

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE
COTTON DIVISION, MARKET NEWS BRANCH
4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122
Telephone 901-766-2931



Weekly Cotton Market Review

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Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 70.29 cents per pound during the week ending Friday, December 14, according to the Cotton Division, Agricultural Marketing Service, USDA. Daily average quotations ranged from a high of 70.79 cents on Monday, December 10, to a low of 69.79 cents on Wednesday, December 12. Spot cotton quotations averaged 68.84 cents a week earlier and 63.22 cents in the corresponding week a year ago. The New York March 1991 futures settlement price closed on Friday at 76.61 cents compared with 74.93 cents a week earlier. The May 1991 settlement price was 75.65 cents against 74.37 cents the previous week. Spot transactions reported in the designated markets totaled 218,199 bales during the week ended Friday, December 14. This compares with 157,251 bales the previous week and 51,876 bales in the corresponding week last season.

Southeastern markets. Merchant demand for cotton eased somewhat, and was best for higher grade, high strength cotton. Growers offered cotton freely and trading was fairly active. Prices trended steady to firm. Prices paid for mixed lots of mostly grade 41 and higher, staples 34 and longer, mike 35-49 ranged from 300 to 400 points off New York March futures, FOB trucks in Georgia. In the Carolinas and Alabama, prices were mostly 500 to 600 points off, FOB warehouse. Prices for grades 51 and 42 were 150 to 200 points lower than grade 41. Predominantly high grade lots with strength of 27 and higher grams per tex were bringing premiums of 100 to 150 points. Cotton with strengths of 24 and lower was being discounted 200 to 300 points. CCC loan entries increased in areas where demand was weakest. The harvest was virtually complete.

South central markets. Growers continued to offer large quantities of cotton, and merchants made bids selectively. Prices remained mostly steady. Grades 31, 41, and 32 remained in strongest demand. In mixed lots, grade 31 staples 34 and longer, mike 35-49 moved at 525 to 550 points off NY March futures. Grade 41 moved at 650 to 725 points off March. Grades 50, 51, and 42 traded within a range of 900 to 1,000 points off March. When the bulk of the cotton stapled 34 and shorter, prices were generally discounted an additional 100 points. A moderate number of 1990-crop equities traded at 15 to 18 cents per pound. Domestic mill purchases were light and primarily for April and later shipment.

Southwestern markets. Spot cotton trading was moderately active. The supply of west Texas and Oklahoma growth cotton was heavy. Buyers accepted delivery of contracted cotton and were moderately selective seeking qualities for future commitments. Prices were mostly steady. Demand was moderately strong for most grades, but strongest for the limited volume of Light Spotted grades. Mixed lots of mostly white grades 41 and higher, staples 30 and longer, generally brought 1,400 to 1,575 points above CCC loan rates. Mixed lots of mostly Light Spotted cotton generally brought 1,500 to 1,650 points above CCC loan rates. Some buyers paid premiums for cotton with 27 and higher strength readings and discounted strength readings of 23 and lower. "Average rule" cotton was discounted 250 to 400 points. Mixed lots with more than twenty percent "average rule" cotton were often rejected. Buyers were inclined to refuse to bid on cotton in lots with more than fifty percent reductions. Prices for cotton with mike readings ranging below 35 strengthened slightly. Domestic and foreign mill inquiries were moderate. The harvest was nearing completion.

Western markets. Grower to merchant trading was slow in the San Joaquin Valley. Most growers had already marketed their crop or had entered into an agreement with a marketing organization. Some were holding for higher prices. Growers still holding higher quality

cotton offered when physical prices were around 80 cents per pound for grade 31 staple 35, mike 35-49, UD FOB gin yard but few were willing to sell at prices below that level. Domestic mill buying was very light and mostly for prompt shipment. Export trading was slow, although both European and Far Eastern mills made a few purchases for prompt shipment. Trading was also slow in the Desert Southwest. Growers offered remaining supplies fairly freely but some growers rejected bids as prices trended downward. Domestic mill buying was virtually nonexistent. Harvesting and ginning were nearing completion throughout the western states. Spot cotton trading was slow in the American Pima cotton market. Grower offerings were very light. Domestic mills bought a small volume for prompt shipment and Far Eastern mills made limited purchases for nearby shipment.

