UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
COTTON DIVISION
4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122
Telephone 901-521-2934

Weekly Cotton Market Review

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Trading slowed on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were lower. Grower supplies and offerings were ample to meet the limited demand. Domestic and foreign mill purchases were light. Most growers refused to forward contract 1985-crop cotton at prices offered by merchants. Harvesting was about 90 percent completed in the late producing areas of the Cotton Belt. Upland cotton ginned in the United States prior to January 1 this season contained a record-high proportion of white grades 31 and higher.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 59.62 cents per pound during the week ended Thursday, January 24. Prices ranged from a high of 59.78 cents on Friday to a low of 59.23 cents on Thursday. A week earlier, prices averaged 60.28 cents per pound and ranged from 59.65 to 60.57 cents. In the corresponding week a year ago, the average price was 71.17 cents. The New York March 1985 futures settlement price ended the week on Thursday at 65.32 cents per pound compared with 65.79 cents a week earlier. The December settlement price was 67.60 cents against 67.43 cents last Thursday.

Trading on spot cotton markets slowed. Merchant demand weakened and prices trended lower. Growers offered a sufficient volume to meet the limited demand in most markets but many were reluctant to sell at prices offered. Domestic mill buying was light. Purchases consisted of a small volume for both prompt and forward delivery. Export trading was slow. Far Eastern mills bought a light volume for prompt through May shipment. Purchases reported by cotton exchanges in the designated markets totaled 191,400 bales in the week ended Thursday, January 24. This compares with 277,700 bales reported a week earlier and 403,400 bales in the corresponding week last season.

Textile mill report. Domestic mill buying was light and consisted of fill-ins and a small volume for third quarter and later delivery. Purchases included a fairly wide range of qualities from several growth areas. Most mills were taking delivery and classing cotton purchased earlier. Mills continued to practice a policy of strict inventory control, balancing raw cotton and finished goods. Sales of textile products were spotty and intermittent, although not noticeably slower than in recent weeks. Apparels, most household goods and yarns remained in fair to poor demand while underwear, sportswear and selected products for industrial and automotive application traded at a fairly steady rate. Work schedules ranged from three to five days per week, mostly five.

The Foreign Agricultural Service, USDA, reports that representatives of Chinatex and the Japanese cotton trade have apparently reached a "fundamental understanding" on a new agreement which would govern shipping terms for Chinese cotton traded with Japan. The agreement will establish quality certifications and standard product weight, and establish penalties for such problems as shipping delays.

Quality of ginnings. Upland cotton ginned in the United States prior to January 1 this season contained the largest percentage of white grades 31 and higher since records were established in 1972. These qualities made up 27 percent of ginnings compared with 16 percent a year earlier. Grade 31 was the predominant grade, accounting for 24 percent of ginnings and was up from 15 percent a year ago. The average staple length was 35.0 thirty-seconds inches and was the longest on record. A year earlier, the average staple length was 34.4. Staple 36 was the predominant length, comprising 39 percent of ginnings and was up from 26 percent the previous year. This was the second time since records began that staple 36 was predominant. Average mike of upland cotton ginned prior to January 1 was 40. This tied with the lowest average on record set in 1979 and 1975 and was down from 42 last year. Average fiber strength was 26.3 grams per tex. This was the strongest average since records began in 1980 and was up from 25.7 the previous year. Upland ginnings prior to January 1 this season totaled 10,977,283 running bales, equivalent to about 86 percent of the expected U.S. crop.

Foreign crop report. The Cotton Outlook of Liverpool reports that as the behaviour of prices demonstrates, 1984-85 crops in the Northern Hemisphere have for the most part lived up to expectations, and those in the Southern Hemisphere still promise well. The notable exception to this generalization is Russia, whose output of seed cotton is now almost certain to have reached only about 8,600,000 tonnes, at least 600,000 short of the planned level. Since the Soviets were once accustomed to exceeding their target by a wide margin, this failure is a major setback. As great care has been taken to maintain quality during picking, the national ginning outturn may have improved somewhat. Even if it recovers to 29.5 percent, lint production would be no more than 11,650,000 bales (of 480 lbs.), perhaps 400,000 below the figure attained last season, which was itself a disappointment. It is now several weeks since this shortfall came to light, but Moscow has not yet resumed the purchase of foreign cottons in any volume.

