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Weekly Cotton Market Review



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Spot cotton prices averaged slightly lower, according to the Cotton Division, Agricultural Marketing Service, USDA. Supplies were large and fully adequate to meet demand. Growers were not reluctant to offer but often refused bid prices. CCC loan entries continued to increase. Merchant demand was primarily for cotton to cover current needs. Domestic and foreign mill buying was light. Adverse weather continued to delay harvesting and ginning over most areas of the Cotton Belt. Growers had forward contracted about 9 percent of the 1985 crop through the end of November, the smallest percentage for this period on record. The interest rate for CCC loans disbursed in December will be 7.875 percent.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 55.47 cents per pound during the week ended Thursday, December 5. Prices ranged from a low of 55.34 cents on Friday to a high of 55.61 cents on Tuesday. A week earlier, prices averaged 56.04 cents per pound and ranged from 55.74 to 56.39 cents. In the corresponding week a year ago, the average price was 60.80 cents. The New York March 1986 futures settlement price ended the week on Thursday at 60.40 cents per pound compared with 60.87 cents on Wednesday a week earlier.

Trading slowed on spot cotton markets. Supplies were more than ample to meet demand. A large volume of cotton was offered but many growers refused to sell at prevailing prices. CCC loan entries continued to increase. Merchant demand was light to moderate and buying was more selective. Domestic mill buying was slow. Foreign mills showed little interest in buying and purchases were very light. Purchases reported by cotton exchanges in the designated markets totaled 135,100 bales in the week ended Thursday, December 5. This compares with 128,200 bales reported a week earlier and 269,600 bales in the corresponding week last season.

Textile mill report. Mill buying slowed and consisted of a light volume of central and southeastern growths and a small amount of Texas and California cotton. Shipment dates extended into first quarter and later months. Mills were taking delivery of earlier purchases but continued to hold stocks at very conservative levels. Textile sales remained good over a fairly wide range of products. All-cotton yarn, most apparels, underwear, sportswear, and a number of household items continued to sell readily with orders booked through first quarter months. Mills' work schedules were mostly at five and six days per week with some plants on seven.

Prices received by farmers for upland cotton averaged 56.70 cents per pound in mid November, according to the Statistical Reporting Service, USDA. The price for the entire month of October was also 56.70 cents. In November 1984, the average price received was 62.00 cents. These prices include cotton delivered against forward contracts.

Forward contracting of 1985-crop cotton. United States upland cotton growers had forward contracted about 9 percent of the 1985 crop by the end of November. This was the

smallest percentage booked for this period since records began in 1980 and was down from 24 percent a year earlier and 20 percent two years ago. Growers in western states had contracted 18 percent of their crop this season, down from 25 percent last year. In southeastern states, growers had booked 13 percent, down from 33 percent the previous year. Growers in south central states had contracted 10 percent of their acreage against 32 percent in 1984. In southwestern states, growers had booked 4 percent, down from 19 percent a year earlier. American Pima cotton growers had booked about 24 percent of their acreage by the end of November, 33 percent in Arizona and 19 percent in New Mexico. No contracting has been reported in Texas. These estimates were based on the Crop Reporting Board's November acreage for harvest report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

CCC loan entries of 1985-crop cotton totaled 2,439,400 running bales through November 27, according to the Agricultural Stabilization and Conservation Service, USDA. Repayments had been made on 43,600 bales. Loans were outstanding on 2,395,800 bales, of which, 1,475,700 were Form A (producer) and 920,100 were Form G (cooperative) loans. Loans remained outstanding on 1,215,000 bales of the 1984-crop cotton, 900 bales of 1983 crop and 500 bales of 1982 crop.

Loans made, repaid and outstanding on 1985-crop cotton in Commodity Credit Corporation cotton loan program through November 27, 1985, by states

State	Loans made			Loans repaid			Loans outstanding		
	Form A	Form G	Total	Form A	Form G	Total	Form A	Form G	Total
<u>Upland</u>									
<u>Running bales</u>									
Alabama	91,407	35,731	127,138	-	2,610	2,610	91,407	33,121	124,528
Arizona	19,593	66,500	86,093	-	1,813	1,813	19,593	64,687	84,280
Arkansas	215,378	84,059	299,437	-	5,049	5,049	215,378	79,010	294,388
California	4,967	212,042	217,009	-	8,517	8,517	4,967	203,525	208,492
Georgia	38,363	5,708	44,071	-	4	4	38,363	5,704	44,067
Louisiana	202,947	75,085	278,032	-	6,361	6,361	202,947	68,724	271,671
Mississippi	278,676	313,664	592,340	33	18,490	18,523	278,643	295,174	573,817
Missouri	38,259	6,315	44,574	-	424	424	38,259	5,891	44,150
New Mexico	17	-	17	-	-	-	-	17	17
N. Carolina	7,167	3,243	10,410	-	-	-	7,167	3,243	10,410
Oklahoma	8,102	24,056	32,158	-	27	27	8,102	24,029	32,131
S. Carolina	21,516	4,202	25,718	-	74	74	21,516	4,128	25,644
Tennessee	89,766	7,562	97,328	-	124	124	89,766	7,438	97,204
Texas	458,954	124,969	583,923	11	22	33	458,943	124,947	583,890
Other	650	-	650	-	-	-	650	-	650
Total	1,475,762	963,136	2,438,898	44	43,515	43,559	1,475,701	919,638	2,395,339
<u>American Pima</u>									
Total	-	463	463	-	38	38	-	425	425
Total									
All cotton	1,475,762	963,599	2,439,361	44	43,553	43,597	1,475,701	920,063	2,395,764

