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REFERENCE ROOM

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Weekly Cotton Market Review

January 15, 1991

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 69.58 cents per pound during the week ending Friday, January 11, according to the Cotton Division, Agricultural Marketing Service, USDA. Daily average quotations ranged from a low of 69.34 cents on Wednesday, January 9, to a high of 69.80 cents on Friday, January 11. Spot cotton quotations averaged 70.08 cents a week earlier and 61.92 cents in the corresponding week last year. The New York March 1991 futures settlement price closed on Friday at 76.02 cents compared with 76.80 cents a week earlier. The May 1991 settlement price was 74.58 cents compared with 75.05 cents the previous week. Spot transactions reported in the designated markets totaled 132,132 bales during the week ending Friday, January 11. This compares with 45,205 bales reported during the previous week and 113,612 bales in the corresponding week last season.

Southeastern markets. Trading slowed. Merchant demand for cotton remained good. Grower offerings decreased. Most offerings moved into trade channels, but more growers rejected offers as futures prices moved lower. Grades 31, 41 and 32, staples 34 and longer, with strength readings of 26 or higher were in best demand. Lower grade, short staple cotton with lower strength was not attracting much interest. Prices paid for mixed lots of mostly grade 41 and higher, staples 34 and longer, mike 35-49 ranged from 350 to 450 points off New York March futures, FOB trucks in Georgia. In Alabama and the Carolinas prices were mostly 550 to 700 points off, FOB warehouse. Prices for grades 51 and 42 were 150 to 200 points lower than grade 41. High grade, high strength lots with 27 and higher grams per tex brought premiums of 100 to 150 points. Cotton with strengths of 24 and lower were being discounted 200 to 300 points. CCC loan entries continued to increase. Completion of the harvest was delayed by inclement weather.

South central markets. Trading remained sluggish. Merchants were not aggressively seeking cotton. Demand was best for grades 41 and 32, and was weak for all qualities lower in grade than 41. In mixed lots, grade 41, staples 34 and longer, mike 35-49 moved at 625 to 725 points off NY March futures. Grades 50, 51 and 42 traded at 900 to 1,050 points off March while grade 52 traded at 1,300 to 1,400 points off. Cotton lower in grade 52 traded very slowly at 1,700 to 2,000 points off. A number of large grade 41 and 32 lots traded since the buyers were willing to pay premiums of 150 to 200 points above mixed lot prices to keep from accumulating stocks of other slower moving qualities. Domestic mill sales were very slow, and a number of mills delayed shipments of previously purchased cotton. Export trading was light. Cloudy and rainy skies prevailed over the area for the entire week. As a result, field work remains at a standstill.

Southwestern markets. Spot cotton trading was slow to moderate. The supply of west Texas and Oklahoma growth cotton was heavy. Buyers accepted delivery of contracted cotton and were moderately seeking spot cotton. Prices were mostly steady. Demand was moderately strong for most grades, but strongest for grades 41, 32 and higher, staples 32 and longer. A strong demand also existed for the limited supplies of very low qualities. Buyers were inclined to refuse to bid on cotton in lots with more than fifty percent reductions. Sellers often refused prices offered. Mixed lots of mostly white grades 41 and higher and Light Spotted grades of 42 and higher, staples 32 and longer, generally brought 1,850 to 2,250 points above CCC loan rates. Some buyers paid premiums for cotton with 27 and higher strength readings and discounted strength readings of 23 and lower. "Average rule" cotton was discounted 250 to 400 points. Domestic and foreign mill inquiries were light. A limited amount of acreage has been forward contracted in south and east Texas at prices of 61 to 67 cents per pound, basis grade 41 staple 34, mike 35-49. The harvest was nearly completed. Various amounts of moisture, in the forms of rain, snow, and sleet were received, but south Texas moisture levels continued low.

