



UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL MARKETING SERVICE  
COTTON DIVISION  
4391 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122  
Telephone 901-521-2934

**TEXAS TECH**  
Dept of Ag

## Weekly Cotton Market Review

Vol. 66, No. 24

January 17, 1985

Spot cotton prices trended slightly lower, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was light to moderate. Growers offered a fairly large quantity of cotton. Merchant demand weakened. Domestic and foreign mill purchases were limited. Forward contracting of the 1985 crop was slow as most growers refused merchant bid prices. Unfavorable weather extended final stages of harvesting in most areas and slowed harvesting in Oklahoma and on the Texas Plains. All cotton production in the United States was forecast at 13.3 million bales, 1 percent below last month's estimate. Record yields of 610 pounds per acre are expected. Projections of U.S. ending stocks were revised downward, reflecting improved export prospects and slightly lower production.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.28 cents per pound during the week ended Thursday, January 17. Prices ranged from a high of 60.57 cents on Friday to a low of 59.65 cents on Thursday. A week earlier, prices averaged 60.94 cents per pound and ranged from 60.46 to 61.31 cents. In the corresponding week a year ago, the average price was 70.54 cents. The New York March 1985 futures settlement price ended the week on Thursday at 65.79 cents per pound compared with 67.12 cents a week earlier. The December settlement price was 67.43 cents against 68.51 cents last Thursday.

Trading on spot cotton markets remained moderately active. Grower supplies and offerings were ample to excessive of buyer needs. Demand weakened as merchants covered nearby commitments. Domestic mill buying remained light and was mostly for prompt delivery. Export trading was slow. Limited purchases were made by both Far Eastern and European mills. Purchases reported by cotton exchanges in the designated markets totaled 277,700 bales in the week ended Thursday, January 17. This compares with 254,400 bales reported a week earlier and 400,500 bales in the corresponding week last season.

Textile mill report. Mill buying was very slow and limited mostly to small lots for fill-ins. Purchases were primarily of lower grades which were in best supply. Prices were about steady. Yarn sales continued sluggish. Mill sales increased only slightly, following a slow fourth quarter, and goods sales remained slow and spotty. Mills' work schedules were mostly five days but some mills dropped shifts and transferred production to their most modern plants.

World cotton supply and demand estimates. Projected world cotton production is up this month. Increased crop forecasts for China, Brazil and India more than offset a significant decline for the USSR. Output in Pakistan and Turkey also has been revised upward.

Forecast global trade is pegged at the highest level since 1979-80. With a smaller expected crop, Soviet import needs are double December indications, a major factor in brighter U.S. export prospects.

Projected world mill use is near last month's level. Textile activity remains sluggish, particularly in the United States.

With little change in global use and larger production, forecast stocks are slightly higher. China, which holds nearly one-half of world stocks, accounts for most of this month's increase. Projections of U.S. ending stocks are lower, reflecting improved export outlook and slightly smaller production.

Cotton acreage harvested, yield per acre, production and ginnings, by states, 1983-1984

