

# UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE  
COTTON DIVISION, MARKET NEWS BRANCH  
4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122  
Telephone 901-521-2931



## Weekly Cotton Market Review

Vol. 68, No. 21

December 23, 1986

Spot cotton prices advanced to current season highs, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained moderately active in some markets. Merchant demand was very good. Domestic mill demand for cotton remained strong but the volume purchased was smaller. Export trading was fairly steady. Wet conditions continued in most of the Texas Plains and in Oklahoma, allowing gins to catch up with backlogs of stored seed cotton but very little harvesting was possible. The 1986 carryover was the largest since 1967.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 55.57 cents per pound during the week ended Friday, December 19. Prices ranged from a low of 55.35 cents on Tuesday to a high of 55.87 cents on Friday. A week earlier, prices averaged 52.98 cents and ranged from 51.82 to 55.23 cents. The New York March 1987 futures settlement price ended the week on Friday at 56.28 cents per pound compared with 56.72 cents a week earlier. The October 1987 settlement price was 56.58 cents against 57.75 cents last Friday and the December price was 56.40 cents compared with 57.95 cents a week ago.

Trading was most active in the southwestern and western markets. Activity included grower-to-merchant, inter-merchant and a moderate volume of CCC equity sales. Merchant demand was very good. Domestic mill buying slowed. Cotton for prompt delivery was in best demand but mills continued to make moderate purchases for deferred delivery. Export trading continued fairly steady. Most purchases were of San Joaquin Valley cotton destined to Egypt and Japan. Trading in CCC certificates was slow. Prices for cotton certificates ranged from 92 to 100 percent of face value and generics at 103 to 106 percent of value. Purchases reported by cotton exchanges in the designated markets totaled 209,460 running bales in the week ended Friday, December 19. This compares with 241,036 bales reported last week and 151,257 bales in the corresponding week last season. Demand was good; however, grower-to-merchant trading slowed in the southeastern markets. Merchants bid 7 to 10 cents per pound for CCC loan equities in grades 51 through 42 and higher, and 10 to 12 cents for lower grades. Demand was very good for varieties with an established pattern of high strength. Trading was less active in the south central markets. Demand weakened slightly, but a moderate volume of cotton changed hands. Prices for CCC equities ranged from \$30 to \$60 per bale. Large, even running lots brought prices above these levels. A light volume of 1987-crop cotton was booked at prices of 550 to 625 points off December 1987 futures for grade 41 staple 34, mike 35-49. Trading was active in the southwestern markets. Demand was good and a heavy volume of 1986-crop equities traded at prices ranging from \$65 to \$105 per bale. Growers in south Texas forward contracted a light volume of 1987 crop at 51.75 to 53.00 cents per pound, basis grade 41 staple 34, mike 35-49. Grower offerings were light to moderate in the western markets. Merchant demand was very good for all qualities. Arizona cotton sold at an average price of 67.25 cents per pound for grade 31. San Joaquin Valley cotton sold at prices ranging from 80 to 82 cents, basis grade 31 staple 35, mike 35-49, UD, free on gin yard terms, with loan deficiency payments going to buyers. Several thousand acres of 1987 crop were booked at prices ranging from 65.50 to 66.00 cents, basis grade 31 staple 35, mike 35-49, JD, free on gin yard terms.

The next "Weekly Cotton Market Review" will be issued January 6, 1987.



Textile mill report. Mill buying was less active this week. Interest was best for central belt cotton, particularly medium grades that could be purchased for 150 to 400 points on the cover month. When cotton with a high breaking strength could be found, prices for higher grades ranged from 800 to 1000 points on the cover month. Most activity in the mills' cotton departments was centered around the delivery and take-up of previously purchased cotton. Textile sales continued to be good to excellent. Because of the sustained rate of business, most mills will keep Christmas and New Year holiday closings to a minimum. Closings will generally range from two to five days for Christmas and one to two days for New Year's. Workweeks continue to be mostly five to six days with some plants operating seven days.

The carryover of all kinds of cotton in the United States at the beginning of the 1986-87 marketing year totaled 9.0 million running bales, the largest since 1967. The 1986 upland carryover contained a larger proportion of cotton in grades 41 and higher than the previous year. The average staple length was 34.0 thirty-seconds inches, down from 34.1 last year. Staples 36 and longer made up 29 percent of the 1986 carryover, about the same proportion as a year ago. The 1985-86 season supply of 16.9 million bales was up from last year's 15.1 million. Disappearance of upland cotton totaled 7.9 million bales, the smallest on record. Disappearance totaled 11.1 million bales in the 1984-85 season.

