

UNITED STATES DEPARTMENT OF AGRICULTURE



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Weekly Cotton Market Review

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Trading was light to moderate on spot cotton markets during the two weeks ended January 2, according to the Cotton Division, Agricultural Marketing Service, USDA. Merchant demand strengthened and prices were higher. Growers offered more freely but some continued to reject bids. A large proportion of offerings was cotton ineligible for the CCC loan. Merchant purchases were largely to fill nearby commitments. Domestic mill buying was light as most mills worked reduced hours because of the holiday period. Export trading was slow. Harvesting neared completion. Ginnings prior to December 15 totaled 11,376,254 bales.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 57.13 cents per pound in the two weeks ended Thursday, January 2. Prices ranged from a low of 56.71 cents on Friday, December 20, to a high of 57.82 cents on Thursday, January 2. In general, prices strengthened throughout the period. In the corresponding period a year earlier, prices averaged 60.37 cents per pound. The New York March 1986 futures settlement price ended the period on Thursday at 62.28 cents per pound compared with 61.66 cents two weeks earlier.

Trading was light to moderate on spot cotton markets. Growers offered fairly freely but continued to resist some bid prices. Merchant demand improved, particularly for grades 41 and higher. As demand improved, prices strengthened and growers sold more freely. Most buying was to fill prompt or nearby commitments. Domestic mill buying was light as most mills closed during the holidays. Some merchants, however, reported a larger number of mill inquiries. Export trading was slow. Purchases reported by cotton exchanges in the designated markets totaled 206,200 bales in the two weeks ended Thursday, January 2. This compares with 417,400 bales in the corresponding two-week period last season.

Textile mill report. Domestic mill buying was slow during the year-end holidays. Purchases included a limited volume for fill-ins and a small amount for deferred delivery. Although inquiries increased for cotton for nearby and later shipment, little actual business was reported. Mills continued to hold inventories only at levels needed to assure an adequate operating supply. Provisions of recently passed agricultural legislation received considerable attention. Sales of textile products remained good. Sportswear, sales yarn, underwear and most apparels continued to move readily with orders booked into second quarter months. Sales of most other products were mixed but mostly good.

Domestic mill consumption of cotton averaged 23,700 running bales per day in the four weeks ended November 23, according to the Bureau of the Census. This was down from 24,600 bales used per day a month earlier and was up from 19,500 per day in November 1984. The daily rate of consumption during November was the largest for that month since 1979. Cotton consumption totaled 473,500 running bales in November. This brought usage for the first four months of the season to 1,986,800 bales, also the largest since 1979 and up from 1,755,300 and 1,917,400 in 1984 and 1983, respectively.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 138.1 million pounds (equivalent to about 287,800 bales of 480 pounds, net weight) in the four weeks ended November 23, according to the Bureau of the Census. This was down from 139.9 million pounds (about 291,400 bales) a month earlier and up from 116.2 million (about 242,100 bales) a year earlier. Consumption of manmades during the first four months this marketing year totaled 565.3 million pounds (about 1,177,600 bales). This was up from 542.2 million pounds (about 1,129,700 bales) a year earlier and down from 630.7 million pounds (about 1,313,900 bales) two years ago.

Stocks of cotton at mills totaled 564,200 running bales on November 23, according to the Bureau of the Census. This was up from 556,800 bales a month earlier and 559,500 bales at the end of November last season. At the November daily rate of consumption, mill stocks were equivalent to around a 4.8 weeks' supply. Cotton in public storage totaled 8,953,000 running bales on November 23. This was up from 6,121,600 bales a month earlier and was the largest end-of-November stocks in public storage since 1982.

Ginnings totaled 11,376,254 running bales prior to December 15, according to the Bureau of the Census. This compares with 10,478,197 bales a year earlier and 6,879,686 bales two years ago. Upland cotton ginnings totaled 11,271,556 bales against 10,384,120 a year earlier and 6,812,205 through December 14, 1983. Ginnings of American Pima cotton totaled 104,698 bales compared with 94,077 bales a year ago and 67,481 two years ago.

Prices received by farmers for upland cotton averaged 53.70 cents per pound in mid December, according to the Statistical Reporting Service, USDA. This compares with 56.00 cents for the entire month of November and 56.10 cents in December 1984. These prices include cotton delivered against forward contracts.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1984-1985

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1984	1985		1984	1985		1984	1985
	Cents	Cents		Cents	Cents		Cents	Cents
January	62.70	52.20	June	68.00	60.30	November	62.00	56.00
February	65.00	49.50	July	65.90	60.50	December	56.10	53.70 <sup>1/</sup>
March	70.10	56.10	August	67.30	56.00	Calendar		
April	67.20	57.00	September	65.60	55.00	year avg.	62.40	
May	72.70	57.50	October	64.40	56.70			

<sup>1/</sup> Mid-month price.

