

UNITED STATES DEPARTMENT OF AGRICULTURE



AGRICULTURAL MARKETING SERVICE
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Weekly Cotton Market Review

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Spot cotton prices remained steady, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading continued slow. Growers offered a sufficient volume of cotton to meet the limited demand. Domestic mill purchases were light. Export trading was inactive. Fields in south Texas are ready for planting. Growers and others in the cotton industry continue to defer decisions until specific provisions of the 1986 farm program are announced. Estimated United States all cotton production in 1985 remains at 13.5 million bales. Record yields of 630 pounds per harvested acre are expected. Mill use prospects in the U.S. and abroad continue to improve.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 58.88 cents per pound during the week ended Thursday, February 13. Prices ranged from a low of 58.45 cents on Friday to a high of 59.64 cents on Thursday. A week earlier, prices averaged 58.55 cents per pound and ranged from 58.41 to 58.68 cents. In the corresponding week a year ago, the average price was 59.21 cents. The New York March 1986 futures settlement price ended the week on Thursday at 63.45 cents per pound compared with 59.75 cents a week earlier.

Trading on spot cotton markets remained slow to inactive. Prices were fairly steady but grower offerings remained light. Supplies of cotton were fully adequate to meet the limited merchant demand. Merchants bought primarily to fill current commitments. Domestic mill buying was restricted to a small volume, mostly for fill-ins. Foreign mill inquiries were very light and sales were at a complete standstill. Purchases reported by cotton exchanges in the designated markets totaled 57,100 bales in the week ended Thursday, February 13. This compares with 79,000 bales reported a week earlier and 155,700 bales in the corresponding week last season.

Textile mill report. Mills were slow to buy until details of agricultural legislation are more fully disclosed. Purchases were light and intermittent and consisted of small quantities, mostly for fill-ins. A number of mills have covered cotton needs into early summer. Mills were receiving cotton, adjusting shipment schedules to fit changing needs, and some mills were fixing prices on market lows. Demand for textiles was very good over a wide range of products. Mills were running five and six-day schedules with some plants on seven days. Sales were booked through second quarter in a number of items. Most apparel, yarns, underwear, household goods and numerous industrial and automotive products continued to trade readily. Sales of other products were mixed but mostly good.

World cotton supply and demand estimates. The global cotton outlook for 1985-86 remains basically unchanged from last month's assessment. A record supply still is forecast this season as the 71-percent larger beginning stocks more than offset the 7 percent smaller crop. Mill use prospects continue to improve and consumption is projected to total 5 percent above 1984-85. Indicated trade and ending stocks remain static.

With improving domestic demand and competitive cotton prices, the forecast of U.S. consumption was revised upward slightly. Stronger cotton demand also is evident in several foreign countries. Consumption abroad is expected to total slightly above month-earlier indications and nearly 5 percent above 1984-85. Taiwan accounts for most of this month's upward revision.

Foreign production was raised as sharply improved yield prospects in Pakistan more than offset lower Soviet output. Trade changes in imports include a sharp increase for Taiwan and a decrease for the Soviet Union. Export projections were raised for China and Pakistan and cut for the Soviet Union and El Salvador.

All cotton production is estimated at 13.5 million 480 pound net weight bales, 4 percent above 1984 and 74 percent above 1983, according to the Crop Reporting Board, SRS, USDA. Upland production is set at 13.4 million bales and American Pima at 149,000 bales.

Planted area totaled 10.7 million acres, down 4 percent from 1984 but up 35 percent from 1983. Harvested area, at 10.3 million acres, is down 1 percent from 1984 but up 40 percent from 1983. Abandonment is 3.8 percent of planted area compared with 6.9 percent in 1984 and 7.3 percent in 1983 and the five year average (1981-85) of 7.1 percent. Lint yield per harvested acre is a record high 630 pounds compared with the previous record high of 600 pounds set in 1984 and 508 pounds in 1983.

Texas and Oklahoma upland production, at 4.29 million bales, is 11 percent above 1984. Harvested acreage is fractionally below 1984, but average yield increased 42 pounds from 1984. In Texas, the 1985 upland cotton crop was planted on schedule or earlier. Growing conditions were generally favorable and a high percentage was harvested with excellent yields.

