

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. 70, No. 28

February 14, 1989

Spot cotton quotations averaged lower than the previous week, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was light to moderate. Grower offerings were mostly in CCC loan equities. A few merchants were actively buying cotton but demand came mostly from merchants needing cotton to cover prior commitments. Domestic mill buying was light for fill-ins but increased to a moderate level for forward delivery. Export trading continued slow. Far Eastern and European mills made limited purchases. Very cold weather kept field work to a minimum but most growers considered the freezing temperatures to be beneficial for insect control. South Texas growers have fields ready to plant but are waiting for warmer weather. Deficiency payments for 1988-crop upland cotton will be 19.4 cents per pound. Large supplies and weak demand, particularly for exports, continue to dominate the U.S. cotton outlook for 1988-89.

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 55.40 cents per pound during the week ending Friday, February 10, and ranged from a high of 55.98 cents on Monday to a low of 54.49 cents on Thursday. Quotations averaged 56.26 cents a week earlier and 57.56 cents in the corresponding week a year ago. The New York March 1989 futures settlement price closed on Friday at 58.38 cents compared with 58.99 cents a week earlier. The October 1989 settlement price was 58.48 cents against 58.45 cents the previous week and the December settlement price was 58.42 cents against 58.25 cents on Friday a week ago. Spot transactions reported in the designated markets totaled 62,769 bales during the week ending Friday, February 10. This compares with 146,922 bales the previous week and 144,231 bales in the corresponding week last season.

Trading. A few merchants were fairly active on southeastern spot cotton markets; otherwise, the light to moderate trading pace of recent weeks continued. Demand was best for grades 51 and 42 and higher, staples 34 and longer. Offerings of predominantly higher grade lots received little buyer interest. Grower offerings were mostly in CCC loan equities at around \$30 per bale. Buyers were bidding \$5 to \$7.50 per bale less but few growers were willing to sell at this level. Domestic mills continued to purchase small quantities for fill-ins and occasionally booked larger orders for deferred shipment. Textile business was described as slightly improved.

Trading was almost inactive on south central markets. Merchants were reluctant to buy CCC loan equities, but a few traded at prices averaging around 5 cents per pound. Cotton firms with previously purchased equities redeemed a large volume from the loan. Supplies of grower controlled equities remained very large. A small volume of cotton free of the loan traded with grade 41, staples 34 and longer, moving at 450 to 550 points off the New York March futures. Domestic mill buying increased sharply. A moderately heavy volume of 1989 crop, mostly grades 51 and higher, was bought for October through July 1990 delivery. Export interest remained dormant.

Trading on southwestern markets was moderate to active. The volume of cotton trading increased from week earlier levels. Supplies of cotton remained very large. Merchant demand was moderate to good. Prices were slightly lower and ranged from 300 to 700 points above the Adjusted World Price (AWP). A small quantity of old-crop equities traded. Demand for high quality current-crop equities was good and traded at prices ranging from \$15 to \$30 per bale, mostly \$20 to \$25. Most equities that merchants purchased were held in the CCC loan and not redeemed. Domestic mill inquiries were more numerous but sales were light. Delivery dates ranged from prompt to December 1989. Foreign mill inquiries and sales increased. A moderate volume of cotton was purchased by Far Eastern and European mills for prompt or nearby shipment.

Trading was slow to moderate on western markets. In the San Joaquin Valley, inter-merchant trading of grade 31 staple 35, mike 35-49, was reported at 725 to 750 points on NY March futures and a light volume of CCC loan equities in grades 41, 32 and higher, sold at \$78.50 to \$79 per bale. In Arizona, growers received around 350 points on NY March futures for grade 31 staple 35 and 200 to 300 points off for grades 41 and 32. Grades 51 and 42, in mixed lots, brought 54.50 cents per pound. Below Grades brought around 22.25 cents. CCC loan equities sold at \$40 to \$43.50 per bale in grades 41 and 32, mike 35-49, and 9.75 cents per pound in grade 21, mixed mike. A small volume of generic certificates traded at 99 to 101 percent of par. Domestic mills made light purchases of cotton for prompt delivery. Far Eastern mills made small purchases for prompt and nearby shipment. American Pima trading was slow. Mixed lots of grade 3 sold at \$1.72 per pound; grade 4 brought \$1.66; grade 5 brought \$1.20 to \$1.23; grade 6 brought 65.20 to 71.85 cents per pound; and grade 7 brought 48.70 to 55.95 cents. A small acreage of 1989 crop was booked at \$1.22 per pound for grades 3 and higher, first bale contracts.

