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Weekly Cotton Market Review

February 6, 1986

Spot cotton prices were fairly steady, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow. Most growers were unwilling to sell at prevailing bid prices. Merchant demand was very light. Domestic mill buying was light. Export trading declined from the previous week. Many areas of the Cotton Belt received needed rains. Through the end of January, growers in the United States had forward contracted about 30,500 acres of 1986-crop cotton, primarily in California and south Texas. The interest rate for CCC loans disbursed in February will be 7.75 percent. Deficiency payments for 1985-crop cotton will be 23.70 cents per pound.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 58.55 cents per pound during the week ending Thursday, February 6. Prices ranged from a high of 58.68 cents on Monday to a low of 58.41 cents on Thursday. A week earlier, prices averaged 58.35 cents per pound and ranged from 57.95 to 58.98 cents. In the corresponding week a year ago, the average price was 58.99 cents. The New York March 1986 futures settlement price ended the week on Thursday at 59.75 cents per pound compared with 59.70 cents a week earlier.

Trading on spot cotton markets continued slow. Growers offered less freely at prevailing price levels. Supplies easily met the limited demand. Merchants approached new business cautiously and buying was primarily to cover previous commitments. Domestic mills have most needs well covered and limited purchases to small lots for fill-ins. Export trading was slow but fairly steady. Both Far Eastern and European mills made limited purchases for prompt and forward shipment. Purchases reported by cotton exchanges in the designated markets totaled 79,000 bales in the week ended Thursday, February 6. This compares with 104,800 bales reported a week earlier and 211,400 bales in the corresponding week last season.

Textile mill report. Domestic mill buying was light and intermittent. Purchases were primarily of central and western growths for prompt or nearby delivery. Some mills are fairly well covered with purchases made for late spring and early summer delivery. Some interest has been shown in new-crop cotton but shippers have been slow to offer and mills reluctant to buy until more is known of the effect the new farm program will have on cotton prices. Mill business continued good. Sales of goods were strong for the second quarter of the year, and a light volume was sold into third quarter months. Household products, sheets, towels, underwear, blended and all-cotton yarns and most apparels moved readily. Mills continued to run five and six-day schedules, with some plants on seven days.

USDA announced 1985-crop upland cotton deficiency payment rate. Eligible upland cotton farmers will receive deficiency payments at the rate of 23.70 cents per pound on their 1985 production. The 1985 deficiency payment rate is equal to the difference between the target price of 81.00 cents per pound and the national average loan rate of 57.30 cents per pound. The Agriculture and Food Act of 1981 provides that the deficiency payment rate be the difference between the target price and the higher of the loan rate or the national average price received by farmers during the last calendar year. The national average price was 54.70. Since this is smaller than the 57.30 cent loan rate, the deficiency payment rate must be based on the difference between the target price and the loan rate. Producers who participated in the 1985-upland cotton acreage reduction program are eligible to receive deficiency payments on their cotton planted acres times their farm program yields. The Agricultural Stabilization and Conservation Service will begin making the 1985 deficiency payments during the latter part of February.

All cotton: Acreage, abandonment, yield and ginnings, United States, crops of 1925 to 1985