Western markets. Spot trading remained slow in the San Joaquin Valley. A few growers sold a small amount of grade 31 staples 36 and 37, mike 35-49 at 250 points on March futures, UD free ginyard terms. Most growers were holding for higher prices. A small amount of second-picked, grades 41 and 42 in mixed lots, mike 30-49 brought around 75.25 to 77.25 cents per pound, depending on mike readings. Far Eastern mills made a few purchases of high grades for prompt and nearby shipment. Trading was light to moderately active in the Desert

Southwest. Growers rejected bids on over 50 percent of the lots offered. Grade 31, staples 34 to 36, mike 35-52 traded at 75.60 to 76.45 cents per pound. Grades 41 and 32 mike 35-53 brought 75 cents. Grade 42, with various mike readings brought 63 to 66 cents per pound. Domestic mills purchased a limited volume for prompt shipment. Fog prevailed over most of the western area. Trading in American Pima remained slow. Grade 3 traded at around \$1.20 per pound with many bids made at lower prices. Grade 5 brought around 64 cents and grade 6 brought around 54 cents per pound. Domestic mills purchased a small volume of high grades from the El Paso area for prompt through summer shipment. A small volume of 1991-crop American Pima was contracted in the SJV at \$1.06, basis grade 3 and higher UD ginyard free.

Textile mill report. Domestic mill buying was at a seasonably low levels. Volume purchased were small, but inquiries were numerous. Purchases were mostly for January through March deliveries while inquiries were mostly for second and third quarter 1991. Only a small volume for summer delivery was purchased. Merchants remained reluctant to sell cotton forward. Mill buyers took advantage of lower futures prices to fix prices on previous purchases. Some shipments of previously purchased cotton have been delayed and a few have been cancelled. Buyer demand was best or medium and higher white and equivalent Light Spotted grades, staples 34 and longer, mike 35-49. Mill business was slow for most products. Inventories of finished goods were a continuing problem but were being reduced by schedule cutbacks. Most mills were back on regular work schedules of five to seven days. Sales of most goods have been slow, but products from open end yarn mills were selling well.

All cotton production in the United States the January 1 forecast of all cotton production is 15.6 million bales, up 1 percent from the December 1 forecast and up 28 percent from last year. Of the total, Upland is expected to account for 15.3 million bales while Pima production will total 363 thousand bales. Total area for harvest is estimated at 11.7 million acres, up 23 percent from 1989. Yield is expected to average 640 pounds per acre, down 1 pound from December, but up 26 pounds from last year.

Upland cotton production in Texas and Oklahoma is forecast at 5.38 million bales, up 4 percent from December 1 and up 77 percent from 1989. In Texas, cotton harvest was 98 percent complete in early January, 7 percent ahead of normal. Yields and grades continued to be good. The Delta States (Arkansas, Louisiana, Mississippi, Missouri, and Tennessee) expect to produce 4.93 million bales, virtually unchanged from December but 23 percent greater than 1989. Harvest was virtually complete in mid-December and Louisiana is expecting a record high production. Production in the Western States (Arizona, California, and New Mexico) is expected to total 3.67 million bales, up 8 percent from 1989. The yields in the region are expected to average 1,198 pounds per acre, 22 pounds below the 1989 yield. The forecast in the Southeastern States (Alabama, Georgia, North Carolina, and South Carolina) puts production at 1.23 million bales, 20 percent above the 1989 production. Yields in this region are expected to average 539 pounds per acre, down from the 604 pounds realized last year, due to the dry conditions that prevailed during the 1990 season. The Bureau of Census reports, 14,518,886 running bales ginned prior to January 1, compared with 11,547,775 running bales for the same date last year and 14,247,965 running bales in 1988.

World cotton supply and demand estimates. This month's global cotton outlook is for a continued close balance between production and consumption in 1990-91, with stocks revised down 2 percent due to slightly smaller output and larger use. Both the world crop and use are projected at nearly 87 million bales. Forecast trade remains above 24 million bales. Ending stocks are projected at 23.2 million bales, the smallest in a decade. The indicated stocks-to-use ratio of 27 percent matches last season's record low.