Production in the Delta states (Arkansas, Louisiana, Mississippi, Missouri and Tennessee) is estimated at 3.71 million bales, 4 percent below 1984. Favorable field conditions allowed cotton to be planted on schedule or earlier than usual and the crop developed ahead of normal all season. Early development allowed harvest to progress ahead of schedule until hurricane Juan occurred in late October reducing yields in Louisiana and Mississippi.

In the western states (Arizona, California and New Mexico) upland production totaled 4.17 million bales, up 2 percent from 1984. Acreage harvested was down 7 percent but yields were well above 1984 for the three-state area, with California posting the largest increase.

Production in the southeastern states (Alabama, Georgia, North Carolina and South Carolina) is estimated at 1.19 million bales, 17 percent above 1984. Average yield for the four-state area was above 1984 and harvested acreage was up 16 percent. Increases in yields in Alabama and North Carolina were partially offset by decreases in Georgia and South Carolina.

Cottonseed production, based on a three year average lint-seed ratio, is estimated at 5.37 million tons, 4 percent above the 1984 production of 5.15 million tons.

The Bureau of the Census reports 12,953,127 running bales ginned prior to February 1 this season, compared with 12,318,917 bales ginned to the same date a year earlier and 7,476,463 bales two years ago.

Cotton acreage planted, by states, 1983-1985

State	Upland			American Pima			All cotton		
	1983	1984	1985	1983	1984	1985	1983	1984	1985
	1,000 acres								
Alabama	219.0	309.0	330.0	-	-	-	219.0	309.0	330.0
Arizona	291.0	430.0	366.0	29.5	50.5	56.5	320.5	480.5	422.5
Arkansas	320.0	470.0	465.0	-	-	-	320.0	470.0	465.0
California	960.0	1,410.0	1,350.0	-	-	-	960.0	1,410.0	1,350.0
Florida	12.5	17.5	24.5	-	-	-	12.5	17.5	24.5
Georgia	120.0	175.0	260.0	-	-	-	120.0	175.0	260.0
Kansas	0.4	0.8	1.0	-	-	-	0.4	0.8	1.0
Louisiana	420.0	650.0	640.0	-	-	-	420.0	650.0	640.0
Mississippi	687.0	1,045.0	1,050.0	-	-	-	687.0	1,045.0	1,050.0
Missouri	108.0	164.0	155.0	-	-	-	108.0	164.0	155.0
New Mexico	56.0	77.0	70.0	11.1	10.0	7.8	67.1	87.0	77.8
North Carolina	60.0	97.0	88.0	-	-	-	60.0	97.0	88.0
Oklahoma	320.0	425.0	360.0	-	-	-	320.0	425.0	360.0
South Carolina	69.0	104.0	124.0	-	-	-	69.0	104.0	124.0
Tennessee	220.0	340.0	340.0	-	-	-	220.0	340.0	340.0
Texas	4,000.0	5,350.0	5,000.0	22.4	19.6	19.5	4,022.4	5,369.6	5,019.5
Virginia	0.4	1.0	1.3	-	-	-	0.4	1.0	1.3
U.S.	7,863.3	11,065.3	10,624.8	63.0	80.1	83.8	7,926.3	11,145.4	10,708.6

Source: Crop Reporting Board, SRS, USDA

Cotton supply and use: World, United States, major exporters and importers; marketing years 1983-84, 1984-85, and 1985-86 ^{1/} February 10, 1986