Source: Agricultural Stabilization and Conservation Service, USDA

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1984-1985

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1984	1985		1984	1985		1984	1985
	Cents	Cents		Cents	Cents		Cents	Cents
January	62.70	52.20	June	68.00	60.30	November	62.00	56.70 ^{1/}
February	65.00	49.50	July	65.90	60.50	December	56.10	
March	70.10	56.10	August	67.30	56.00			
April	67.20	57.00	September	65.60	55.00	Calendar		
May	72.70	57.50	October	64.40	56.70	year avg.	62.40	

^{1/} Mid-month price.

Source: Statistical Reporting Service, USDA

Forward contracting of upland cotton by growers, as of December 1, crops of 1980-1985, and acres for harvest, 1985 crop ^{1/}

State	Cotton crops						Acres for harvest ^{2/}
	1980	1981	1982	1983	1984	1985	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	1,000 acres
Alabama ^{3/}	32	6	13	22	26	19	327
Georgia	14	10	7	18	31	8	260
North Carolina	43	8	17	28	36	-	88
South Carolina	55	24	39	62	53	20	122
Southeastern states	33	10	16	28	33	13	797
Arkansas	55	16	18	24	40	10	440
Louisiana	41	8	18	21	23	3	635
Mississippi	80	28	24	28	31	17	1,040
Missouri	78	26	24	38	53	*	152
Tennessee	46	9	28	33	35	4	330
South central states	63	19	22	26	32	10	2,597
Oklahoma	4	2	1	-	19	*	355
Texas	22	8	5	7	18	5	4,700
Southwestern states	20	7	4	7	19	4	5,055
Arizona	46	7	21	19	9	5	390
California	44	12	17	53	32	22	1,340
New Mexico	7	1	*	-	1	2	55
Western states	43	10	17	44	25	18	1,785
United States	34	10	12	20	24	9	10,234

^{1/} Contracting estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations.

^{2/} November 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						Designated 8-Market Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Dec '85	Mar '86	May '86	Jul '86	Oct '86	Dec '86		
Nov. 28	H O L I D A Y							47.70
29	60.43	60.23	60.75	58.90	53.32	51.50	55.34	47.80
Dec. 2	60.59	60.29	60.78	59.40	53.60	51.68	55.38	47.80
3	61.15	60.76	60.95	59.58	53.75	51.85	55.61	47.80
4	61.55	60.68	61.00	59.53	54.03	52.03	55.59	47.80
5	61.40	60.40	60.70	59.46	53.60	51.72	55.41	47.90

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					Designated 5-Market Average 1/
	Futures Settlement					
	Dec '85	Mar '86	May '86	Jul '86	Oct '86	
Nov. 28	H O L I D A Y					
29	55.90	55.90	-	-	-	50.17
Dec. 2	55.90	55.90	-	-	-	50.20
3	55.90	55.90	-	-	-	50.54
4	55.90	55.90	-	-	-	50.54
5	55.90	55.90	-	-	-	50.47

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 November 22		Through November 21	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,415,400	-	736,600
Exports	129,200	1,373,600	45,600	704,600
Total export commitments	-	4,789,000	-	1,441,200
New sales	229,200	-	31,000	-
Buy-backs and cancellations	166,400	-	27,400	-
Net sales	62,800	-	3,600	-
Sales next marketing year	5,300	46,700	2,900	17,200

Description	Marketing Year			
	1984-85		1985-86	
	Through November 29		Through November 28	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,366,300	-	703,200
Exports	130,600	1,504,200	41,700	746,200
Total export commitments	-	4,870,500	-	1,449,400
New sales	104,400	-	10,500	-
Buy-backs and cancellations	22,900	-	2,200	-
Net sales	81,500	-	8,300	-
Sales next marketing year	2,300	49,000	-	17,200

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

Upland cotton export sales during the week ended November 28 totaled 8,300 running bales, according to the Foreign Agricultural Service, USDA. The major buyer was Ireland with 2,200 bales followed by Japan 1,800, Argentina 1,500 and Indonesia 1,400 bales. Exports for the week totaled 41,700 bales. Asian destinations accounted for 75 percent of the week's shipments, West European 16 percent, East European 5 percent and Western Hemisphere 4 percent. American Pima sales increased 2,300 bales and shipments totaled 500 bales.