Year beginning August 1	Acreage		Abandoned	Yield per acre		Ginnings Running	Production Equiv. 480 lb. net weight 2/
	Planted 1/	Harvested		Planted	Harvested		
	1,000 acres	1,000 acres	Percent	Pounds	Pounds	1,000 bales	1,000 bales
1925	45,968	44,386	3.44	168	174	16,123	16,104
1926	45,839	44,608	2.69	188	193	17,755	17,977
1927	39,471	38,342	2.86	157	162	12,783	12,956
1928	43,737	42,434	2.98	158	163	14,297	14,478
1929	44,448	43,232	2.74	160	164	14,548	14,825
1930	43,329	42,444	2.04	154	157	13,756	13,932
1931	39,110	38,704	1.04	209	212	16,629	17,096
1932	36,494	35,891	1.65	171	174	12,710	13,002
1933	40,248	29,383	27.00	210 3/	213	12,664	13,047
1934	27,860	26,866	3.57	166	172	9,472	9,637
1935	28,063	27,509	1.97	182	185	10,420	10,638
1936	30,627	29,755	2.85	194	199	12,141	12,399
1937	34,090	33,623	1.37	266	270	18,252	18,945
1938	25,018	24,248	3.08	232 4/	236	11,623	11,944
1939	24,683	23,805	3.56	234 4/	238	11,481	11,816
1940	24,871	23,861	4.06	248 4/	253	12,298	12,565
1941	23,130	22,236	3.87	227 4/	232	10,495	10,742
1942	23,302	22,602	3.00	268 4/	272	12,438	12,820
1943	21,900	21,610	1.32	251	254	11,129	11,429
1944	20,221	19,617	2.99	290	299	11,839	12,230
1945	18,092	17,029	5.88	239	254	8,813	9,016
1946	18,638	17,584	5.66	222	236	8,517	8,640
1947	21,786	21,330	2.09	261	267	11,557	11,857
1948	23,576	22,911	2.82	303	311	14,580	14,868
1949	28,283	27,439	2.98	273	282	15,909	16,128
1950	18,866	17,843	5.42	254	269	9,910	10,014
1951	29,353	26,949	8.19	247	269	15,076	15,148
1952	28,065	25,921	7.64	259	280	14,955	15,139
1953	26,872	24,341	9.42	294	324	16,317	16,438
1954	20,052	19,251	3.99	327	341	13,619	13,673
1955	17,991	16,928	5.91	392	417	14,542	14,698
1956	17,077	15,615	8.56	374	409	13,151	13,290
1957	14,310	13,558	5.26	367	388	10,880	10,948
1958	12,379	11,849	4.28	446	466	11,435	11,495
1959	15,833	15,117	4.52	440	461	14,515	14,527
1960	16,080	15,309	4.79	425	446	14,265	14,237
1961	16,588	15,634	5.75	413	438	14,325	14,283
1962	16,293	15,569	4.44	437	457	14,864	14,828
1963	14,843	14,212	4.25	497	517	15,290	15,294
1964	14,836	14,057	5.25	490	517	15,149	15,144
1965	14,152	13,615	3.79	507	527	14,933	14,941
1966	10,349	9,553	7.70	443	480	9,562	9,556
1967	9,450	7,997	15.36	378	447	7,439	7,444
1968	10,913	10,159	6.89	481	516	10,917	10,925
1969	11,883	11,051	6.96	404	434	9,937	9,990
1970	11,945	11,155	6.61	410	438	10,112	10,192
1971	12,355	11,471	7.15	407	438	10,229	10,477
1972	14,001	12,984	7.26	470	507	13,269	13,704
1973	12,480	11,970	4.09	499	520	12,611	12,974
1974	13,679	12,547	8.28	405	442	11,328	11,537
1975	9,448	8,796	6.90	422	453	8,151	8,296
1976	11,636	10,914	6.21	436	465	10,347	10,577
1977	13,680	13,275	2.95	505	520	14,018	14,388
1978	13,375	12,400	7.29	389	420	10,549	10,851
1979	13,978	12,831	8.20	502	547	14,262	14,620
1980	14,534	13,215	9.08	367	404	10,826	11,117
1981	14,330	13,841	3.41	523	543	15,150	15,627
1982	11,345	9,734	14.20	506	590	11,526	11,963
1983	7,926	7,348	7.30	471	508	7,504	7,771
1984	11,145	10,379	6.88	559	600	12,545	12,982
1985 5/	10,739	10,307	4.02	605	630	12,785 6/	13,534

1/ In cultivation July 1, 1925-43. 2/ Years prior to 1953 are 500 pound gross weight bales. 3/ Based on acres in cultivation July 1, less acres plowed up. 4/ Based on acres in cultivation July 1, less acres removed to meet allotments. 5/ Preliminary. 6/ Ginnings prior to January 15, 1986, Bureau of the Census.

Supply, appearance and stocks of all kinds of cotton in U.S., by months and seasons, crops of 1983-1985