A large crop, relatively strong demand, and the smallest prospective stocks in 40 years highlight the 1990-91 U.S. cotton outlook. Production is revised up 1 percent to 15.6 million bales. The larger crop, coupled with continuing strong foreign demand, prompted a 4-percent upward revision in exports to 7.8 million bales. The mill use forecast remains at 8.4 million bales, down 4 percent from 1989-90. This season's ending stocks are projected at 2.5 million bales, marginally below December indications and nearly 17 percent below the beginning level.

Foreign cotton changes this month for 1990-91 feature slightly smaller production and exports, but larger use. India's crop is revised down 3 percent to 10.1 million bales, resulting in a 20-percent cut in projected exports to 1 million. Production and exports in Egypt and Greece also are revised down. Pakistani use is revised up 3 percent. For foreign countries as a whole, ending stocks are placed at 20.7 million bales, down nearly 2 percent from a month earlier.

Cotton acreage harvested, yield per acre, production and ginnings, by states, 1989-1990

State	Area harvested		Lint yield per acre		Production 480 lb. net weight bales 1/		Ginnings prior to January 1	
	1989	1990	1989	1990	1988	1989	1989	1990
Upland	1,000 acres		Pounds		1,000 bales		Running bales	
Alabama	322.0	388.0	571	495	380.0	400.0	363,696	374,428
Arizona	239.0	348.0	1,303	1,131	865.0	800.0	907,886	896,408
Arkansas	595.0	750.0	687	704	1,044.0	1,100.0	837,481	1,062,777
California	1,040.0	1,060.0	1,228	1,245	2,824.0	2,800.0	2,750.0	2,637,454
Florida 2/	25.0	36.0	557	600	34.2	46.1	45.0	(D)
Georgia	260.0	350.0	631	562	370.0	380.0	331,577	398,006
Kansas 2/	0.4	1.3	240	406	0.7	1.1	1.1	(D)
Louisiana	620.0	790.0	672	717	948.0	1,200.0	1,180.0	874,776
Mississippi	1,020.0	1,215.0	732	731	1,825.0	1,850.0	1,850.0	1,510,170
Missouri	209.0	235.0	618	623	306.0	305.0	305.0	263,842
New Mexico	55.0	62.0	698	774	102.0	80.0	100.0	88,594
North Carolina	110.0	200.0	615	650	133.0	260.0	271.0	137,145
Oklahoma	340.0	365.0	244	500	303.0	350.0	380.0	164,644
South Carolina	118.0	154.0	626	452	140.0	145.0	145.0	143,072
Tennessee	460.0	520.0	497	452	584.0	490.0	490.0	469,666
Texas	3,750.0	5,000.0	367	480	5,215.0	4,800.0	5,000.0	2,883,785
Virginia 2/	2.6	5.3	498	598	3.4	5.7	6.6	-
U.S.	9,166.0	11,479.6	602	638	15,077.3	15,012.9	15,253.7	11,055,520
American Pima								14,227,419
Arizona	244.5	124.0	936	755	241.0	210.0	195.0	322,629
California	17.9	25.5	1,078	1,050	3.2	55.8	55.8	(D)
Mississippi	1.1	1.0	436	528	-	1.1	1.1	(D)
New Mexico	30.2	20.0	707	624	23.5	29.0	26.0	21,444
Texas	78.0	58.0	794	703	66.5	90.0	85.0	120,351
U.S.	371.7	228.5	893	762	334.2	385.9	362.9	492,255
U.S. all cotton	9,537.7	11,708.1	614	640	15,411.5	15,398.8	15,616.6	11,547,775
								14,518,886

1/ Based on crop conditions about January 1. 2/ Estimates for current year carried forward from earlier forecast. (D) Withheld to avoid disclosure of individual gins.