State	Area harvested		Lint yield per harvested acre		Production 480 lb. net weight bales			Ginnings prior to January 1	
	1983	Indicated 1984	1983	Indicated 1984	1983	Indicated 1984		1983	1984
						December 1	January 1		
<b>Upland</b>	<b>1,000 acres</b>		<b>Pounds</b>		<b>1,000 bales</b>			<b>Running bales</b>	
Alabama	215.0	307.0	409	705	183.0	450.0	451.0	170,493	418,077
Arizona	284.0	423.0	1,225	1,226	725.0	1,100.0	1,080.0	655,548	929,477
Arkansas	290.0	445.0	535	647	323.0	550.0	600.0	314,521	589,285
California	950.0	1,400.0	996	1,001	1,971.0	2,950.0	2,920.0	1,794,477	2,750,958
Florida	12.0	16.5	608	794	15.2	18.3	27.3	-	-
Georgia	115.0	172.0	467	781	112.0	275.0	280.0	101,093	263,735
Kansas	0.4	0.5	240	288	0.2	0.8	0.3	-	-
Louisiana	410.0	645.0	623	778	532.0	1,020.0	1,045.0	517,783	1,011,374
Mississippi	675.0	1,040.0	640	762	900.0	1,650.0	1,650.0	861,089	1,584,758
Missouri	93.0	162.0	377	578	73.0	190.0	195.0	71,010	183,749
New Mexico	47.0	72.0	715	653	70.0	95.0	98.0	61,390	62,016
North Carolina	59.0	95.0	350	606	43.0	120.0	120.0	41,789	116,751
Oklahoma	300.0	375.0	232	250	145.0	200.0	195.0	129,548	126,864
South Carolina	69.0	105.0	369	777	53.0	170.0	170.0	50,022	155,315
Tennessee	215.0	325.0	337	502	151.0	330.0	340.0	143,656	317,832
Texas	3,550.0	4,800.0	322	400	2,380.0	4,150.0	4,000.0	2,202,724	2,443,252
Virginia	0.4	0.9	360	640	0.3	1.0	1.2	-	-
All other	-	-	-	-	-	-	-	11,446	23,840
<b>U. S.</b>	<b>7,284.8</b>	<b>10,383.9</b>	<b>506</b>	<b>609</b>	<b>7,676.7</b>	<b>13,270.1</b>	<b>13,172.8</b>	<b>7,126,589</b>	<b>10,977,283</b>
<b>American Pima</b>									
Arizona	29.3	47.5	768	808	46.9	75.8	80.0	41,515	70,318
New Mexico	11.1	9.8	683	539	15.8	10.3	11.0	6,360	5,145
Texas	22.3	19.3	689	696	32.0	25.0	28.0	34,552	29,500
<b>U. S.</b>	<b>62.7</b>	<b>76.6</b>	<b>725</b>	<b>746</b>	<b>94.7</b>	<b>111.1</b>	<b>119.0</b>	<b>82,427</b>	<b>104,963</b>
<b>U. S. all cotton</b>	<b>7,347.5</b>	<b>10,460.5</b>	<b>508</b>	<b>610</b>	<b>7,771.4</b>	<b>13,381.2</b>	<b>13,291.8</b>	<b>7,209,016</b>	<b>11,082,246</b>

Compiled from reports of the Crop Reporting Board, SRS, USDA and Bureau of the Census.

DISCOUNTS FOR SPECIAL CONDITION COTTON

An informal survey of merchants, gins and others made by Cotton Division, Agricultural Marketing Service, USDA, indicates the following discounts are being applied in spot markets to grades when the Average Rule is used or the grade has been reduced because of grass or bark.

Market	Discounts - points per pound					
	Average Rule Used (ARU) 1/		Grass reduction 2/		Bark reduction 2/	
	Range	Average	Range	Average	Range	Average
Greenville	-	150	-	100	-	100
Montgomery	150-500	325	200-250	225	200-250	225
Memphis	100-250	150	100-150	117	100-150	117
Greenwood	0-250	100	0-200	125	0-200	100
Dallas	300-400	380	200-300	250	0-50	10
Lubbock	300-400	382	0-200*	145	-	-
Phoenix	-	100	-	150	-	150
Fresno	-	100	-	100	-	-

- 1/ Average Rule Used - This rule applies to white grades when the color is two or more grades higher than the leaf. In all other color groups (Light Spotted, Spotted, Tinged and Yellow Stained), the leaf or color is two or more grades higher than the lowest factor. The assigned grade is one grade higher than the lowest factor (leaf or color).
- 2/ Reduction cotton - Cotton is reduced in grade because of presence of grass or bark. The discounts apply to the grade to which the bale is reduced.

Cotton supply and use: World, United States, major exporters and importers; marketing years 1982-83, 1983-84, and 1984-85 <sup>1/</sup> January 11, 1985