Textile mill report. Domestic mill buying slowed. Mills made a few inquiries for second and third quarter 1991 but found merchants extremely reluctant to sell. Very little business was done. Nearby needs were well covered and only a few small fill-ins purchases were made. Reduced work schedules have reduced nearby needs. Some shipments of previous purchases have been delayed and a few have been cancelled. Best demand has been for 1991 deliveries of the medium and higher white and equivalent Light Spotted grades, staples 34 and longer, mike 35-49. Mill business was slow. New goods sales have been slow coming in. Inventories of finished goods have built to excessive levels. Drastic work reductions ranging from one to four weeks have been announced as efforts continued to bring inventories under control. A few plants continued to operate on seven day workweeks, but all will take at least seven days off during the holidays. With sales of most products slow, only men's 100 percent cotton apparel fabrics, medium priced towels and some open-end sales yarn have been selling fairly well. Lightweight ladies apparel fabrics, automotives, home fabrics, and denims continued slow.

World cotton supply and demand estimates. Despite prospects this month for slightly larger production, world cotton stocks remain at a historically low level. Global output is projected at 87.2 million bales, slightly above a month earlier, and 9 percent above 1989-90. Consumption is unchanged from last month at 86.3 million bales. Forecast trade has increased modestly to about 24.5 million bales. Ending stocks are projected at 23.6 million bales, 2 percent above last month but the smallest in a decade. The indicated global stocks-to-use ratio of 27 percent matches last season's record low.

U.S. cotton supply and demand prospects for 1990-91 continue extremely tight as this month's stronger exports are expected to offset the larger crop. Exports are projected at 7.5 million bales, 7 percent above a month earlier, primarily reflecting recent additional sales to China. Domestic mill demand also continues robust at an estimated 8.4 million bales. With the crop revised up 3 percent to 15.4 million bales, prospective ending stocks remain at 2.6 million, 13 percent below this season's beginning level, and the smallest in 40 years.

Foreign cotton changes this month primarily reflect 1990-91 revisions for Turkey, China, the Soviet Union and Eastern Europe. Turkey's crop is revised up 5 percent to a record 3 million bales. Foreign consumption is unchanged this month as an upward revision for China offsets reduced prospects for several East European countries. On the trade front, the primary changes reflect stronger import demand by China and smaller prospective exports by the Soviet Union. For foreign countries as a whole, this season's ending stocks are placed at 21 million bales, 2 percent above the beginning level.

All cotton production in the United States is forecast at 15.4 million bales, up 3 percent from the November 1 forecast and up 26 percent from last year's production. Of the total, Upland is expected to account for 15.0 million bales while Pima production will be 386 thousand bales. Total area for harvest is estimated at 11.5 million acres, up 21 percent from 1989. Yield is expected to average 641 pounds per acre, 19 pounds above November and up 27 pounds from last year.

Upland cotton production in Texas and Oklahoma is forecast at 5.15 million bales, 4 percent above November 1, and 69 percent above the 1989 production. Cotton harvest made good progress in the Plains, although hampered during November by rains, high humidity, and morning dew. Yields and grades in the High Plains were reported good to excellent. By December 2, harvest was 73 percent complete in Texas, compared with the average of 66 percent. The Delta States (Arkansas, Louisiana, Mississippi, Missouri, and Tennessee