Source: Agricultural Statistics Board, National Agricultural Statistics Service, USDA

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

Region	Supply			Use		Loss 2/	Ending stocks
	Beginning stocks	Produc- tion	Imports	Domestic	Exports		
Million 480 pound bales							
1989-90 (Estimated)							
World	29.96	80.00	25.16	87.25	24.07	0.28	23.52
United States	7.09	12.20	3/	8.76	7.69	-0.16	3.00
Total foreign	22.86	67.80	25.16	78.49	16.37	0.45	20.52
Major exporters 4/	8.93	43.70	3.03	39.77	8.43	0.23	7.23
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							
December	23.6	87.2	24.2	86.3	24.6	0.3	23.6
January	23.5	86.9	24.2	86.7	24.3	0.4	23.2
United States							
December	3.00	15.40	3/	8.40	7.50	-0.10	2.60
January	3.00	15.62	3/	8.40	7.80	-0.08	2.50
Total foreign							
December	20.60	71.77	24.16	77.93	17.14	0.42	21.05
January	20.52	71.25	24.18	78.34	16.50	0.43	20.68
Major exporters 4/							
December	7.38	46.41	3.02	39.77	8.4	0.26	8.39
January	7.23	46.25	3.00	40.01	8.05	0.26	8.15
China							
Dec.	2.88	19.30	2.00	20.30	0.90	-	2.98
Jan.	2.88	19.30	2.00	20.30	0.90	-	2.98
Pakistan							
Dec.	0.52	7.03	3/	5.30	1.20	0.20	0.87
Jan.	0.44	7.03	3/	5.47	1.17	0.20	0.65
USSR							
Dec.	2.03	12.40	0.35	9.00	3.00	-	2.78
Jan.	1.99	12.40	0.35	9.00	3.00	-	2.74
Major importers 5/							
December	4.55	1.65	14.94	15.85	1.12	0.07	4.11
January	4.63	1.55	14.98	15.89	1.07	0.07	4.14
Japan							
Dec.	0.73	-	3.10	3.20	-	-	0.63
Jan.	0.73	-	3.10	3.20	-	-	0.63
Selected Other							
Brazil							
Dec.	1.83	3.40	0.60	3.56	0.50	-	1.77
Jan.	1.83	3.40	0.60	3.56	0.50	-	1.77
India							
Dec.	2.39	10.40	-	8.85	1.25	-	2.69
Jan.	2.39	10.10	-	9.00	1.00	-	2.49

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	1990-1991				
	: Dec. 14-20		: Dec. 21-27		: Dec. 28-
	: Dec. 14-20		: Dec. 21-27		: Jan. 3
Adjusted world price	67.80	68.24	68.91	68.48	67.22
Course count adjustment	1.29	1.25	1.52	1.91	2.79

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	: Grade 31 Index 1/	: Coarse Count		
	Futures Settlement								: 'A' Index 1/	: 'B' Index 1/
	: Mar '91	: May '91	: Jul '91	: Oct '91	: Dec '91					
Jan. 7	75.98	74.38	73.82	67.30	64.33	69.70	83.75	77.10		
8	75.68	74.23	73.54	66.81	63.89	69.49	83.20	76.25		
9	75.47	73.97	73.52	66.86	63.90	69.34	82.95	75.85		
10	75.67	74.13	73.48	66.81	63.90	69.55	82.80	75.75		
11	76.02	74.58	73.81	66.86	64.00	69.80	82.85	75.85		

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 January 4		: Through January 3	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,982,300	-	3,930,600
Exports	150,400	2,386,500	146,500	2,525,800
Total export commitments	-	5,368,800	-	6,456,400
New sales	61,100	-	69,100	-
Buy-backs and cancellations	3,100	-	2,000	-
Net sales	58,000	-	67,100	-
Sales next marketing year	2,000	209,700	3,600	93,400