Textile mill report. Domestic mill buying was light to moderate for prompt to nearby shipment but increased sharply for deferred delivery. Inquiries and purchases centered on Delta growths for shipment into late 1989 and the first half of 1990. The medium and higher white and Light Spotted grades were in best demand. Mill sales of goods, while not showing major increases, have made modest but steady gains since the turn of the year. Some products were booked into third and fourth quarters. Work schedules remained at mostly five and six days per week.

USDA announced final deficiency payments for 1988-crop upland cotton. The U.S. Department of Agriculture announced on January 31 that eligible upland cotton farmers will receive in February final deficiency payments of \$725 million for the 1988 crop of upland cotton.

Payments will be based on a rate of 19.40 cents per pound. Producers who participated in the 1988 price support and production adjustment program may have received advance payments of 6.4 cents per pound, leaving a balance of 13 cents per pound, to be paid in cash. Producers who did not request an advance deficiency payment will receive their entire payment at this time.

The 1988 deficiency payment rate is the difference between the national established target price of 75.9 cents per pound and the higher of the national average market price received by producers of upland cotton during the 1988 calendar year, or the loan rate for Strict Low Middling 1-1/16-inch cotton, micronaire 3.5-4.9, at average U.S. locations.

Because the 1988 calendar year national average market price of 56.50 cents per pound, is above the loan rate of 51.80 cents per pound, the deficiency payment rate is the difference between the target price and the 1988 calendar year national average market price.

World supply and demand estimates for cotton. The global cotton outlook for 1988-89 remains similar to that of a month ago. Production and consumption projections are about unchanged at 83.7 million and 82.6 million 480 pound net weight bales, respectively. World exports are placed at 24.3 million bales, down 1 percent from last month. This season's ending stock forecast remains at 33 million bales, up nearly 1 million from the beginning level.

The foreign cotton supply-demand situation continues tight with 1988-89 ending stocks projected below 24 million bales. Production and consumption estimates are little changed from January indications. Trade prospects have dimmed slightly, primarily reflecting smaller expected exports by Pakistan and Brazil. Still, with reduced competition from the United States, foreign countries may account for nearly 80 percent of world exports this season, up from a more normal 72 percent in 1987-88.

The U.S. cotton outlook for 1988-89 is unchanged from last month. A large supply and weak demand, particularly for exports, continue to dominate the outlook. As a result, this season's stocks are expected to increase 60 percent to 9.2 million bales.

Cotton supply and use: World, United States, major exporters and importers;
marketing years 1986-87, 1987-88, and 1988-89 1/
February 9, 1989