expect to produce 4.95 million bales, 3 percent above the November 1 forecast and up 23 percent from 1989. Good harvest weather allowed producers to continue field work. Yields are higher than anticipated earlier in Arkansas, Mississippi and Missouri. Louisiana's production is a record high level. As of December 2, the harvest in all of these States was virtually complete. Production in the Western States (Arizona, California, and New Mexico) is expected to total 3.68 million bales, up 3 percent from November 1 and up 9 percent from 1989. The yields in this region are expected to average 1,232 pounds per acre, 12 pounds above the 1989 yield. The forecast in the Southeastern States (Alabama, Georgia, North Carolina, and South Carolina) puts production at 1.19 million bales, a 4 percent increase from last month and 16 percent above the 1989 production. Yields in this region are expected to average 519 pounds per acre, down 85 pounds from last year due to dry conditions that prevailed during the season. Harvest continued almost uninterrupted during the month. The Bureau of Census reports 12,436,067 running bales ginned prior to December 1, compared with 10,352,900 running bales for the same date last year and 11,698,470 running bales in 1988.

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	1989	Indicated	1988	1989	Indicated
		1990		1990			1990
Upland	1,000 acres		Pounds		1,000 bales		
Alabama	322.0	398.0	571	482	380.0	383.0	400.0
Arizona	239.0	344.0	1,303	1,116	865.0	649.0	800.0
Arkansas	595.0	740.0	687	714	1,044.0	851.0	1,100.0
California	1,040.0	1,040.0	1,228	1,292	2,824.0	2,661.0	2,800.0
Florida 3/	25.0	29.5	557	750	34.2	29.0	46.1
Georgia	260.0	345.0	631	529	370.0	342.0	380.0
Kansas 3/	0.4	1.3	240	406	0.7	0.2	1.1
Louisiana	620.0	790.0	672	729	948.0	868.0	1,200.0
Mississippi	1,020.0	1,180.0	732	753	1,825.0	1,555.0	1,850.0
Missouri	209.0	235.0	618	623	306.0	269.0	305.0
New Mexico	55.0	50.0	698	768	102.0	80.0	80.0
North Carolina	110.0	200.0	615	624	133.0	141.0	260.0
Oklahoma	340.0	360.0	244	467	303.0	173.0	350.0
South Carolina	118.0	154.0	626	452	140.0	154.0	145.0
Tennessee	460.0	525.0	497	448	584.0	476.0	490.0
Texas	3,750.0	4,900.0	367	470	5,215.0	2,870.0	4,800.0
Virginia 3/	2.6	5.0	498	547	3.4	2.7	5.7
U.S.	9,166.0	11,296.8	602	638	15,077.3	11,503.9	15,012.9
American Pima							
Arizona	244.5	123.5	936	816	241.0	477.0	210.0
California	17.9	25.5	1,078	1,050	3.2	40.2	55.8
Mississippi 4/	1.1	1.0	436	528	-	1.0	1.1
New Mexico	30.2	20.0	707	696	23.5	44.5	29.0
Texas	78.0	58.0	794	745	66.5	129.0	90.0
U.S.	371.7	228.0	893	812	334.2	691.7	385.9
U.S. all cotton	9,537.7	11,524.8	614	641	15,411.5	12,195.6	15,398.8

1/ Production ginned and to be ginned.

2/ 480-LB. Net weight bales.

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

4/ Estimates began in 1989.

Cotton supply and use: World, United States, major exporters and importers:
marketing years 1989-90, and 1990-91 1/
December 11, 1990