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Sales of 67,100 running bales were down 35 percent, during the week ending January 3, according to the Foreign Agricultural Service, USDA. The dominant buyer was Hong Kong with purchases of 32,800 bales, followed by South Korea 8,500, Indonesia 7,400, Japan 6,900 and Bangladesh 5,000 bales. Exports of 146,500 bales advanced 45 percent from the previous week. Asian destinations accounted for 59 percent of the week's shipments; West European 25 percent; Western Hemisphere 10 percent; East European 4 percent and African 2 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

January 11, 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	Staple	31	41	51	42	21	31	41	32
68.52	67.27	64.52	65.02	67.77	66.52	63.52	63.77	33	68.02	66.77	62.77	63.47	71.77	71.77	70.52	70.52
70.52	70.02	67.52	68.27	70.52	69.27	66.02	66.27	34	70.52	69.52	65.52	66.22	75.77	75.77	74.52	74.52
70.77	70.27	67.77	68.52	71.12	70.02	66.62	66.87	35	70.62	69.62	65.62	66.32	75.87	75.87	74.62	74.62
70.92	70.42	67.92	68.67	71.22	70.12	66.72	66.97	36	70.72	69.72	65.72	66.42	75.87	75.87	74.62	74.62

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Staple	21	31	41	51
57.40	57.00	56.80	56.55	57.80	56.70	56.75	56.60	29	-	-	-	-
58.15	57.75	57.55	57.10	58.55	57.70	58.20	57.90	30	-	-	-	-
60.40	60.00	60.30	58.85	60.90	59.80	59.65	58.95	31	-	-	-	-
61.55	61.00	60.80	59.10	62.45	61.00	60.65	59.40	32	-	-	-	-
64.10	62.45	63.00	61.00	64.20	62.80	62.95	61.50	33	-	-	-	-
66.35	65.00	64.80	61.80	66.35	65.00	64.75	61.90	34	76.27	76.02	75.27	72.02
66.65	65.25	65.30	63.10	66.40	64.75	64.75	61.90	35	78.02	77.77	77.02	73.02
66.75	66.10	65.40	63.10	66.40	64.85	64.85	61.90	36	78.12	77.87	77.12	73.02
66.75	66.10	65.40	63.10	66.40	64.85	64.85	61.90	37	78.22	77.97	77.22	73.02

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-950	26 & Below	-950	-2100	-	-1293
-800	-840	-840	-400	27-29	-450	-1400	-1500	-890
-500	-525	-525	-200	30-32	-175	-800	-950	-525
-250	-230	-230	-100	33-34	-100	-350	-350	-230
0	0	0	0	35-49	0	0	0	0
-200	-155	-155	-250	50-52	-250	-100	-100	-173
-250	-240	-240	-400	53 & Above	-	-150	-	-256

SPOT QUOTATIONS - AMERICAN PIMA

Staple	01	02	03	04	05	06	Mike ranges	Points per pound
							26 & Below	-3100
							27-29	-2275
44	120.75	120.50	117.50	95.50	64.00	54.00	30-32	-1200
							33-34	-300
46	121.25	121.00	118.00	96.00	64.00	54.00	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	68.25	65.25	68.25	65.75	-	-	-
-	-	-	-	-	-	-	-	30	70.25	67.50	70.25	68.00	-	-	-
-	-	-	-	-	-	-	-	31	71.50	69.00	71.50	69.50	-	-	-
-	-	-	-	-	-	-	-	32	73.00	69.75	73.00	70.25	-	-	-
78.50	77.00	74.75	75.75	79.00	77.50	75.00	76.00	33	75.25	71.00	75.25	71.50	-	-	-
79.50	77.75	75.75	76.75	80.00	78.25	76.00	77.00	34	77.50	72.75	77.50	73.50	84.50	83.50	81.75
80.00	78.50	76.25	76.75	80.50	79.00	76.50	77.00	35	-	-	-	-	86.00	85.00	83.00
-	-	-	-	-	-	-	-	36	-	-	-	-	86.25	85.25	83.00