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Dept of Ag Eco

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Weekly Cotton Market Review

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Trading increased on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Growers were holding a large quantity of uncommitted supplies and were more willing to sell. Merchant demand was fair to good in most markets. Domestic and foreign mill buying was light. Growers had forward contracted about 24 percent of the 1984 crop through the end of November. Rains delayed harvesting in most localities. Exports during the first three months this marketing year were the largest since 1980-81. The interest rate for CCC loans disbursed in December will be 10.125 percent.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.80 cents per pound during the week ended Thursday, December 6. Prices ranged from a low of 60.54 cents on Friday to a high of 61.02 cents on Tuesday and ended the week at 60.73 cents. A week earlier, prices averaged 60.42 cents per pound and ranged from 60.21 to 60.67 cents. In the corresponding week a year ago, the average price was 73.69 cents. The New York March 1985 futures settlement price ended the week on Thursday at 66.15 cents per pound compared with 66.03 cents a week earlier.

Trading on spot cotton markets was more active. Supplies and offerings increased but many growers continued to hold for higher prices. Merchant demand was selective. A few merchants traded a fairly large quantity among themselves to cover existing commitments. Domestic mill buying was light and mostly for prompt delivery. Export trading was slow. Far Eastern mills bought a light to moderate volume for prompt through March shipment. Purchases reported by cotton exchanges in the designated markets totaled 269,600 bales in the week ended December 6. This compares with 184,300 bales reported a week earlier and 372,500 bales in the corresponding week last season.

Textile mill report. Domestic mill demand remained weak. Purchases consisted of a light volume of San Joaquin Valley cotton as replacement for Memphis territory. Mills concentrated on delivery of cotton already bought. With central belt quality lower than usual, shippers and mills were working out compromises on outstanding commitments. Purchases for forward shipment were noticeably light. Mill sales of textile products maintained the slow pace of recent weeks. Mills continued to fill orders already booked but described new business as sluggish. Yarn sales continued to lag and a number of yarn mills were on reduced work schedules. Sales of most apparels were fairly active with the exception of corduroy, and to a lesser degree, denim. Products for the industrial and automotive market traded intermittently. Mill work schedules were three to five days per week, mostly five.

Exports of cotton from the United States totaled 291,800 running bales during October, according to the Bureau of the Census. This was up from 264,200 bales shipped a month earlier and 261,400 bales in October last year. Shipments during the first three months this season totaled 1,007,900 bales, the largest August-October volume since 1980-81. Exports totaled 950,300 bales through October a year earlier and 985,700 bales two years ago.

Prices received by farmers for upland cotton averaged 66.00 cents per pound in mid November, according to the Statistical Reporting Service, USDA. This compares with 64.60 cents for the entire month of October and 67.00 cents in November 1983. These prices include cotton delivered against forward contracts.

Contracting of 1984 crop. United States upland cotton growers had forward contracted about 24 percent of the 1984 crop by the end of November. This was the largest percentage booked for this period since the 1980 crop and was up from 20 percent a year earlier and 12 percent two years ago. Growers in southeastern states had contracted 33 percent of their crop this season, up from 28 percent last year. In south central states, growers had booked 32 percent, up from 26 percent the previous year. Growers in western states had contracted 25 percent of their acreage against 44 percent in 1983. In southwestern states, growers had booked 19 percent, up from 7 percent a year earlier. 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.

Foreign crop report. The Cotton Outlook of Liverpool reports harvesting of the 1984-85 crops in most Northern Hemisphere producing regions outside the United States has made good progress in the final stages, having in several areas been impeded earlier by unsettled weather. China, in particular, foresees bumper yields which may well carry her output to about 25,300,000 bales (of 480 pounds), no less than 3,000,000 bales above the previous record, established only last season. Most assessments of world output in the current season are in consequence now close to the 81,000,000 bales level, whereas forecasts of consumption are commonly at 69,000,000 bales or lower.

There is in fact now some doubt as to Russia's ability to achieve her suggested outturn of about 12,300,000 bales. Farmers have all season been exhorted to concentrate upon the maintenance of quality, and it was therefore not surprising that the harvest in the principal Republic, Uzbekistan, should have fallen a little behind. However, the onset of the winter cannot be long delayed; were it to come soon, Soviet output might once again fall short of expectations, perhaps by over 200,000 bales. There has been some disappointment too, in the Eastern Mediterranean countries, where Turkish, Syrian and Greek forecasts have fallen a little, to 2,705,000 bales, 712,000 bales and 436,000 bales, respectively. This modest decline has been more than offset by events elsewhere. In India, prices on the domestic markets have fallen rapidly for the past few weeks, reflecting the belief that output has recovered in the Northern areas, which produce shorter staples, and will continue to expand to the South. Some trade estimates in Bombay are now above the 6,700,000 bales level compared with 6,000,000 grown last season. Pakistan, whose 1983-84 crop was a pitifully low 2,000,000 bales, is officially expected to harvest about 3,750,000 bales this season, and could well press appreciably more if yields are maintained in the Punjab. Drought of course overshadows much of agriculture in Africa, but cotton withstands such conditions well, and final output in the numerous small sub-Saharan producing areas may be only modestly lower. Egypt and the Sudan expect their crops to be little changed. In Mexico and Central America, crops are living up to expectations.

