

TEXAS TECH
Dept of Ag Eco

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AGRICULTURAL MARKETING SERVICE
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Weekly Cotton Market Review

Vol. 66, No. 23

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Spot cotton prices trended slightly higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was light to moderate. Grower offerings increased. Merchant demand was good but selective. Domestic mill purchases were limited. Export trading was light and mostly with European mills. About 27 percent of the 1984 crop was forward contracted by growers. Significant snowfall was received over most of the Mid-South. Harvesting neared completion except on the Texas Plains and in Oklahoma. The final monthly forecast for the 1984 crop will be released Friday, January 11.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.94 cents per pound during the week ended Thursday, January 10. Prices ranged from a low of 60.46 cents on Friday to a high of 61.31 cents on Monday and ended the week at 61.02 cents. A week earlier, prices averaged 60.38 cents per pound and ranged from 59.96 to 60.86 cents. In the corresponding week a year ago, the average price was 69.07 cents. The New York March 1985 futures settlement price ended the week on Thursday at 67.12 cents per pound compared with 66.99 cents a week earlier.

Trading on spot cotton markets was light to moderate. Growers offered freely but supplies were often not the qualities in best demand. Merchant demand was good for selected qualities needed to fill commitments. Most domestic mills have nearby needs covered and were not actively buying cotton. Export trading was most active with European mills. Purchases were primarily for prompt or nearby shipment. Purchases reported by cotton exchanges in the designated markets totaled 254,400 bales in the week ended Thursday, January 10. This compares with 182,100 bales reported a week earlier and 480,800 bales in the corresponding week last season.

Textile mill report. Mill buying was light and intermittent. Purchases included a small amount for fill-ins and a limited volume for delivery into the second quarter. With production reduced at a number of mills, stocks on hand and cotton already purchased were ample for nearby needs. Mill sales of finished goods were slow but a few new orders continued to trickle in. Sales of numerous apparels and household goods, as well as sales-yarn, remained sluggish. Underwear, sportswear and some industrial and automotive items were selling at a moderately active pace. Mills returned to three to five-day work schedules following the holidays.

Contracting 1984 crop. United States upland cotton growers forward contracted about 27 percent of the 1984 crop, according to informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA. These estimates were based on the Crop Reporting Board's December indicated acreage for harvest. Since 1970, forward contracting has ranged from a low of 10 percent of the crops of 1975 and 1981 to a high of 75 percent in 1973. Contracting of the 1984 crop was most active in western states where 38 percent of the crop was booked and least active in southwestern states where 19 percent was contracted. Growers in southeastern states forward contracted 33 percent and south central states' growers booked 32 percent. American Pima cotton growers forward contracted about 19 percent of their acreage in 1984.

Forward contracting of upland cotton by growers, by states and United States, crops of 1974-1984 1/

State	Cotton crops													
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984			
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Alabama 2/	11	4	70	9	15	26	32	6	13	22	26			
Georgia	4	1	33	1	*	8	14	10	7	18	31			
North Carolina	8	4	42	16	26	18	43	8	17	28	36			
South Carolina	17	16	42	33	31	34	57	24	39	62	53			

Southeastern states	10	5	53	12	16	23	33	10	16	28	33			

Arkansas	30	17	86	18	38	27	62	16	18	24	40			
Louisiana	21	2	72	6	29	23	41	8	18	21	23			
Mississippi	37	17	70	30	48	50	80	28	21	28	31			
Missouri	36	12	84	23	46	40	79	26	25	38	53			
Tennessee	17	1	65	2	17	13	46	9	28	33	35			

South central states	30	15	75	20	39	35	65	19	21	26	32			

Oklahoma	*	*	23	18	26	23	4	2	1	-	24			
Texas	7	1	26	18	9	15	22	8	5	7	19			

Southwestern states	6	1	26	18	11	16	20	7	4	7	19			

Arizona	40	23	77	45	35	30	46	7	21	19	9			
California	55	34	65	29	62	30	45	12	17	60	49			
New Mexico	13	*	68	17	13	10	7	1	*	-	1			