Region	Supply			Use		Loss 2/	Ending stocks
	Beginning stocks	Produc- tion	Imports	Domestic	Exports		
Million 480 pound bales							
1989-90 (Estimated)							
World	30.16	79.89	25.07	86.99	24.24	0.28	23.60
United States	7.09	12.20	3/	8.76	7.69	-0.16	3.00
Total foreign	23.07	67.70	25.07	78.24	16.55	0.45	20.60
Major exporters 4/	9.14	43.70	3.03	39.65	8.61	0.23	7.38
China	4.97	17.40	1.87	20.50	0.86	-	2.88
Pakistan	0.23	6.68	3/	4.84	1.37	0.20	0.52
USSR	2.05	12.34	0.35	9.20	3.50	-	2.03
Major importers 5/	5.15	1.53	16.04	17.10	0.98	0.09	4.55
Japan	0.80	-	3.17	3.23	-	-	0.73
Selected Other							
Brazil	2.25	3.03	0.60	3.45	0.60	-	1.83
India	1.70	10.31	-	8.55	1.07	-	2.39
1990-91 (Projected)							
World							
November	23.2	86.7	24.3	86.3	24.3	0.3	23.2
December	23.6	87.2	24.2	86.3	24.6	0.3	23.6
United States							
November	3.00	14.91	3/	8.40	7.00	-0.08	2.60
December	3.00	15.40	3/	8.40	7.50	-0.10	2.60
Total foreign							
November	20.22	71.84	24.24	77.93	17.35	0.41	20.62
December	20.60	71.77	24.16	77.93	17.14	0.42	21.05
Major exporters 4/							
November	7.20	46.29	2.81	39.43	8.48	0.24	8.15
December	7.38	46.41	3.02	39.77	8.40	0.26	8.39
China							
Nov.	2.88	19.30	1.70	20.00	0.90	-	2.98
Dec.	2.88	19.30	2.00	20.30	0.90	-	2.98
Pakistan							
Nov.	0.52	7.03	3/	5.30	1.20	0.20	0.87
Dec.	0.52	7.03	3/	5.30	1.20	0.20	0.87
USSR							
Nov.	1.94	12.40	0.35	9.00	3.20	-	2.49
Dec.	2.03	12.40	0.35	9.00	3.00	-	2.78
Major importers 5/							
November	4.36	1.66	15.21	16.14	1.12	0.07	3.91
December	4.55	1.65	14.94	15.85	1.12	0.07	4.11
Japan							
Nov.	0.54	-	3.10	3.20	-	-	0.44
Dec.	0.73	-	3.10	3.20	-	-	0.63
Selected Other							
Brazil							
Nov.	1.83	3.40	0.60	3.56	0.50	-	1.77
Dec.	1.83	3.40	0.60	3.56	0.50	-	1.77
India							
Nov.	2.39	10.40	-	8.85	1.25	-	2.69
Dec.	2.39	10.40	-	8.85	1.25	-	2.69

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.

Source: United States Department of Agriculture

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				
	Nov. 16-22		Nov. 23-29		Nov. 30-
	: Nov. 16-22		: Nov. 23-29		: Dec. 6
Adjusted world price	66.56	66.84	66.88	66.86	67.80
Course count adjustment	0.93	1.02	1.02	0	1.29

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					Grade 31	Coarse
	Futures Settlement					7 Mkt.:	Staple 35
	Mar '91	May '91	Jul '91	Oct '91	Dec '91	Average: 'A' Index 1/	'B' Index 1/
Dec. 10	76.25	75.57	74.75	68.60	65.95	70.79	83.10
11	75.94	75.45	74.92	68.60	65.98	70.42	84.30
12	75.46	75.00	74.60	68.47	65.90	69.79	84.25
13	75.72	75.08	74.57	68.51	65.70	69.91	84.05
14	76.61	75.65	74.96	68.55	65.85	70.54	84.10

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 December 7		Through December 6	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,007,300	-	4,118,200
Exports	164,100	1,921,200	151,600	1,913,500
Total export commitments	-	4,928,500	-	6,131,700
New sales	178,000	-	252,300	-
Buy-backs and cancellations	26,300	-	9,000	-
Net sales	151,600	-	243,300	-
Sales next marketing year	36,600	173,400	10,800	83,400

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Sales of 243,300 running bales advanced 37 percent, during the week ending December 6, according to the Foreign Agricultural Service, USDA. The dominant buyer was China with purchases of 118,700 bales followed by Taiwan 23,200, Mexico 16,200, Japan 15,800, and South Korea 15,600 bales. Exports of 151,600 bales exceeded the week earlier by 4 percent. Asian destinations accounted for 77 percent of the week's shipments; West European 13 percent; and Western Hemisphere 10 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