Grade. Grades 41 and higher made up 43 percent of the 1986 upland carryover, up from 33 percent the previous year. All white grades comprised 52 percent, the same proportion as a year earlier. The Light Spotted grades accounted for 41 percent against 42 percent last year. Spotted and other colored grades made up 7 percent compared with 5 percent the previous year. Grades 41 and 42 were the predominant grades in this season's carryover, each accounting for about 20 percent.

Staple. The average staple length of upland cotton in the 1986 carryover was 34.0 thirty-seconds inches, down slightly from 34.1 a year earlier. Staples 31 and shorter accounted for 17 percent of the carryover compared with 16 percent the previous year. Staples 32 through 35 accounted for 54 percent of the August 1 stocks against 55 percent last year. Staples 36 and longer made up 29 percent, the same as a year ago.

Stocks in consuming establishments totaled 764,160 running bales of upland cotton at the beginning of the 1986 season compared with 720,516 bales a year earlier. All white grades made up 85 percent this season compared with 87 percent a year ago. Staples 34 and 35 accounted for 59 percent of mill stocks against 66 percent in 1985.

Stocks in public storage and "elsewhere" totaled 8,219,611 running bales of upland cotton at the beginning of August 1986 compared with 3,290,409 bales a year ago. All white grades accounted for 48 percent this season against 45 percent last year. Light Spotted grades made up 44 percent, down from 49 percent a year ago. Staples 34 and 35 accounted for 37 percent this season compared with 38 percent last year. Staples 36 and longer made up 30 percent, down from 32 percent in 1985.

The 1985-86 season supply totaled 16.9 million running bales compared with 15.1 the previous season. All white grades accounted for 9.2 million bales in the supply this season and Light Spotted grades, 7.2 million bales. Spotted and other colored grades made up 0.5 million bales. Staples 31 and shorter accounted for 1.7 million bales in the supply this season; staples 32 and 33 totaled 2.3 million; staples 34 and 35 accounted for 7.6 million and staples 36 and longer made up 5.3 million bales.



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	1986				
	: Nov. 28-		:		:
	: Nov. 21-27	: Dec. 4	: Dec. 5-11	: Dec. 12-18	: Dec. 19-25
Adjusted world price	39.54	40.07	42.50	45.11	47.11
Coarse count adjustment	2.98	2.07	2.24	1.43	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					: 8 Mkt.: Average	: Grade 31 Staple 35	: Coarse Count		
	Futures Settlement								: 'A' Index 1/	: 'B' Index 1/
	: Mar '87	: May '87	: Jul '87	: Oct '87	: Dec '87					
Dec. 15	55.85	56.20	56.60	57.30	57.40	55.51	59.85	53.15		
16	55.70	55.95	56.45	56.62	56.70	55.35	60.00	53.90		
17	56.75	56.82	57.20	57.10	57.00	55.52	60.70	54.85		
18	56.92	57.03	57.25	57.26	57.21	55.58	61.15	55.65		
19	56.28	56.50	56.60	56.58	56.40	55.87	61.50	56.15		

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 1985-86 and 1986-87

Description	Marketing Year			
	: 1985-86		: 1986-87	
	: Through December 12		: Through December 11	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	631,300	-	3,173,700
Exports	50,900	845,000	177,100	2,185,500
Total export commitments	-	1,476,300	-	5,359,200
New sales	23,500	-	102,200	-
Buy-backs and cancellations	1,700	-	12,800	-
Net sales	21,800	-	89,400	-
Sales next marketing year	-	17,200	1,500	108,300

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

Upland cotton export sales during the week ending December 11 resulted in a net increase of 89,400 running bales, up 6 percent from the previous week, according to the Foreign Agricultural Service, USDA. Major buyers were Japan with 33,900 bales, Nigeria 12,000, South Korea 7,100, Argentina 6,600, Hong Kong 6,000 and Indonesia 5,800 bales. Exports for the week totaled 177,100 bales, up 37 percent from the previous week. Asian destinations accounted for 61 percent of the week's shipments, West European 29 percent, African 7 percent and Western Hemisphere 3 percent.

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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 19, 1986

Spot prices are in cents per pound for cotton equal to the Official Standards with mike readings of 35 thru 49, net weight, mixed lots, uncompressed, free of all charges in 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.