The story in virtually all other major producing countries is one of improved yields. These have been notably apparent on the Indian subcontinent, where Pakistan is concluding the harvest of a crop which should reach the record figure of 3,980,000 bales, and India itself may record a level above 7,000,000. Two conspicuous features of this success are the recovery of output of the shorter staple cottons in the border areas of the two countries, and the consolidation of production of the longer-staple varieties in India's Southern region. Well before the turn of the year, China had claimed the gigantic output of 25,261,000 bales. It now appears that even that figure may have been conservative, and that ginnings may exceed 26,000,000. In the Southern Hemisphere, excellent weather has favoured the principal South American crops: ginnings should reach about 3,000,000 in South Brazil, 800,000 in Argentina, and 550,000 in Paraguay, providing a large exportable surplus of medium-quality cotton for shipment in the March-May period. Peru meanwhile reports that continued recovery in her Tanguis valleys should raise her largely long-staple production to nearly 470,000 bales. In Southern Africa, output in Zimbabwe and the Republic has lived up to expectations, at around 400,000 and 200,000 bales respectively, whereas Australia has experienced very good weather in the past two weeks and entertains the hope that bumper yields on her irrigated land may for the first time push her output up to around 1,000,000 bales.

China will doubtless plant less land to cotton for the 1985-86 crop, being disillusioned with the quality of much of the lint harvested this season. There may be reductions too, as in the United States, in most parts of Latin America and in Turkey. But India, Pakistan and Australia may be spurred on by recent success, Africa will be influenced more by weather conditions than price levels, and there will doubtless be some countries in which the impact of lower prices in dollar terms will be more than offset by devaluation of the national currency.

United States: Percentage distribution of grade, staple, mike and fiber strength for upland cotton classed prior to January 1, 1985 1/

