

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE
COTTON DIVISION

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Weekly Cotton Market Review

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Trading was moderately active on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices weakened. Supplies increased and growers offered more freely. Merchant demand improved but remained very selective in some markets. Domestic and foreign mill purchases were light. Harvesting increased rapidly on the Texas Plains and in Oklahoma and neared completion in other areas of the Cotton Belt. United States cotton production in 1984-85 is expected to total 13.4 million bales, up nearly 1 percent from last month's forecast and 72 percent above 1983. World production in 1984-85 is estimated at a record 80.9 million bales, primarily reflecting larger production in the United States, China and Pakistan.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.02 cents per pound during the week ended Thursday, December 13. Prices ranged from a high of 60.47 cents on Friday to a low of 59.84 cents on Tuesday and ended the week at 59.85 cents. A week earlier, prices averaged 60.80 cents per pound and ranged from 60.54 to 61.02 cents. In the corresponding week a year ago, the average price was 73.57 cents. The New York March 1985 futures settlement price ended the week on Thursday at 65.43 cents per pound compared with 66.15 cents a week earlier.

Trading on spot cotton markets was moderately active. Growers offered and sold more freely. Merchant demand was fairly good for selected qualities but supplies and offerings of lower qualities exceeded demand in many markets. Domestic mill buying remained light and consisted of a small quantity, mostly for prompt delivery. Export trading was slow. Limited purchases were made by both Far Eastern and European mills. Purchases reported by cotton exchanges in the designated markets totaled 294,600 bales in the week ended December 13. This compares with 269,600 bales reported a week earlier and 537,300 bales in the corresponding week last season.

Textile mill report. Mill buying remained slow. The light volume of purchases was primarily to cover spot shortages. Mills were accepting delivery of earlier purchases and continued to report problems with the quality of central belt growths. Shippers indicated that rejections were at high levels. Buying for deferred delivery was in limited volume. Textile business remained slow but has not deteriorated further in recent weeks. Sales of yarn and most apparels remained slow to very slow. Household goods and products for the industrial and automotive markets traded intermittently. A number of mills have cut work-weeks to avoid inventory buildups. Reports indicate that mills will close from one to two weeks during year-end holidays.

U.S. cotton export prospects improve; world forecast about unchanged. Global cotton stocks this season are expected to increase nearly 11 million 480 pound net weight bales to a record 35.1 million. Production sharply in excess of use, particularly in China and the United States, accounts for most of the buildup. World output in 1984-85 is estimated at a record 80.9 million bales, one-fifth above a year earlier, primarily reflecting larger production in the United States, China and Pakistan. Meanwhile, global consumption is up less than 2 percent to an estimated 69.6 million bales, with China accounting for one-half of the gain.

Foreign cotton stocks at the end of this season may total about 30.5 million bales, up 9 million from the beginning level. While production abroad is placed at a record 67.5 million bales, up nearly 8 million from 1983-84, mill use may total 64.3 million bales, up 1.7 million. China accounts for most of these changes in foreign supply and demand. Output in China is up 4 million bales to 25.3 million; mill use is up 0.5 million bales to 16.5 million; and stocks are up 7.7 million bales to 15.5 million. Elsewhere, a sharp recovery in Pakistan's production is permitting mill use and exports to rebound to more normal levels.

U.S. cotton stocks also are expected to increase sharply this season as the prospective crop of 13.4 million bales is well in excess of anticipated disappearance. Total use is placed at 11.6 million bales, slightly above month-earlier prospects, but 1.1 million below 1983-84. A 0.2-million-bale upward revision in exports to 6.3 million accounts for the change from November indications. While export sales to date have been running ahead of a year earlier, larger competitive supplies abroad are expected to offer increased competition for U.S. cotton later in the season. The mill use estimate remains at 5.3 million bales, one-tenth below 1983-84. So, with this season's much larger production and moderately smaller total use, U.S. cotton stocks may increase nearly 2 million bales to 4.7 million, slightly below last month's estimate.