Conditions in the Southern Hemisphere, where cotton is quite newly in the ground, are meanwhile almost universally favorable. Australia has recorded a further increase of acreage which may take her output to above the 900,000 bales level and both Zimbabwe and South Africa have had much-needed rains. Cotton looks promising in South America's main producing regions. South Brazil has increased sowings sharply, and could well grow 2,900,000 bales compared with the 2,200,000 bales produced last season. Modest increases seem likely in Argentina and Paraguay, and the recovery of output continues in Peru after the disaster two seasons ago.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1983-1984

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1983	1984		1983	1984		1983	1984
	Cents	Cents		Cents	Cents		Cents	Cents
January	57.00	62.70	June	62.60	68.00	November	67.00	66.00 ^{1/}
February	57.70	65.00	July	67.10	65.90	December	66.20	
March	62.20	70.10	August	64.60	67.20			
April	60.40	67.20	September	62.80	64.60	Calendar		
May	63.60	72.70	October	63.10	64.60	year avg.	63.90	

^{1/} Mid-month price.

Source: Statistical Reporting Service, USDA

Forward contracting of upland cotton by growers, as of December 1, crops of 1980-1984, and acres for harvest, 1984 crop ^{1/}

State	Cotton crops					Acres for harvest ^{2/}
	1980	1981	1982	1983	1984	
	Percent	Percent	Percent	Percent	Percent	1,000 acres
Alabama ^{3/}	32	6	13	22	26	312
Georgia	14	10	7	18	31	180
North Carolina	43	8	17	28	39	94
South Carolina	55	24	39	62	53	105
Southeastern states	33	10	16	28	33	691
Arkansas	55	16	18	24	40	430
Louisiana	41	8	18	21	23	645
Mississippi	80	28	24	28	31	1,040
Missouri	78	26	24	38	53	160
Tennessee	46	9	28	33	35	325
South central states	63	19	22	26	32	2,600
Oklahoma	4	2	1	-	19	375
Texas	22	8	5	7	18	4,700
Southwestern states	20	7	4	7	19	5,075
Arizona	46	7	21	19	9 ^{4/}	477
California	44	12	17	53	32	1,400
New Mexico	7	1	*	-	1	72
Western states	43	10	17	44	25	1,949
United States	34	10	12	20	24	10,315

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

^{2/} November 1984, Crop Reporting Board, Statistical Reporting Service, USDA.

^{3/} Includes Florida, 1984 crop.

^{4/} Corrected.

* Less than 0.5 percent.

DAILY COTTON MARKET NEWS

MARKET

TELEPHONE NUMBER

Bakersfield, California- - - - -	805-834-2121
Fresno, California - - - - -	209-251-9264
Greenwood, Mississippi - - - - -	601-455-3285
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							
	Dec '84	Mar '85	May '85	Jul '85	Oct '85	Dec '85		
Nov. 29	65.48	66.03	67.00	67.96	67.89	68.30	60.61	72.00
30	65.17	65.93	66.95	67.95	67.90	68.25	60.54	72.10
Dec. 3	65.17	65.93	66.85	67.75	67.90	68.10	60.79	72.10
4	65.50	66.32	67.00	68.05	67.95	68.15	61.02	72.10
5	65.72	66.20	67.10	68.30	68.15	68.20	60.93	72.20
6	65.83	66.15	67.07	68.10	68.20	68.35	60.73	72.20

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 1		Through November 29	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,186,100	-	3,366,300
Exports	135,100	1,441,400	130,600	1,504,200
Total export commitments	-	4,627,500	-	4,870,500
New sales	150,100	-	104,400	-
Buy-backs and cancellations	6,400	-	22,900	-
Net sales	143,700	-	81,500	-
Sales next marketing year	17,700	198,700	2,300	49,000

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

Upland cotton export sales resulted in a net increase of 81,500 bales during the week ended November 29, according to the Foreign Agricultural Service, USDA. This was up 30 percent from the previous week. Major buyers were South Korea with 19,900 bales, Spain 11,600 and Japan 11,100 bales. Weekly exports of 130,600 bales were up slightly from a week earlier. Asian destinations accounted for 78 percent of the week's shipments, Western Europe 18 percent and Western Hemisphere 4 percent.