.30	0.70	9.60	3.30	2.17
Major importers 3/							
November		4.26	1.17	15.07	15.79	0.62	4.08
December		4.26	1.17	15.06	15.80	0.62	4.06
Japan	Nov.	0.61	-	3.00	3.00	-	0.61
	Dec.	0.61	-	3.00	3.00	-	0.61

1/ Marketing year beginning August 1. Totals may not add and trade and stocks may not balance due to rounding, a small quantity destroyed, and other factors. 2/ Australia, China, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. 3/ Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

Source: United States Department of Agriculture

World cotton supply and demand estimates. The global cotton outlook for 1985-86 features a record supply, weak growth in demand, and low prices. For the second consecutive year, prospective production is well in excess of total use, pointing to a further buildup in stocks. By the end of this season, stocks will reach a record level estimated at 51 million 480 pound net weight bales, double the stocks of just two years earlier.

U.S. stocks may more than double, contributing more than one-half of this season's world stock buildup. The U.S. export forecast was reduced, and exports are expected to total only about one-half the 1984-85 level. Large foreign supplies of cheaper cotton are displacing U.S. cotton in international markets. U.S. exports of a little over 3 million bales would be the smallest since 1969-70. On the brighter side, U.S. mill use prospects for 1985-86 continue to improve; the consumption estimate was revised up 4 percent and at 6 million bales will be the largest since 1979-80.

Prospects for record foreign use and lower foreign production will limit the buildup in stocks abroad to 42 million bales, one-tenth above the beginning level. China accounts for most of the decline in foreign production.

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
		Futures Settlement						Desig. 8-Mkt. Avg.	'A' Index 1/
		Mar '86	May '86	Jul '86	Oct '86	Dec '86	Mar '87		
Dec.	5	60.40	60.70	59.46	53.60	51.72	52.45	55.41	47.90
	6	60.59	60.85	59.54	53.40	51.48	52.22	55.53	47.90
	9	60.47	60.77	59.40	53.30	51.15	51.69	55.46	48.05
	10	59.67	60.00	58.61	51.77	49.90	50.50	55.09	48.05
	11	59.77	60.05	58.65	52.10	50.25	51.10	55.48	48.30
	12	60.83	60.65	58.93	51.90	49.87	50.70	55.97	48.30

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 December 6		Through December 5	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,275,900	-	660,400
Exports	143,000	1,647,300	47,900	794,100
Total export commitments	-	4,923,200	-	1,454,500
New sales	81,400	-	18,300	-
Buy-backs and cancellations	28,800	-	13,300	-
Net sales	52,600	-	5,000	-
Sales next marketing year	28,100	77,100	-	17,200

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

Upland cotton export sales during the the week ended December 5 totaled 5,000 running bales, according to the Foreign Agricultural Service, USDA. Major buyers were Taiwan with 2,700 bales, Japan 2,200, Argentina 1,300 and United Kingdom 1,300 bales. Sales for Italy declined 2,000 bales. Exports for the week totaled 47,900 bales. Asian destinations accounted for 75 percent of the week's shipments, West European 19 percent and Western Hemisphere 6 percent. American Pima sales increased by 1,200 bales and shipments totaled 2,100.