World cotton trade in 1984-85 is expected to increase about 1.1 million bales to 20.4 million. With larger supplies, foreign exports are likely to rebound sharply from last season's depressed level and total about 14.1 million bales. Pakistan and China are likely to see the largest increases. Exports by Pakistan are forecast to recover to 0.9 million bales. Exports by China may total about 1.2 million bales, up 60 percent from 1983-84. China has the potential to export more cotton, but quality, marketing and transportation problems are limiting their current growth. U.S. exports may account for 31 percent of global trade, down from an unusually high 35 percent last season.

Cotton acreage harvested, yield per acre, production and ginnings, by states, 1983-1984

State	Area harvested		Lint yield per harvested acre		Production 480 lb. net weight bales			Ginnings prior to December 1	
	1983	Indicated 1984	1983	Indicated 1984	1983	Indicated 1984		1983	1984
						November 1	December 1		
Upland	1,000 acres		Pounds		1,000 bales			Running bales	
Alabama	215.0	305.0	409	708	183.0	410.0	450.0	162,355	382,293
Arizona	284.0	477.0	1,225	1,107	725.0	1,200.0	1,100.0	500,726	752,398
Arkansas	310.0	430.0	500	614	323.0	550.0	550.0	311,820	521,232
California	950.0	1,400.0	996	1,011	1,971.0	3,000.0	2,950.0	1,531,291	2,328,041
Florida 1/	12.0	13.5	608	651	15.2	18.3	18.3	-	-
Georgia	115.0	180.0	467	733	112.0	270.0	275.0	81,056	232,138
Kansas 1/	0.4	0.8	240	480	0.2	0.8	0.8	-	-
Louisiana	410.0	645.0	623	459	532.0	980.0	1,020.0	513,058	927,826
Mississippi	675.0	1,040.0	640	762	900.0	1,650.0	1,650.0	854,299	1,364,389
Missouri	93.0	160.0	377	570	73.0	175.0	190.0	70,617	178,143
New Mexico	47.0	72.0	715	633	70.0	95.0	95.0	42,434	47,571
North Carolina	59.0	94.0	350	613	43.0	105.0	120.0	0	99,007
Oklahoma	300.0	375.0	232	256	145.0	200.0	200.0	66,075	86,715
South Carolina	69.0	105.0	369	777	53.0	160.0	170.0	49,132	158,105
Tennessee	215.0	325.0	337	487	151.0	345.0	330.0	142,489	265,038
Texas	3,550.0	4,700.0	322	424	2,380.0	4,000.0	4,150.0	1,579,021	1,544,603
Virginia 1/	0.4	1.0	360	480	0.3	1.0	1.0	-	-
All other	-	-	-	-	-	-	-	48,530	21,534
U. S.	7,304.8	10,323.3	504	617	7,676.7	13,160.1	13,270.1	5,952,903	8,909,033
American Pima									
Arizona	29.3	49.5	768	735	46.9	75.8	75.8	26,582	47,132
New Mexico	11.1	9.0	683	549	15.8	10.3	10.3	3,744	3,686
Texas	22.3	19.3	689	622	32.0	25.0	25.0	19,744	19,268
U. S.	62.7	77.8	725	685	94.7	111.1	111.1	50,070	70,086
U. S. all cotton	7,367.5	10,401.1	506	618	7,771.4	13,271.2	13,381.2	6,002,973	8,979,119

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

(D) Withheld to avoid disclosure of individual gins.

Cotton supply and use: World, United States, major exporters and importers; marketing years 1982-83, 1983-84, and 1984-85 1/
December 11, 1984