Source: Statistical Reporting Service, USDA

All cotton: Domestic mill consumption, stocks and exports, running bales, by months and seasons, 1981-1985

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
	<u>Mill consumption 2/</u>												
1981	429	517*	448	403	400*	378	398	493*	410	392	460*	317	5,043
1982	386	474*	416	391	425*	404	430	549*	431	441	543*	369	5,259
1983	453	560*	459	446	468*	469	448	548*	430	442	503*	354	5,628
1984	428	509*	428	390	423*	399	418	519*	419	439	525*	369	5,268
1985 4/	458	562*	493	473									
	<u>Mill consumption per day</u>												
1981	21.4	20.7	22.4	20.1	16.0	18.9	19.9	19.7	20.5	19.6	18.4	15.9	19.4
1982	19.3	19.0	20.8	19.5	17.0	20.2	21.5	22.0	21.5	22.0	21.7	18.4	20.2
1983	22.6	22.4	22.9	22.3	18.7	23.5	22.4	21.9	21.5	22.1	20.1	17.7	21.6
1984	21.4	20.4	21.4	19.5	16.9	20.0	20.9	20.8	21.0	21.9	21.0	18.5	20.3
1985 4/	22.9	22.5	24.6	23.7									
	<u>Stocks in consuming establishments 3/</u>												
1981	810	695	663	673	757	822	884	917	911	901	871	830	-
1982	750	671	611	635	698	782	777	790	795	777	757	756	-
1983	712	639	556	554	611	647	713	741	766	766	822	795	-
1984	715	645	542	560	683	812	875	815	796	804	734	733	-
1985 4/	685	621	557	564									
	<u>Stocks in public storage 3/</u>												
1981	1,491	1,940	4,060	7,064	9,267	9,489	8,882	7,921	7,112	6,292	5,544	5,269	-
1982	5,008	5,293	7,575	10,190	11,101	11,120	10,546	9,713	8,796	7,930	7,419	6,656	-
1983	6,168	5,870	7,119	8,570	8,790	7,525	6,359	4,997	3,956	2,966	2,212	1,761	-
1984	1,491	1,432	3,386	6,321	7,551	7,529	6,541	5,648	4,806	4,008	3,570	2,930	-
1985 4/	2,826	3,743	6,122	8,953									
	<u>Exports</u>												
1981	233	211	262	478	732	653	754	873	676	484	498	396	6,263
1982	342	351	293	382	377	438	368	487	612	464	435	409	4,961
1983	367	322	261	441	632	663	719	896	723	607	422	365	6,419
1984	452	264	292	484	629	793	766	625	544	426	353	252	5,943
1985 4/	166	179	222	196									

1/ Season totals are adjusted data as reported in Supply and Distribution of Domestic and Foreign Cotton in the United States by Bureau of the Census.

2/ Consumption figures relate to four-week months except as noted. Daily consumption rates calculated on the basis of 20 days for four-week months and 25 days for five-week months with no allowance for holidays.

3/ These data refer to a particular day near the end of the month.

4/ Preliminary.

5/ Five-week month.

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							Desig. 8- Mkt. Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement								
	Mar '86	May '86	Jul '86	Oct '86	Dec '86	Mar '87			
Dec. 19	61.66	61.27	58.35	51.48	49.55	50.13	56.87	48.55	
20	61.23	61.00	57.90	51.52	49.45	50.10	56.71	48.55	
23	61.25	61.07	58.30	51.40	49.41	49.77	56.72	48.55	
24	61.15	60.90	58.15	51.23	49.25	49.76	56.71	48.65	
25	H O L I D A Y								HOLIDAY
26	61.67	61.55	58.48	51.65	49.55	50.10	56.94	HOLIDAY	
27	62.40	62.00	58.88	51.53	49.48	50.43	57.24	48.75	
30	62.07	61.97	58.90	51.02	49.07	50.00	57.31	48.80	
31	62.06	62.06	58.89	50.95	49.03	49.80	57.62	49.00	
Jan. 1	H O L I D A Y								HOLIDAY
2	62.28	62.32	58.13	49.75	48.27	49.27	57.82	49.25	

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 December 20		Through December 19	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,214,300	-	629,000
Exports	159,100	1,945,000	44,000	889,000
Total export commitments	-	5,159,300	-	1,518,000
New sales	172,700	-	42,700	-
Buy-backs and cancellations	17,800	-	900	-
Net sales	154,900	-	41,800	-
Sales next marketing year	16,600	95,700	3,700	20,900

Description	Marketing Year			
	1984-85		1985-86	
	Through December 27		Through December 26	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,182,600		
Exports	93,800	2,038,800		
Total export commitments	-	5,221,400		WILL BE RELEASED
New sales	67,600	-		
Buy-backs and cancellations	5,400	-		JANUARY 3, 1986
Net sales	62,200	-		
Sales next marketing year	-2,400	93,400		

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