Region	Supply			Use		Ending stocks	
	Beginning stocks	Production	Imports	Mill use	Exports		
Million 480 pound bales							
1986-87							
World	47.17	70.44	25.58	82.42	25.96	34.52	
United States	9.35	9.73	3/	7.45	6.68	5.03	
Total foreign	37.83	60.70	25.58	74.96	19.28	29.49	
Major exporters 2/	23.58	41.55	1.11	37.00	13.16	15.88	
China	17.93	16.30	0.02	20.20	3.17	10.87	
Pakistan	0.90	6.06	3/	2.99	2.88	0.91	
USSR	2.26	12.16	0.37	9.35	3.46	1.97	
Major importers 4/	4.55	1.41	19.36	18.58	1.04	5.63	
Japan	0.52	-	3.69	3.45	-	0.76	
1987-88 (Estimated)							
World	34.52	80.53	24.27	83.31	23.59	32.19	
United States	5.03	14.76	3/	7.62	6.58	5.77	
Total foreign	29.49	65.77	24.27	75.69	17.01	26.42	
Major exporters 2/	15.88	45.03	0.99	37.48	11.08	13.11	
China	10.87	19.50	0.09	20.00	2.32	8.14	
Pakistan	0.91	6.76	3/	3.36	2.38	1.74	
USSR	1.97	11.35	0.38	9.30	3.42	0.98	
Major importers 4/	5.63	1.25	18.04	18.44	0.75	5.64	
Japan	0.76	-	3.43	3.48	-	0.71	
1988-89 (Projected)							
World							
January	32.10	83.77	24.63	82.74	24.50	32.91	
February	32.19	83.70	24.43	82.62	24.30	33.02	
United States							
January	5.77	15.45	3/	6.90	5.20	9.20	
February	5.77	15.45	3/	6.90	5.20	9.20	
Total foreign							
January	26.33	68.33	24.63	75.84	19.30	23.71	
February	26.42	68.25	24.43	75.72	19.10	23.82	
Major exporters 2/							
January	13.09	45.89	1.77	37.79	12.14	10.58	
February	13.11	45.81	1.67	37.79	11.79	10.77	
China	Jan.	8.14	18.70	1.00	20.00	1.50	6.34
China	Feb.	8.14	18.70	1.00	20.00	1.50	6.34
Pakistan	Jan.	1.74	6.55	3/	3.60	3.60	0.88
Pakistan	Feb.	1.74	6.55	3/	3.60	3.40	1.08
USSR	Jan.	0.97	12.70	0.50	9.30	3.60	1.27
USSR	Feb.	0.98	12.70	0.40	9.30	3.50	1.28
Major importers 4/							
January	5.64	1.61	17.42	18.04	1.10	5.47	
February	5.64	1.61	17.27	17.89	1.20	5.37	
Japan	Jan.	0.71	-	3.35	3.35	-	0.71
Japan	Feb.	0.71	-	3.30	3.30	-	0.71

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/ Less than 5,000 bales. 4/ Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

Cotton area, yield and production: World and selected countries and regions

Country/Region	Area			Yield				Production			
	: 1986-87: Prel. : Proj. : 1987-88 : 1988-89 :			: 1988-89 Proj. :				: 1988-89 Proj. :			
	: 1986-87: Prel. : Proj. : 1986-87: Prel. : 1987-88 : Dec. : Jan. :			: 1986-87: Prel. : 1987-88 : Dec. : Jan. :				: 1986-87: Prel. : 1987-88 : Dec. : Jan. :			
	: 1987-88 : 1988-89 :			: 1987-88 : Dec. : Jan. :				: 1987-88 : Dec. : Jan. :			
	Million hectares			Kilograms per hectare				Million 480 lb. bales			
World	29.9	32.3	34.6	513	542	532	528	70.4	80.4	84.3	83.8
United States	3.4	4.1	4.8	618	791	702	699	9.7	14.8	15.2	15.4
Total foreign	26.5	28.2	29.7	499	507	505	500	60.7	65.7	69.1	68.3
Major foreign exporters	12.1	12.8	13.5	749	763	754	741	41.5	45.0	46.7	45.9
Australia	0.1	0.2	0.2	1,446	1,190	1,306	1,306	1.0	1.3	1.2	1.2
Central America 1/	0.1	0.1	0.1	814	811	873	862	0.4	0.4	0.4	0.4
China	4.3	4.8	5.5	824	876	772	740	16.3	19.5	19.5	18.7
Egypt	0.4	0.4	0.4	909	845	846	819	1.9	1.6	1.6	1.6
Mexico	0.2	0.2	0.3	926	956	1,025	1,025	0.6	1.0	1.2	1.2
Pakistan	2.5	2.6	2.6	527	573	555	555	6.1	6.8	6.6	6.6
Sudan	0.4	0.3	0.3	468	416	435	435	0.8	0.6	0.6	0.6
Turkey	0.6	0.6	0.7	880	916	910	924	2.4	2.5	3.0	3.0
USSR	3.5	3.5	3.5	762	700	801	801	12.2	11.3	12.7	12.7
Major importers 2/	0.3	0.3	0.4	930	828	837	837	1.4	1.2	1.6	1.6
Other foreign	14.1	15.0	15.8	275	281	285	287	17.8	19.4	20.8	20.8
Argentina	0.3	0.5	0.5	318	547	376	376	0.5	1.3	0.8	0.8
Brazil	2.2	2.3	2.4	303	322	315	320	3.0	3.4	3.5	3.5
India	7.3	7.4	8.0	222	207	223	223	7.4	7.0	8.2	8.2
Syria	0.1	0.1	0.2	874	835	910	910	0.6	0.5	0.7	0.7
Others	4.2	4.7	4.8	328	332	343	344	6.3	7.2	7.6	7.6