Region	Supply			Use		Ending stocks	
	Beginning stocks	Production	Imports	Mill use	Exports		
<u>Million 480 pound bales</u>							
<u>1982-83</u>							
World	25.5	67.5	19.5	67.9	19.4	24.9	
United States	6.6	12.0	2/	5.5	5.2	7.9	
<u>Total foreign</u>	18.9	55.5	19.4	62.4	14.2	16.9	
Major exporters <sup>3/</sup>	6.7	39.6	1.6	31.8	9.1	6.8	
China	1.9	16.5	1.1	16.4	0.1	3.0	
Pakistan	0.2	3.8	2/	2.5	1.3	0.2	
USSR	2.5	11.9	0.5	9.2	3.9	1.8	
Major importers <sup>4/</sup>	5.0	0.8	14.9	15.6	0.3	4.7	
Japan	0.8	-	3.1	3.3	-	0.6	
Rep. of Korea	0.6	2/	1.6	1.6	-	0.6	
<u>1983-84 (Estimated)</u>							
World	24.9	67.6	20.4	68.7	19.4	24.3	
United States	7.9	7.8	2/	5.9	6.8	2.8	
<u>Total foreign</u>	16.9	59.8	20.4	62.8	12.6	21.5	
Major exporters <sup>3/</sup>	6.8	43.6	1.3	31.3	8.4	11.8	
China	3.0	21.3	0.3	16.0	0.8	7.8	
Pakistan	0.2	2.2	0.3	2.0	0.3	0.1	
USSR	1.8	12.3	0.8	9.3	3.5	2.1	
Major importers <sup>4/</sup>	4.7	0.8	14.1	16.1	0.6	2.9	
Japan	0.6	-	3.3	3.3	-	0.7	
Rep. of Korea	0.6	2/	1.6	1.6	-	0.6	
<u>1984-85 (Projections)</u>							
World							
December	24.3	80.9	20.1	69.6	20.4	35.1	
January	24.3	81.8	20.6	69.7	20.6	36.2	
United States							
December	2.8	13.4	2/	5.3	6.3	4.7	
January	2.8	13.3	2/	5.3	6.5	4.3	
<u>Total foreign</u>							
December	21.5	67.5	20.1	64.3	14.1	30.5	
January	21.5	68.5	20.6	64.4	14.1	31.9	
Major exporters <sup>3/</sup>							
December	11.8	49.8	0.8	32.4	9.5	20.3	
January	11.8	50.2	1.3	32.4	9.5	21.2	
China	Dec.	7.8	25.3	0.1	16.5	1.2	15.5
Jan.	7.8	26.0	0.1	16.5	1.2	16.2	
Pakistan	Dec.	0.1	3.7	2/	2.3	0.9	0.5
Jan.	0.1	3.8	2/	2.3	1.0	0.6	
USSR	Dec.	2.1	12.5	0.5	9.5	3.5	2.1
Jan.	2.1	12.0	1.0	9.5	3.4	2.2	
Major importers <sup>4/</sup>							
December	4.4	1.1	15.6	16.3	0.5	4.2	
January	4.4	1.0	15.6	16.3	0.5	4.2	
Japan	Dec.	0.7	-	3.3	-	0.7	
Jan.	0.7	-	3.3	3.3	-	0.7	
Rep. of Korea	Dec.	0.6	2/	1.6	-	0.6	
Jan.	0.6	2/	1.6	1.6	-	0.6	

<sup>1/</sup> 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. <sup>2/</sup> Less than 50,000 bales. <sup>3/</sup> Australia, China, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. <sup>4/</sup> Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

Seven months and older certificated stock, February 1, 1985 <sup>1/</sup>

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	8,243	4,156	-	106	12,505
Greenville	447	16	3	2	468
Houston	-	-	-	-	-
Memphis	5,125	1,381	1,077	291	7,874
Mobile	-	-	-	-	-
New Orleans	196	-	1	-	197
<b>Total</b>	<b>14,011</b>	<b>5,553</b>	<b>1,081</b>	<b>399</b>	<b>21,044</b>

<sup>1/</sup> Based on Cotton Division records as of January 15, 1985.

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 <sup>1/</sup>
	Futures Settlement							
	Mar '85	May '85	Jul '85	Oct '85	Dec '85	Mar '86		
Jan. 10	67.12	68.07	68.85	68.50	68.51	69.80	61.02	71.85
11	66.56	67.51	68.35	68.20	68.25	69.65	60.57	71.85
14	66.52	67.35	68.10	67.96	67.99	69.45	60.54	71.80
15	66.61	67.47	68.15	67.88	67.85	69.05	60.51	71.55
16	66.13	67.15	67.82	67.65	67.51	68.95	60.12	71.45
17	65.79	66.79	67.72	67.57	67.43	68.60	59.65	71.25

<sup>1/</sup> 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 12		Through January 10	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,177,400	-	3,003,400
Exports	171,600	2,315,600	230,100	2,435,000
Total export commitments	-	5,493,000	-	5,438,400
New sales	225,900	-	119,800	-
Buy-backs and cancellations	10,600	-	10,000	-
Net sales	215,300	-	109,800	-
Sales next marketing year	6,700	273,500	6,700	100,000

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

Upland cotton export sales during the week ended January 10 totaled 109,800 running bales, according to the Foreign Agricultural Service, USDA. This was up slightly from the previous week. Egypt was the major buyer with 35,000 bales followed by South Korea 16,400, Taiwan 14,600 and Israel 14,500 bales. Weekly exports totaled 230,100 bales, up 39 percent from last week. Asian destinations accounted for 70 percent of the week's shipments, West European 20 percent and East European 7 percent.