Region	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
<u>Million 480 pound bales</u>						
<u>1982-83</u>						
<u>World</u> <u>2/</u>	25.5	67.5	19.5	67.9	19.4	24.9
<u>United States</u>	6.6	12.0	<u>3/</u>	5.5	5.2	7.9
<u>Total foreign</u>	18.9	55.5	19.4	62.3	14.2	17.0
Major exporters <u>4/</u>	4.8	23.1	0.5	15.4	9.1	3.7
Major importers <u>5/</u>	5.0	0.8	14.8	15.6	0.3	4.7
Others	9.0	31.6	4.1	31.3	4.8	8.5
<u>1983-84 (Estimated)</u>						
<u>World</u> <u>2/</u>	24.9	67.4	20.3	68.5	19.3	24.3
<u>United States</u>	7.9	7.8	<u>3/</u>	5.9	6.8	2.8
<u>Total foreign</u>	17.0	59.6	20.3	62.6	12.6	21.5
Major exporters <u>4/</u>	3.7	22.3	1.1	15.3	7.6	4.0
Major importers <u>5/</u>	4.7	0.8	15.5	16.1	0.5	4.4
Others	8.5	36.5	3.7	31.2	4.4	13.2
<u>1984-85 (Projections)</u>						
<u>World</u> <u>2/</u>						
November	24.3	80.7	20.1	69.5	20.2	35.2
December	24.3	80.9	20.1	69.6	20.4	35.1
<u>United States</u>						
November	2.8	13.3	<u>3/</u>	5.3	6.1	4.8
December	2.8	13.4	<u>3/</u>	5.3	6.3	4.7
<u>Total foreign</u>						
November	21.5	67.4	20.1	64.2	14.2	30.4
December	21.5	67.5	20.1	64.3	14.1	30.5
Major exporters <u>4/</u>						
November	4.0	24.4	0.7	15.9	8.3	4.8
December	4.0	24.5	0.7	15.9	8.3	4.8
Major importers <u>5/</u>						
November	4.3	1.1	15.5	16.2	0.5	4.2
December	4.4	1.1	15.6	16.3	0.5	4.2
Others						
November	13.3	41.9	3.8	32.1	5.4	21.4
December	13.2	41.9	3.8	32.1	5.3	21.4

1/ Marketing year beginning August 1. 2/ World imports and exports may not balance due to differences in marketing years, cotton in transit, and reporting discrepancies in some countries. Total trade of individual countries, including intra-regional trade. 3/ Less than 50,000 bales. 4/ Includes Australia, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. 5/ Includes Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

NOTE: Totals may not add and stocks may not balance due to rounding, a small quantity of cotton destroyed, and differences unaccounted.

Source: United States Department of Agriculture

DAILY COTTON MARKET NEWS

MARKET

TELEPHONE NUMBER

Bakersfield, California- - - - -	805-834-2121
Fresno, California - - - - -	209-251-9264
Lubbock, Texas - - - - -	806-763-7870
Phoenix, Arizona - - - - -	602-253-0433

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						8-Market Average	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Mar '85	May '85	Jul '85	Oct '85	Dec '85	Mar '86		
Dec. 6	66.15	67.07	68.10	68.20	68.35	69.35	60.73	72.20
7	65.80	66.80	67.92	68.18	68.30	69.30	60.47	72.20
10	65.33	66.30	67.48	68.16	68.25	69.25	59.90	71.90
11	65.30	66.30	67.56	68.09	68.24	69.40	59.84	71.70
12	65.45	66.35	67.50	67.96	68.06	69.26	60.02	71.60
13	65.43	66.35	67.40	67.86	68.08	69.30	59.85	71.50

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 1983-84 and 1984-85

Description	Marketing Year			
	1983-84		1984-85	
	Through December 8		Through December 6	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,180,300	-	3,275,900
Exports	150,900	1,592,300	143,000	1,647,300
Total export commitments	-	4,772,600	-	4,923,200
New sales	151,900	-	81,400	-
Buy-backs and cancellations	6,900	-	28,800	-
Net sales	145,000	-	52,600	-
Sales next marketing year	24,400	223,100	28,100	77,100

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

Upland cotton export sales for the current marketing year resulted in a net increase of 52,600 running bales during the week ended December 6, according to the Foreign Agricultural Service, USDA. This was down 35 percent from the previous week. Major purchasers were Bangladesh with 9,000 bales, Japan 7,700, Nigeria 7,500 and Ecuador 7,000 bales. Sales for the 1985-86 marketing year totaled 28,100 bales. The major buyers were Japan with 14,600 bales and Taiwan 5,000 bales. Weekly exports of 143,000 bales were 10 percent greater than the prior week's record level. Asian destinations accounted for 71 percent of the week's shipments, Western Europe 24 percent and Western Hemisphere 5 percent.