

# UNITED STATES DEPARTMENT OF AGRICULTURE

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**TEXAS TECH**  
**DEPT. OF AGRICULTURE**  
**REFERENCE ROOM**

## Weekly Cotton Market Review

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February 12, 1991

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 76.07 cents per pound during the week ending Friday, February 8, according to the Cotton Division, Agricultural Marketing Service, USDA. Quotations averaged 373 points higher than the previous week. Daily average quotations ranged from a low of 74.34 cents on Monday, February 4, to a high of 77.06 cents on Friday, February 8. Spot cotton quotations averaged 72.34 cents a week earlier and 63.28 cents in the corresponding week last year. The New York March 1991 futures settlement price closed on Friday at 84.13 cents compared with 79.53 cents a week earlier. The May 1991 settlement price was 82.38 cents compared with 78.73 cents the previous week. Spot transactions reported in the designated markets totaled 70,814 bales during the week ending Friday, February 8. This compares with 137,098 bales reported during the previous week and 98,487 bales in the corresponding week last season.

Southeastern markets. Spot cotton trading slowed. Supplies of free cotton continued to dwindle. Merchant demand was good for mixed lots of grades 41 and higher, staples 34 and longer, strengths 26 grams per tex and higher. Demand was weak for cotton with strengths below 24 grams per tex. Prices paid for mixed lots of mostly grade 41 and higher, staples 34 and longer, mike 35-49 ranged from 450 to 550 points off New York March futures, FOB trucks in Georgia. In Alabama and the Carolinas prices were mostly 700 to 725 points off, FOB warehouse. Prices on grades 51 and 42 were around 200 to 300 points lower than grade 41. High grade cotton with strength of 27 grams per tex brought premiums of 100 to 150 points. A few short staple lots with strength readings below 24 grams per tex were discounted 200 to 300 points. CCC loan entries were light. A few equities were offered and traded at 18 to 21 cents per pound. Interest in 1991 contracting increased, especially in areas where cotton will be planted outside the government program. A few contracts were reportedly signed.

South central markets. Trading was slower than the previous week. Grower-held supplies were fairly well depleted. Growers with available cotton rejected most bids. Demand was fairly good, but not strong enough to overcome grower resistance to what they considered low bid prices. Strongest demand was for grade 41 and higher. Prices rejected by growers were around 75 cents per pound for grade 41, staples 34 and longer, mike 35-49. Equity trading was slow. Buyers offered around 21 to 23 cents, but most growers held out for higher prices. Sales to domestic mills for prompt to nearby delivery remained light. Forward sales to domestic mills involved a large volume of grade 41 and higher qualities for fourth quarter 1991 through third quarter 1992 delivery. A moderate volume of mostly grade 31 staples 34 and longer, mike 35-49 was forward contracted for delivery for October through December 1991 to Far Eastern mills.

Southwestern markets. Spot cotton trading was moderate to active. The supply of west Texas and Oklahoma growth cotton was light to moderate. Demand was strong for most grades. Mixed lots of grades 41, 42 and higher, staples 32 and longer, brought around 2,000 to 2,500 points above CCC loan rates. Mixed lots of mostly Spotted, Tinged and other low grades usually brought 2,200 to 2,600 points above loan. A few current-crop equities traded at \$85 and \$110 per bale. Some buyers paid premiums of 25 to 50 points for cotton with 27 and higher strength readings and discounted strength readings of 23 and

lower by 25 to 125 points. "Average rule" cotton was discounted around 300 points. Domestic and foreign mill inquiries were moderate. Interest in forward contracting improved and a moderate amount of acreage was contracted in south and central Texas areas. Prices for grade 41 staple 34, mike 35-49 contracts varied from 64 to 70 cents depending on dryland versus irrigated acreage and picker versus stripper harvested methods. A few gins continued to operate in west Texas and Oklahoma.