December 14, 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				
Grade				Grade				Grade				Grade				
31	41	51	42	31	41	51	42	Stable	31	41	51	42	21	31	41	32
69.56	68.46	65.71	66.21	67.86	66.61	64.11	64.36	33	68.76	67.11	64.11	64.61	73.11	73.11	72.36	72.36
71.61	71.11	68.61	69.36	70.61	69.36	66.61	66.86	34	71.26	69.86	66.86	67.36	77.11	77.11	76.36	76.36
71.86	71.36	68.86	69.61	71.21	70.11	67.21	67.46	35	71.36	69.96	66.96	67.46	77.21	77.21	76.46	76.46
72.01	71.51	69.01	69.76	71.31	70.21	67.31	67.56	36	71.46	70.06	67.06	67.56	77.21	77.21	76.46	76.46

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Stable	21	31	41	51
58.40	58.00	58.05	57.55	58.30	57.70	57.75	57.60	29	-	-	-	-
59.15	58.75	58.80	58.10	59.05	58.70	59.20	58.90	30	-	-	-	-
61.40	61.00	60.55	59.85	61.40	60.80	60.65	59.95	31	-	-	-	-
62.05	61.50	61.05	60.10	61.95	61.00	61.15	60.40	32	-	-	-	-
64.60	62.95	63.25	62.00	63.70	63.05	64.20	62.00	33	-	-	-	-
66.85	65.00	65.05	62.80	66.50	65.00	65.50	62.60	34	78.36	78.11	77.11	73.86
67.15	65.25	66.30	63.10	66.80	65.25	65.75	62.90	35	80.11	79.86	78.86	74.86
67.25	66.10	66.40	63.10	66.90	65.35	65.85	62.90	36	80.21	79.96	78.96	74.86
67.25	66.10	66.40	63.10	66.90	65.35	65.85	62.90	37	80.31	80.06	79.06	74.86

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-950	26 & Below	-950	-2100	-	-1293
-800	-840	-840	-400	27-29	-450	-1400	-1700	-919
-500	-525	-525	-200	30-32	-175	-800	-1150	-554
-250	-230	-230	-100	33-34	-100	-350	-450	-244
0	0	0	0	35-49	0	0	0	0
-200	-155	-155	-250	50-52	-250	-100	-100	-173
-250	-240	-240	-400	53 & Above	-	-150	-	-256

SPOT QUOTATIONS - AMERICAN PIMA

Stable	01	02	03	04	05	06	Mike ranges	Points per pound
							26 & Below	-3100
							27-29	-2275
44	119.75	119.50	118.50	103.50	71.00	51.00	30-32	-1200
							33-34	-300
46	120.25	120.00	119.00	104.00	71.00	51.00	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			
Grade				Grade				Grade				Grade			
31	41	51	42	31	41	51	42	Stable	41	51	32	42	31	41	51
-	-	-	-	-	-	-	-	29	69.50	66.50	69.50	67.00	-	-	-
-	-	-	-	-	-	-	-	30	71.50	68.75	71.50	69.50	-	-	-
-	-	-	-	-	-	-	-	31	73.00	70.25	73.00	70.75	-	-	-
-	-	-	-	-	-	-	-	32	74.25	71.00	74.25	71.50	-	-	-
79.00	77.50	75.25	76.25	79.50	78.00	75.50	76.50	33	76.50	72.25	76.50	73.00	-	-	-
80.00	78.25	76.25	77.25	80.50	78.75	76.50	77.50	34	78.75	74.25	78.75	74.75	87.25	86.75	84.25
80.50	79.00	76.75	77.25	81.00	79.50	77.00	77.50	35	-	-	-	-	88.75	88.25	85.50
-	-	-	-	-	-	-	-	36	-	-	-	-	89.00	88.50	85.50