1/ Nicaragua, Guatemala, El Salvador, Honduras, and Costa Rica.

2/ Western Europe, Eastern Europe, Japan, Hong Kong, Republic of Korea, and Taiwan.

Source: Foreign Production Estimates Division, Foreign Agricultural Service, USDA

Cotton ginned prior to February 1, in running bales, by states, crops of 1985-1988

State	1988 1/	1987	1986	1985
United States	14,905,865	14,177,104	9,270,231	12,947,648
Upland	14,595,707	13,918,553	9,071,938	12,799,795
American Pima	310,158	258,551	198,293	147,853
Alabama	365,052	386,076	313,833	515,784
Arizona	1,033,314	989,019	774,330	957,077
Arkansas	1,032,726	884,385	591,258	686,098
California	2,755,018	2,916,304	2,198,251	3,030,910
Georgia	368,776	333,378	174,620	354,581
Louisiana	948,433	980,408	668,575	734,998
Mississippi	1,772,993	1,684,030	1,152,302	1,601,583
Missouri	300,881	320,964	191,851	199,193
New Mexico	104,223	87,012	61,691	68,187
North Carolina	130,781	95,454	105,416	112,973
Oklahoma	286,352	315,028	152,292	272,142
South Carolina	132,447	100,425	80,257	166,439
Tennessee	583,502	631,551	389,749	402,282
Texas	5,073,407	4,426,383	2,395,285	3,823,051
All other states	17,960	26,687	20,521	22,350

1/ Subject to revision.

Source: Bureau of the Census

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	1989				
	Jan. 13-19		Jan. 20-26		Feb. 2
	Jan. 27-	Feb. 2	Feb. 3-9	Feb. 10-16	
Adjusted world price	50.72	51.11	50.90	50.08	49.05
Coarse count adjustment	0.64	0.38	0.34	1.09	1.15

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					7 Mkt.: Average	Staple 35 Index 1/	Coarse Count Index 1/
	Futures Settlement							
	Mar '89	May '89	Jul '89	Oct '89	Dec '89			
Feb. 6	59.72	60.04	59.93	59.05	58.80	55.98	63.55	58.15
7	59.43	59.87	59.75	58.75	58.75	55.84	63.60	58.15
8	59.39	59.76	59.80	58.80	58.70	55.81	63.35	58.15
9	57.64	58.19	58.31	57.95	57.90	54.49	62.95	57.65
10	58.38	58.85	58.73	58.48	58.42	54.88	62.05	57.15

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 1987-88 and 1988-89

Description	Marketing Year			
	1987-88		1988-89	
	Through February 4	Through February 2	Through February 4	Through February 2
Outstanding sales	Week	Marketing Year	Week	Marketing Year
Exports	-	3,012,700	-	1,845,000
Total export commitments	137,200	2,873,900	138,900	2,252,900
New sales	-	5,886,600	-	4,097,900
Buy-backs and cancellations	73,400	-	41,400	-
Net sales	9,700	-	30,300	-
Sales next marketing year	63,700	-	11,100	-
	12,600	411,700	14,500	103,900

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

Upland cotton export sales. Net sales of 11,100 running bales during the week ending February 2 established the lowest weekly sales volume of the current marketing year, according to the Foreign Agricultural Service, USDA. Major increases to South Korea of 10,100 bales, Taiwan 8,200 and Japan 8,100 bales were partially offset by cancellations of 26,700 bales to China. Purchases of 14,500 bales for 1989-90 delivery were primarily to Japan with 14,300 bales. Exports for the week totaled 138,900 bales, 22 percent above the previous week. Asian destinations accounted for 85 percent of the week's shipments, West European 11 percent, and Western Hemisphere 4 percent.