Grade	Staple														All staples
	26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	40 and longer	
White:															
11	*	*	*	*	*	*	*	*	*	*	*	-	-	*	*
21	*	*	*	*	0.1	0.1	*	0.1	0.4	1.3	0.4	*	*	*	2.4
30	-	*	*	*	*	*	*	*	*	*	*	*	*	*	0.1
31	*	*	*	0.1	0.4	0.5	0.5	0.8	4.3	13.4	3.9	*	*	*	24.0
40	*	*	*	*	0.1	0.1	0.1	0.2	0.7	1.5	0.6	*	*	*	3.3
41	*	*	*	0.2	0.7	0.8	1.0	1.7	3.9	7.4	2.7	0.2	*	*	18.7
50	*	*	*	*	0.1	0.1	0.1	0.1	0.4	0.6	0.2	*	*	*	1.5
51	*	*	*	0.1	0.4	0.6	0.7	1.0	2.5	2.7	0.6	*	*	*	8.7
60	-	*	*	*	*	*	*	*	*	*	*	*	-	-	*
61	*	*	*	*	0.1	0.1	0.1	0.2	0.3	0.2	*	*	*	*	1.0
70	-	-	-	-	*	-	*	*	*	*	-	-	-	-	*
71	-	*	*	*	*	*	*	*	*	*	*	*	*	-	0.1
Lt. Spotted:															
12	-	-	-	*	*	*	-	*	*	*	-	-	-	-	*
22	*	*	*	*	*	*	*	*	*	*	*	*	*	-	0.1
32	*	*	0.1	0.2	0.3	0.2	0.1	0.2	0.7	1.2	0.2	*	*	*	3.3
42	*	0.1	0.1	0.5	1.1	1.0	0.9	1.7	3.3	3.2	0.9	0.1	*	*	12.9
52	*	*	0.1	0.3	0.7	0.8	1.1	2.5	6.9	6.4	1.0	0.1	*	*	19.7
62	*	*	*	*	0.1	0.1	0.2	0.4	0.7	0.5	0.1	*	*	*	2.1
Spotted:															
13	-	-	-	*	*	*	*	*	*	*	*	*	-	*	*
23	-	*	*	*	*	*	*	*	*	*	*	-	-	*	*
33	*	*	*	*	*	*	*	*	*	*	*	*	*	-	0.1
43	*	*	*	*	*	*	*	0.1	0.2	0.1	*	*	*	*	0.6
53	*	*	*	*	*	*	0.1	0.1	0.3	0.2	*	*	*	*	0.7
63	*	*	*	*	*	*	*	*	0.1	*	*	*	*	*	0.2
Tinged:															
24	-	-	*	-	-	*	*	*	*	*	*	*	-	-	*
34	*	*	*	*	*	*	*	*	*	*	*	-	-	*	*
44	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
54	*	*	*	*	*	*	*	*	*	*	*	*	-	-	*
Stained:															
25	-	-	-	-	-	*	*	*	*	*	*	-	-	-	*
35	-	*	-	*	*	*	-	*	*	*	*	-	-	*	*
Lt. Gray:															
16	-	-	-	-	*	-	-	*	*	*	*	*	-	-	*
26	-	-	-	*	*	*	*	*	*	*	*	-	-	-	*
36	-	-	*	*	*	*	*	*	*	*	*	*	-	*	0.1
46	-	-	*	*	*	*	*	*	*	*	*	-	-	*	*
Gray:															
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	*	*	-	*	*	*	*	-	-	*	*
37	-	-	-	*	*	*	*	*	*	*	*	-	*	*	*
47	-	-	-	-	*	*	*	*	*	*	*	-	-	*	*
Below Grade 2/	*	*	*	*	*	*	*	*	0.1	*	*	*	*	*	0.2
All grades	*	0.1	0.4	1.7	4.0	4.5	5.1	9.2	24.8	39.1	10.6	0.4	0.1	*	100.0

Mike	26 and below	27-29	30-32	33-34	35-49	50-52	53 and above	Average mike
Percent	1.1	3.6	6.5	5.3	79.5	3.2	0.7	40

Fiber strength	1/8" gage (grams per tex)									Average strength
	17 and below	18-19	20-21	22-23	24-25	26-27	28-29	30-31	32 and above	
Percent	0.1	0.5	3.4	13.2	25.6	24.0	16.7	12.0	4.4	26.3

1/ Ginnings, Bureau of the Census, 10,977,283 running bales.
2/ Lower in grade than the lowest grades of the official standards.
* Less than 0.05 percent.

Average staple. 35.0
Percent tenderable. 47.5
Percent Average Rule Used (ARU) . 2.5
Percent grade reductions. 7.8

DAILY COTTON MARKET NEWS

MARKET	TELEPHONE NUMBER
Bakersfield, California	805-834-2121
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							Grade 31 Staple 35
		Futures Settlement						8-Market	
		Mar '85	May '85	Jul '85	Oct '85	Dec '85	Mar '86	Average	'A' Index 1/
Jan.	17	65.79	66.79	67.72	67.57	67.43	68.60	59.65	71.25
	18	65.97	67.00	67.88	67.37	67.45	68.65	59.78	71.05
	21	66.04	67.07	67.96	67.40	67.45	68.65	59.77	71.05
	22	65.85	66.87	67.80	67.41	67.50	68.70	59.63	71.15
	23	65.96	67.08	67.80	67.70	67.65	68.85	59.71	70.95
	24	65.32	66.54	67.47	67.45	67.60	68.80	59.23	70.95

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 19		Through January 17	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,139,400		
Exports	160,800	2,476,400		
Total export commitments	-	5,615,800	Will be released	
New sales	128,500	-		
Buy-backs and cancellations	5,700	-	January 25, 1985	
Net sales	122,800	-		
Sales next marketing year	13,900	287,400		

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