Western markets. Trading in the San Joaquin Valley (SJV) was slow. Prices were sharply higher. Grade 31 traded at 225 to 275 points on March futures, UD free warehouse terms. Far Eastern mills purchased a small amount of high grades for prompt shipment. Trading in the Desert Southwest (DSW) was moderate. Grade 31, mike 35-49, traded at 80.25 to 82.25 cents per pound. A small amount of grades 41 and 32 traded at 78.50 cents. Grade 42 brought 67 cents. Domestic mills purchased a small volume for prompt shipment. Far Eastern mills purchased a moderate volume for prompt and nearby shipment. A small acreage of 1991-crop cotton was forward contracted in the SJV at 75.25 to 76.70 cents per pound, basis grade 31, staple 35. Most SJV growers did not accept new crop bids because of uncertainty about the availability of water for next season. Trading in American Pima was slow. Grade 3, mike 35-49 traded at \$1.15 and \$1.18 per pound. Grade 7 brought 46 cents. Far Eastern mills purchased a small amount of medium and high grades for prompt and nearby shipment. European mills bought a small volume of higher grades for late 1991 to first quarter 1992.

Textile mill report. Domestic mill buying slowed somewhat, but was still fairly active. A few mills bought a sizable volume of new-crop cotton for delivery through March 1992. Most trading was smaller volume purchases at a wide range of mills. Demand for cotton for nearby through summer delivery was also good, but volume purchased was small at most locations. Best buyer demand was for grades 51, 42 and higher, staples 34 and longer, mike 35-49. Most purchases were from central and southwestern growth areas. Mill business remained slow for most products, but indications are that business during the first quarter 1991 will be better than many expected. Denims and selected yarns continued to sell best. Reduced work schedules were common.

Cotton Planting Intentions. A special survey conducted during the last two weeks of January indicated that farmers intend to plant more cotton in 1991 than in 1990. The National Agricultural Statistics Service telephoned a cross section sample of farmers throughout the Nation asking their 1991 planting intentions. The same operators surveyed in the September and December 1990 Agriculture Surveys were recontacted for this earlier than normal planting intentions report. The survey indicated that growers intended to plant 14,700,000 acres of cotton an increase of 18 percent from the 12,429,000 acres planted in 1990.

World cotton supply and demand estimates. This month's global cotton outlook for 1990-91 is for smaller production and a further tightening in the supply-demand balance for 1990-91. The world crop is projected at 86.1 million bales, down about 800,000 bales from a month ago. With little change in consumption and trade, ending stocks are forecast at 22.7 million bales, 2 percent below January indications and the lowest level in a decade. In relation to this season's consumption, stocks are expected to equal a record-low 26 percent of use.

A large crop, strong demand and the smallest prospective stocks in 40 years highlight the 1990-91 U.S. cotton outlook. Production remains at 15.6 million bales. The smaller foreign crop coupled with continuing strong foreign demand prompted a nearly 3-percent upward revision in U.S. exports to 8 million bales. The mill use forecast remains at 8.4 million bales, down 4 percent from last season. Ending stocks are projected at 2.3 million bales, down from 2.5 million in January and about one-fourth below the beginning level.

Foreign cotton changes this month for 1990-91 feature smaller production, exports and stocks. The Soviet crop is revised down 3 percent to 12 million bales. Prospective output in India and Peru also is lower. Smaller foreign exports primarily reflect a sharp reduction in Soviet exports. Use abroad remains unchanged at close to last season's record level. This season's ending stocks are projected down 2 percent from last month to 20.4 million bales.

Cotton supply and use: World, United States, major exporters and importers;  
marketing years 1989-90, and 1990-91 1/  
February 11, 1991