GREENVILLE, SC				MONTGOMERY, AL				GREENWOOD, MS				MEMPHIS, TN				
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade			
	31	41	32	42	31	41	32	42	31	41	42	52	31	41	32	42
33	51.03	50.28	50.28	49.03	51.03	50.03	50.03	49.03	52.55	51.35	50.45	48.40	51.05	49.85	49.75	47.95
34	53.53	52.78	52.78	50.03	53.03	52.03	52.03	50.53	54.30	53.00	51.35	48.40	53.30	52.00	51.85	49.35
35	53.98	53.28	53.28	50.28	53.13	52.13	52.13	50.63	54.80	53.45	51.60	48.45	53.80	52.45	52.30	49.60
36	54.28	53.48	53.48	50.38	53.23	52.23	52.23	50.73	54.90	53.60	51.75	48.45	53.90	52.60	52.40	49.75

DALLAS, TX				LUBBOCK, TX				PHOENIX, AZ				FRESNO, CA				
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade			
	41	42	52	62	41	42	52	62	31	41	32	42	31	40	41	51
29	48.55	47.70	46.65	43.65	44.90	44.55	43.25	40.25	-	-	-	-	-	-	-	-
30	50.30	49.00	47.80	44.50	46.65	45.85	44.40	41.10	-	-	-	-	-	-	-	-
31	52.35	50.85	48.75	44.65	48.70	47.70	45.35	41.25	-	-	-	-	-	-	-	-
32	53.75	51.90	48.90	44.80	50.10	48.75	45.50	41.40	-	-	-	-	-	-	-	-
33	54.25	52.85	49.35	45.25	53.60	52.20	46.45	42.35	60.78	53.28	53.28	49.78	-	-	-	-
34	56.40	54.25	49.35	45.25	55.75	53.60	46.45	42.35	65.78	58.28	58.28	54.78	71.75	67.25	66.75	65.50
35	-	-	-	-	-	-	-	-	65.88	58.38	58.38	54.88	73.50	69.00	68.50	66.50
36	-	-	-	-	-	-	-	-	-	-	-	-	73.60	69.10	68.60	66.50
37	-	-	-	-	-	-	-	-	-	-	-	-	73.70	69.20	68.70	66.50

MIKE DIFFERENCES

MIKE RANGES	Points per pound									8 MARKET AVERAGE
	GVL	MTG	MEM	GRNW	DAL	LUB	PHOE	FRES		
26 & Below	-1000	-1200	-1035	-1035	-960	-950	-1035	-1200	-1052	
27 thru 29	-800	-800	-760	-760	-500	-300	-760	-600	-660	
30 thru 32	-500	-500	-485	-485	-350	-250	-485	-300	-419	
33 thru 34	-200	-300	-220	-220	-200	-200	-220	-100	-208	
35 thru 49	0	0	0	0	0	0	0	0	0	
50 thru 52	-150	-150	-120	-150	-120	-100	-50	-50	-111	
53 & Above	-250	-250	-215	-250	-225	-200	-100	-100	-199	

SPOT COTTON QUOTATIONS - AMERICAN PIMA 1/

Staple	Grade			Staple	Mike ranges			Points per pound
	03	04	05					
	Cents per pound				26 & Below			-2600
					27 thru 29			-2100
44	102.25	95.75	65.00		30 thru 32			-1800
					33 thru 34			-350
46	102.75	96.25	65.25		35 & Above			0

1/ Arizona, New Mexico and Texas.

LANDED MILL PRICES - GROUP 201 MILL POINTS

Prices are in cents per pound for even running lots, with mike readings of 35 thru 49, net weight, prompt shipment, delivered, brokerage included. Prices for group 200 mill points are slightly higher. Prices for Alabama, Georgia and east Tennessee mills are slightly lower.

SOUTHEASTERN GROWTHS				MEMPHIS TERRITORY GROWTHS				TEXAS-OKLAHOMA GROWTHS				CALIFORNIA (SJV) GROWTHS			
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade		
	31	41	51	42	31	41	51	42	41	51	32	42	31	41	51
29	-	-	-	-	-	-	-	-	49.75	48.25	49.75	48.50	-	-	-
30	-	-	-	-	-	-	-	-	52.25	50.50	52.25	50.75	-	-	-
31	-	-	-	-	-	-	-	-	54.00	52.00	54.00	52.25	-	-	-
32	-	-	-	-	-	-	-	-	55.50	53.25	55.50	53.50	-	-	-
33	59.50	58.00	55.50	56.75	60.00	58.50	55.75	57.00	57.00	54.25	57.00	54.50	-	-	-
34	61.75	59.75	56.75	58.25	62.25	60.25	57.00	58.50	59.00	55.75	59.00	56.00	74.00	73.25	71.50
35	62.00	60.25	57.00	58.50	62.50	60.75	57.25	58.75	-	-	-	-	75.50	74.75	72.75
36	-	-	-	-	-	-	-	-	-	-	-	-	75.75	75.00	72.75