Region	Supply			Use		Ending stocks	
	Beginning stocks	Production	Imports	Mill use	Exports		
<u>Million 480 pound bales</u>							
<u>1983-84</u>							
World	25.01	67.63	20.52	68.94	19.23	24.54	
United States	7.94	7.77	0.01	5.93	6.79	2.77	
Total foreign	17.07	59.86	20.51	63.01	12.44	21.76	
Major exporters ^{2/}	6.68	43.31	1.34	31.38	8.12	11.70	
China	3.02	21.30	0.25	16.00	0.80	7.77	
Pakistan	0.15	2.19	0.28	2.03	0.38	0.09	
USSR	1.84	12.06	0.78	9.40	3.20	2.09	
Major importers ^{3/}	4.67	0.83	15.54	15.97	0.62	4.44	
Japan	0.63	-	3.34	3.30	-	0.67	
<u>1984-85 (Estimated)</u>							
World	24.54	87.37	20.03	69.11	20.29	42.32	
United States	2.77	12.98	0.02	5.54	6.21	4.10	
Total foreign	21.76	74.39	20.01	63.57	14.07	38.22	
Major exporters ^{2/}	11.70	53.71	1.10	31.37	9.21	25.73	
China	7.77	28.70	0.10	15.50	1.20	19.87	
Pakistan	0.09	4.63	-	2.26	1.17	1.12	
USSR	2.09	11.88	0.80	9.50	3.20	2.07	
Major importers ^{3/}	4.44	0.97	15.43	16.01	0.57	4.24	
Japan	0.67	-	3.13	3.19	-	0.61	
<u>1985-86 (Projected)</u>							
World							
January	42.24	81.42	19.41	72.13	19.39	51.28	
February	42.32	81.67	19.57	72.47	19.39	51.42	
United States							
January	4.10	13.53	0.03	6.00	2.80	8.97	
February	4.10	13.53	0.03	6.11	2.80	8.86	
Total foreign							
January	38.14	67.88	19.38	66.12	16.59	42.31	
February	38.22	68.14	19.54	66.37	16.59	42.55	
Major exporters ^{2/}							
January	25.64	49.02	1.01	33.47	10.87	31.05	
February	25.73	49.36	0.91	33.47	10.89	31.35	
China	Jan.	19.87	24.00	0.10	17.20	1.50	25.17
China	Feb.	19.87	24.00	0.10	17.20	1.70	24.97
Pakistan	Jan.	1.12	5.00	-	2.35	1.90	1.71
Pakistan	Feb.	1.12	5.50	-	2.35	2.00	2.11
USSR	Jan.	2.07	12.30	0.70	9.60	3.30	2.17
USSR	Feb.	2.07	12.10	0.60	9.60	3.10	2.07
Major importers ^{3/}							
January	4.27	1.17	14.98	15.74	0.62	4.05	
February	4.24	1.17	15.20	15.96	0.62	4.02	
Japan	Jan.	0.61	-	2.95	-	0.61	
Japan	Feb.	0.61	-	2.95	-	0.61	

^{1/} Marketing year beginning August 1. Totals may not add and trade and stocks may not balance due to rounding, a small quantity destroyed, and other factors. ^{2/} Australia, China, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. ^{3/} Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

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							Desig. 8- Mkt. Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement								
	Mar '86	May '86	Jul '86	Oct '86	Dec '86	Mar '87			
Feb. 6	59.75	68.22	57.40	49.65	48.54	49.48	58.41	54.25	
7	59.92	60.27	57.40	49.72	48.62	49.45	58.45	54.80	
10	60.27	60.58	59.15	49.58	48.50	49.42	58.54	54.70	
11	60.78	61.30	59.53	49.15	48.27	49.25	58.73	54.90	
12	61.49	61.95	59.45	49.15	48.50	49.25	59.03	54.90	
13	63.45	63.95	61.45	47.15	47.15	48.17	59.64	54.90	

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 1984-85 and 1985-86

Description	Marketing Year			
	1984-85		1985-86	
	Through February 7		Through February 6	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,668,600	-	602,700
Exports	179,400	3,127,400	39,000	1,178,200
Total export commitments	-	5,796,000	-	1,780,900
New sales	80,500	-	15,700	-
Buy-backs and cancellations	16,500	-	4,500	-
Net sales	64,000	-	11,200	-
Sales next marketing year	39,500	197,900	29,100	169,500

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

Upland cotton export sales for the current marketing year resulted in a net increase of 11,200 running bales, according to the Foreign Agricultural Service, USDA. Major buyers were Indonesia with 4,700 bales and Canada 3,700 bales. Sales for the 1986-87 marketing year totaled 29,100 bales, which was primarily to Japan of 23,500 bales. Exports for the week totaled 39,000 bales. Asian destinations accounted for 75 percent of the week's shipments, West European 18 percent and Western Hemisphere 7 percent. American Pima sales increased 1,000 bales for the current marketing year and 900 bales for 1986-87. Shipments totaled 7,900 bales.