Region	Supply			Use		Loss 2/	Ending stocks
	Beginning stocks	Produc- tion	Imports	Domestic	Exports		
Million 480 pound bales							
1989-90 (Estimated)							
World	30.24	80.00	25.18	87.26	23.99	0.36	23.81
United States	7.09	12.20	3/	8.76	7.69	-0.16	3.00
Total foreign	23.14	67.81	25.18	78.50	16.29	0.52	20.81
Major exporters 4/	9.23	43.67	3.03	39.77	8.43	0.31	7.44
China	4.97	17.40	1.87	20.50	0.86	-	2.88
Pakistan	0.23	6.68	3/	4.93	1.37	0.20	0.44
USSR	1.84	12.34	0.35	9.20	3.33	-	1.99
Major importers 5/	5.15	1.53	16.13	17.11	0.98	0.09	4.63
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	10.43	-	8.67	1.07	-	2.39
1990-91 (Projected)							
World							
January	23.5	86.9	24.2	86.7	24.3	0.4	23.2
February	23.8	86.1	24.3	86.8	24.1	0.4	22.7
United States							
January	3.00	15.62	3/	8.40	7.80	-0.08	2.50
February	3.00	15.62	3/	8.40	8.00	-0.08	2.30
Total foreign							
January	20.52	71.25	24.18	78.34	16.50	0.43	20.68
February	20.81	70.44	24.28	78.44	16.14	0.51	20.45
Major exporters 4/							
January	7.23	46.25	3.00	40.01	8.05	0.26	8.15
February	7.44	45.80	3.00	40.00	7.51	0.34	8.38
China							
Jan.	2.88	19.30	2.00	20.30	0.90	-	2.98
Feb.	2.88	19.30	2.00	20.30	0.90	-	2.98
Pakistan							
Jan.	0.44	7.03	3/	5.47	1.17	0.20	0.65
Feb.	0.44	7.00	3/	5.46	1.17	0.20	0.63
USSR							
Jan.	1.99	12.40	0.35	9.00	3.00	-	2.74
Feb.	1.99	12.00	0.35	9.00	2.50	-	2.84
Major importers 5/							
January	4.63	1.55	14.98	15.89	1.07	0.07	4.14
February	4.63	1.55	14.98	15.89	1.07	0.07	4.14
Japan							
Jan.	0.73	-	3.10	3.20	-	-	0.63
Feb.	0.73	-	3.10	3.20	-	-	0.63
Selected Other							
Brazil							
Jan.	1.83	3.40	0.60	3.56	0.50	-	1.77
Feb.	1.83	3.40	0.60	3.56	0.50	-	1.77
India							
Jan.	2.39	10.10	-	9.00	1.00	-	2.49
Feb.	2.39	9.80	-	9.00	1.15	-	2.04

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.

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	1991				
	Jan. 11-17	Jan. 18-24	Jan. 25-31	Feb. 1-7	Feb. 8-14
Adjusted world price	67.22	67.09	67.71	67.77	68.74
Course count adjustment	2.79	2.85	2.38	2.40	2.76

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.:	Count
	Mar '91	May '91	Jul '91	Oct '91	Dec '91	Average:	'A' Index 1/:	'B' Index 1/
Feb. 4	80.73	79.75	78.69	69.75	66.67	74.34	84.55	77.50
5	82.67	81.55	80.04	70.90	67.60	76.05	85.05	78.10
6	83.72	81.80	80.68	71.10	67.90	76.80	85.55	78.75
7	82.80	80.95	79.77	70.40	67.25	76.11	85.50	78.75
8	84.13	82.38	81.24	71.22	67.80	77.06	84.75	77.85

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 February 1	Through January 31	Through February 1	Through January 31
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,888,600	-	3,458,400
Exports	179,100	3,084,100	226,600	3,443,500
Total export commitments	-	5,972,700	-	6,901,900
New sales	184,200	-	97,500	-
Buy-backs and cancellations	6,500	-	50,000	-
Net sales	177,700	-	47,500	-
Sales next marketing year	2,300	234,300	113,600	302,600

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Sales of 47,500 running bales were off by 50 percent during the week ending January 31, according to the Foreign Agricultural Service, USDA. The major buyers were Japan with purchases of 15,000 bales, Italy 11,500, South Korea 10,400, Thailand 10,300 and Indonesia 9,800 bales were partially offset by reductions of 44,300 bales for China. Sales for the 1991-92 marketing year of 113,600 bales were mainly for Hong Kong with purchases of 30,400 bales, Japan 19,000, Indonesia 13,600 and the Philippines 12,200 bales. Exports of 226,600 bales fell 6 percent below the previous week. Asian destinations accounted for 85 percent of the week's shipments; West European 10 percent; Western Hemisphere 3 percent; and East European 2 percent. American Pima sales for the current marketing year of 15,100 bales were mainly to Italy with purchases of 5,300 and Germany 7,600 bales. The major recipients of shipments totaling 13,200 bales were Switzerland 5,200, Japan 3,000 and Germany 2,500 bales.