Date	Supply			Disappearance			End-of-month stocks				
	Beginning stocks	Ginnings	Imports	Total	Domestic cons.	Exports	Total	Consuming estab.	Public storage	Elsewhere	Total
	1,000 bales			1,000 bales			1,000 bales			1,000 bales	
Dec. 1983	10,262	1,207	*	11,469	468	632	1,100	611	8,790	968	10,369
Jan. 1984	10,369	264	1	10,633	469	663	1,132	647	7,525	1,329	9,501
Feb.	9,501	22	1	9,523	448	719	1,167	713	6,359	1,285	8,357
Mar.	8,357	-	*	8,357	548	896	1,443	741	4,997	1,177	6,914
Apr.	6,914	-	*	6,914	430	723	1,154	766	3,956	1,038	5,760
May	5,760	-	1	5,761	442	607	1,049	766	2,966	980	4,712
June	4,712	-	2	4,714	503	422	925	822	2,212	755	3,789
July	3,789	163	3	3,955	354	365	720	795	1,761	679	3,235
Season 4/	7,561	7,665 5/	9	15,235	5,628	6,419	12,047	795	1,761	350	2,906
Aug. 1984	2,906	473	2	3,381	416	452	867	715	1,491	307	2,513
Sept.	2,513	544	1	3,058	494	264	758	645	1,432	223	2,300
Oct.	2,300	3,145	1	5,446	415	292	707	542	3,386	811	4,739
Nov.	4,739	4,648	*	9,387	377	484	861	560	6,321	1,645	8,526
Dec.	8,526	2,110	*	10,636	407	629	1,036	683	7,551	1,367	9,601
Jan. 1985	9,601	1,243	2	10,846	387	793	1,179	812	7,529	1,325	9,666
Feb.	9,666	219	3	9,889	406	766	1,172	875	6,541	1,301	8,717
Mar.	8,717	-	5	8,722	504	625	1,129	815	5,648	1,130	7,593
Apr.	7,593	-	6	7,599	407	544	951	796	4,806	1,047	6,648
May	6,648	-	1	6,649	426	426	852	804	4,008	986	5,798
June	5,798	-	1	5,799	522	353	874	734	3,570	621	4,925
July	4,925	70	-	4,995	369	252	621	733	2,930	711	4,374
Season 4/	2,906	12,452 5/	21	15,379	5,268	5,943	11,211	733	2,930	425	4,088
Aug. 1985	4,088	611	1	4,700	458	166	624	685	2,826	565	4,076
Sept.	4,076	1,751	*	5,827	562	179	741	621	3,743	722	5,086
Oct.	5,086	3,815	9	8,911	493	222	714	557	6,122	1,518	8,196
Nov.	8,196	3,889	4	12,090	477	196	673	570	8,963	1,884	11,416
Dec.	11,416	2,233	7/	13,649	480	236	716	613	10,696	1,624	12,933
Season thru Dec.	4,088	12,299	15	16,402	2,471	998	3,469				

1/ Imports in equivalent 480 pound gross weight bales, all others in running bales. 2/ Elsewhere stocks determined by subtracting public storage and consuming establishment stocks from total stocks. 3/ Total stocks determined by subtracting total disappearance from total supply. 4/ Adjusted data as reported in Supply and Distribution of Domestic and Foreign Cotton in the United States by Bureau of the Census. 5/ Ginnings prior to August 1 included in carryover. 6/ Preliminary. 7/ Not available. \* Less than 500 bales. NOTE: Figures may not add due to various estimates.

Source: Bureau of the Census

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1985-1986

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1985	1986		1985	1986		1985	1986
	Cents	Cents		Cents	Cents		Cents	Cents
January	52.20	52.50	1/ June	60.30	November	56.00		
February	49.50		July	60.50	December	53.30		
March	56.10		August	56.00				
April	57.00		September	55.00	Calendar			
May	57.50		October	56.70	year avg.	54.70		

1/ Mid-month price.

Source: Statistical Reporting Service, USDA

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							Grade 31 Staple 35 'A' Index 1/
	Futures Settlement						Desig. 8- Mkt. Avg.	
	Mar '86	May '86	Jul '86	Oct '86	Dec '86	Mar '87		
Jan. 30	59.70	59.72	57.76	49.90	48.63	49.42	58.46	54.00
31	60.29	60.32	58.10	50.30	48.90	49.80	58.60	54.20
Feb. 3	60.10	60.52	57.85	50.35	49.03	49.85	58.68	54.20
4	59.65	59.70	57.03	49.95	48.42	49.30	58.57	54.15
5	59.55	59.70	56.70	49.65	48.50	49.35	58.48	54.15
6	59.75	60.22	57.40	49.65	48.54	49.48	58.41	54.25

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 January 31		Through January 30	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,784,000	-	630,500
Exports	181,200	2,948,300	38,800	1,139,200
Total export commitments	-	5,732,300	-	1,769,700
New sales	96,600	-	153,800	-
Buy-backs and cancellations	16,100	-	4,600	-
Net sales	80,500	-	149,200	-
Sales next marketing year	8,200	158,400	41,900	140,400

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

Upland cotton export sales for the current marketing year resulted in a net increase of 149,200 running bales during the week ended January 30, according to the Foreign Agricultural Service, USDA. This was the highest level for the marketing year and was primarily because of the purchases by Egypt of 120,000 bales. Other purchases were made by South Korea of 13,800 bales and Japan 13,700 bales. Sales for the 1986-87 marketing year totaled 41,900 bales. Major buyers were South Korea with 27,500 bales and Japan 7,300 bales. Exports for the week totaled 38,800 bales. Asian destinations accounted for 55 percent of the week's shipments, West European 28 percent, East European 13 percent and Western Hemisphere 4 percent.