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 10, 1989

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
52.23	51.23	48.38	49.83	52.63	51.38	49.13	50.13	53.13	51.38	48.88	49.88	57.88	57.88	51.38	51.38
54.88	53.88	50.88	51.78	54.88	53.63	51.13	52.13	55.38	53.63	51.13	52.13	61.88	61.88	55.38	55.38
55.13	54.13	51.13	52.13	54.98	53.73	51.23	52.23	55.98	53.73	51.23	52.23	61.98	61.98	55.48	55.48
55.28	54.28	51.28	52.28	55.08	53.83	51.33	52.33	56.33	53.83	51.33	52.33	61.98	61.98	55.48	55.48

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY			
Grade				Grade				Grade			
31	41	32	42	31	41	32	42	21	31	41	51
47.20	46.15	46.25	45.80	46.10	45.15	45.65	44.30	29	-	-	-
48.20	47.15	47.25	46.35	47.15	46.20	46.70	45.10	30	-	-	-
49.45	48.40	48.50	48.10	48.95	47.95	48.45	46.85	31	-	-	-
51.65	50.50	50.10	49.35	50.25	49.20	49.45	47.35	32	-	-	-
52.95	51.95	51.65	50.00	51.75	50.45	50.65	48.00	33	-	-	-
54.70	53.75	53.90	52.30	53.85	53.00	52.90	50.30	34	62.63	62.38	60.88
55.00	54.00	54.15	52.35	54.15	53.25	53.15	50.35	35	64.38	64.13	62.63
55.10	54.10	54.25	52.35	54.25	53.35	53.25	50.35	36	64.48	64.23	62.73
55.10	54.10	54.25	52.35	54.25	53.35	53.25	50.35	37	64.58	64.33	62.83

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1150	-1095	-	-1000	26 & Below	-1000	-1700	-	-1189
-750	-705	-705	-600	27-29	-500	-1300	-1600	-880
-475	-435	-435	-300	30-32	-250	-1000	-1100	-571
-200	-200	-200	-150	33-34	-150	-350	-450	-243
0	0	0	0	35-49	0	0	0	0
-300	-115	-115	-300	50-52	-200	-100	-100	-176
-450	-205	-205	-350	53 & Above	-	-150	-	-272

SPOT QUOTATIONS - AMERICAN PIMA 1/

Staple	Grade 03	Grade 04	Grade 05	Mike ranges	Points per pound
				26 & Below	-4000
				27-29	-3500
44	178.00	166.50	127.75	30-32	-2500
				33-34	-400
46	178.50	167.00	128.00	35 & Above	0

1/ Arizona, New Mexico and Texas.

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	52.25	50.25	52.25	51.00	-	-	-
-	-	-	-	-	-	-	-	30	54.00	52.25	54.00	52.50	-	-	-
-	-	-	-	-	-	-	-	31	55.25	53.25	55.25	54.00	-	-	-
-	-	-	-	-	-	-	-	32	57.25	54.00	57.25	54.50	-	-	-
61.00	60.50	58.75	59.50	61.50	61.00	59.00	59.75	33	58.75	55.75	58.75	56.25	-	-	-
62.00	61.00	59.50	60.25	62.50	61.50	59.75	60.50	34	60.75	56.75	60.75	57.50	70.25	69.00	65.00
62.25	61.50	59.75	60.50	62.75	62.00	60.00	60.75	35	-	-	-	-	71.75	70.50	66.25
-	-	-	-	-	-	-	-	36	-	-	-	-	72.00	70.75	66.25

NC, SC, ALA, GA,

MS, LA, AR, TN, MO

TX, OK, NM

AZ, CA