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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

February 8, 1991

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	31	41	51	42	21	31	41	32	
75.63	74.38	71.63	72.13	74.88	73.63	70.63	70.88	33	75.13	73.88	69.88	70.58	79.38	79.38	77.63	77.63
77.63	77.13	74.63	75.38	77.63	76.38	73.13	73.38	34	77.63	76.63	72.63	73.33	83.38	83.38	81.63	81.63
77.88	77.38	74.88	75.63	78.23	77.13	73.73	73.98	35	77.73	76.73	72.73	73.43	83.48	83.48	81.73	81.73
78.03	77.53	75.03	75.78	78.33	77.23	73.83	74.08	36	77.83	76.83	72.83	73.53	83.48	83.48	81.73	81.73

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	21	31	41	51	
63.15	63.00	61.55	61.30	63.05	62.55	63.75	63.45	29	-	-	-	
64.25	63.75	63.05	62.60	63.80	63.55	64.70	63.85	30	-	-	-	
67.15	65.75	65.30	64.85	67.15	66.15	66.50	65.40	31	-	-	-	
69.30	68.00	67.55	66.35	69.45	68.45	69.00	68.15	32	-	-	-	
71.80	70.80	70.00	68.25	71.45	70.30	71.15	69.20	33	-	-	-	
74.10	72.50	72.80	69.45	73.85	72.50	73.95	70.55	34	83.63	83.38	82.63	79.88
74.40	73.50	73.30	70.35	74.65	73.85	74.20	70.55	35	85.38	85.13	84.38	80.88
74.50	74.35	73.40	70.35	74.65	73.95	74.30	70.80	36	85.48	85.23	84.48	80.88
74.50	74.35	73.40	70.35	74.65	73.95	74.30	70.80	37	85.58	85.33	84.58	80.88

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK.	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-1150	26 & Below	-1150	-2200	-	-1393
-800	-840	-840	-550	27-29	-550	-1500	-1500	-940
-500	-525	-525	-300	30-32	-300	-900	-950	-571
-250	-230	-230	-100	33-34	-100	-450	-350	-244
0	0	0	0	35-49	0	0	0	0
-200	-155	-155	-225	50-52	-225	-200	-100	-180
-250	-240	-240	-300	53 & Above	-	-250	-	-256

SPOT QUOTATIONS - AMERICAN PIMA

Staple	Grade 01	Grade 02	Grade 03	Grade 04	Grade 05	Grade 06	Mike ranges	Points per pound
							26 & Below	-3100
							27-29	-2275
44	119.75	119.50	116.50	94.50	63.00	53.00	30-32	-1200
							33-34	-300
46	120.25	120.00	117.00	95.00	63.00	53.00	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	Staple	41	51	32	42	31	41	51
-	-	-	-	-	-	-	-	29	75.25	72.25	75.25	72.75	-	-	-
-	-	-	-	-	-	-	-	30	77.25	74.50	77.25	75.25	-	-	-
-	-	-	-	-	-	-	-	31	78.75	76.00	78.75	76.50	-	-	-
-	-	-	-	-	-	-	-	32	80.00	76.75	80.00	77.25	-	-	-
.75	85.25	83.25	84.00	87.25	85.75	83.50	84.25	33	82.25	78.00	82.25	78.75	-	-	-
87.75	86.00	84.25	85.00	88.25	86.50	84.50	85.25	34	84.50	80.00	84.50	80.50	92.00	90.75	88.50
88.25	86.75	84.75	85.00	88.75	87.25	85.00	85.25	35	-	-	-	-	93.50	92.25	89.75
-	-	-	-	-	-	-	-	36	-	-	-	-	93.75	92.50	89.75