Western states	48	30	68	32	52	29	43	10	18	49	38			

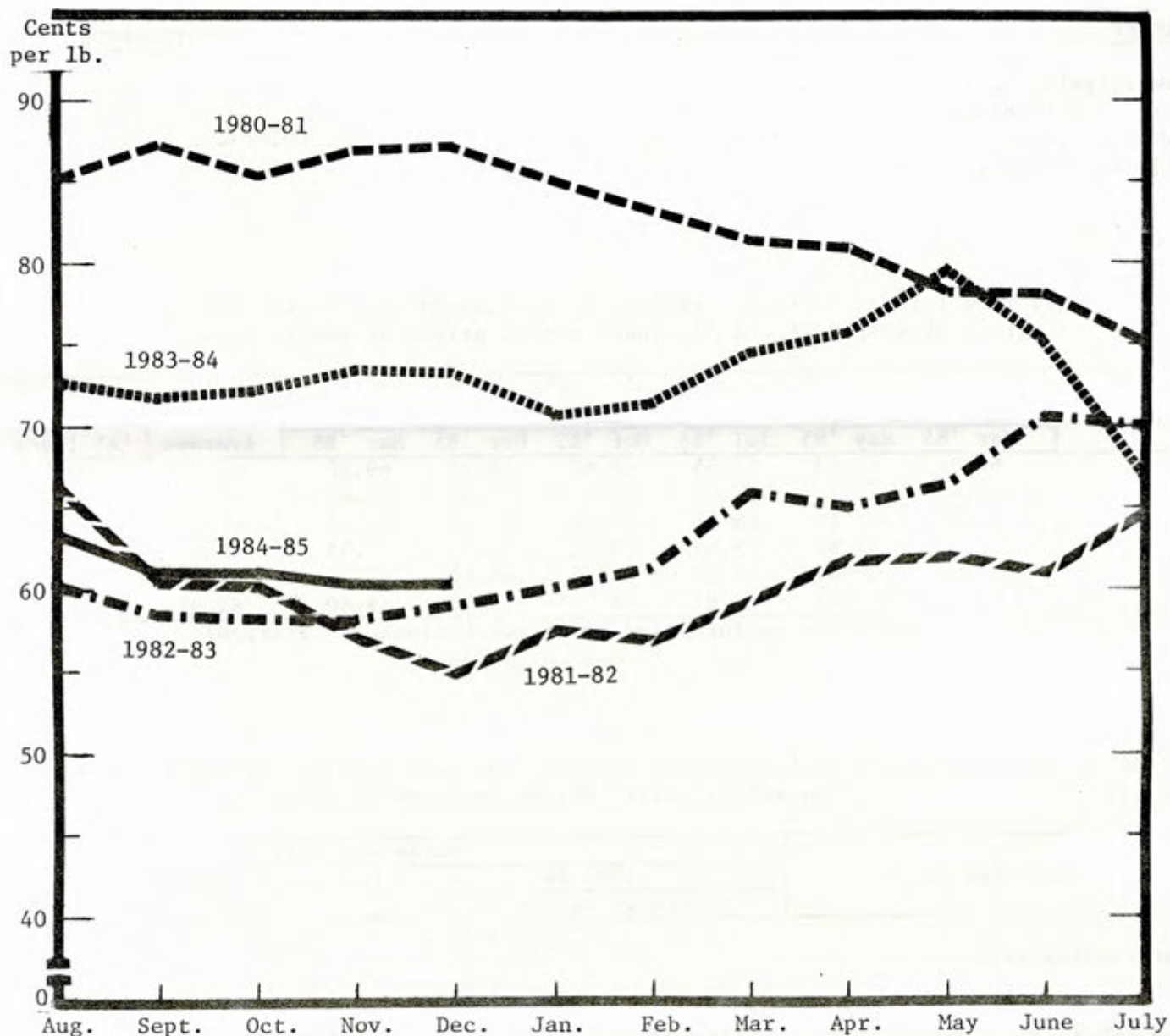
United States	21	10	50	20	25	22	35	10	12	21	27			

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

2/ Includes Florida, 1984 crop.

* Less than 0.5 percent.

SPOT COTTON PRICE TRENDS - GRADE 41 STAPLE 34



Monthly average spot prices for grade 41 staple 34 (SLM 1-1/16") cotton in the designated markets are plotted on the above graph for the past four seasons and the first five months of the current season. In the first five months of the 1980-81 season, monthly average prices were sharply higher, reaching a high of 87.51 cents in September. This was the highest monthly average since USDA began receiving quotation prices from designated markets in 1915. Prices declined steadily the remainder of the marketing year with the low price of 75.08 cents occurring in July. During the 1981-82 season, prices were sharply lower. In August, the average price was 66.44 cents and by December had fallen to 55.11 cents. Prices advanced most months during the remainder of the season, reaching 64.96 cents in July. Monthly prices during the 1982-83 marketing year averaged lower the first four months, then took an upward turn for the next four months, rising sharply in March. Prices declined in April, then rose most months during the remainder of the season. Monthly prices averaged higher during most of the 1983-84 season. In August, the average price was 72.93 cents. Prices declined in September, strengthened in October and November, then declined the next two months. Prices advanced the next four months, reaching a high of 79.44 cents in May. Prices dropped sharply the next two months, declining to 67.35 cents in July. Monthly prices during the first five months of the 1984-85 season averaged lower. In August, the average price was 63.01 cents. Prices declined the next three months, increasing slightly in December to 60.45 cents.

DAILY COTTON MARKET NEWS

MARKET

TELEPHONE NUMBER

Bakersfield, California - - - - -	805-834-2121
Fresno, California - - - - -	209-251-9264
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							
	Mar '85	May '85	Jul '85	Oct '85	Dec '85	Mar '86		
Jan. 3	66.99	67.93	68.55	68.60	68.75	69.90	60.86	71.55
4	66.45	67.35	68.05	68.36	68.45	69.60	60.46	71.75
7	67.46	68.16	68.55	68.40	68.60	69.70	61.31	71.60
8	67.04	67.94	68.49	68.32	68.40	69.55	60.93	71.95
9	67.07	68.00	68.60	68.40	68.60	69.75	60.98	71.80
10	67.12	68.07	68.85	68.50	68.51	69.80	61.02	71.85

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 1983-84 and 1984-85

Description	Marketing Year			
	1983-84		1984-85	
	Through January 5		Through January 3	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,133,700	-	3,123,600
Exports	139,200	2,144,000	166,100	2,204,900
Total export commitments	-	5,277,700	-	5,328,500
New sales	114,600	-	128,100	-
Buy-backs and cancellations	7,300	-	21,100	-
Net sales	107,300	-	107,000	-
Sales next marketing year	16,800	266,900	-	93,400

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

Upland cotton export sales were up 72 percent from a week earlier and totaled 107,000 running bales during the week ending January 3, according to the Foreign Agricultural Service, USDA. Sales for the week were dominated by Egypt's purchase of 85,000 bales, which was their first since the 1978-79 marketing year. Weekly exports of 166,100 bales were 77 percent above the previous week. Asian destinations accounted for 61 percent of the week's shipments, Western Europe 22 percent, Eastern Europe 8 percent and Africa 8 percent.