

TEXAS TECH

Dept of Ag Eco

Ref. Room

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122

Telephone 901-521-2931



Weekly Cotton Market Review

Vol. 67, No. 26

January 30, 1986

Spot cotton prices averaged lower, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was slow. Grower offerings decreased as prices moved downward. Merchant demand was very light and selective. Domestic and foreign mill buying increased. Growers in south Texas forward contracted a light acreage of 1986-crop cotton. Prices were about 48 to 50 cents per pound, basis grades 41 and higher, staples 34 and longer, mike 35-49. With harvesting virtually completed, many growers began preparations for the next crop. Upland cotton ginned prior to January 1 this season contained a record-high proportion of Light Spotted grades. December exports were the smallest since 1969.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 58.35 cents per pound during the week ended Thursday, January 30. Prices ranged from a high of 58.98 cents on Friday to a low of 57.95 cents on Tuesday. A week earlier, prices averaged 58.97 cents per pound and ranged from 58.70 to 59.42 cents. In the corresponding week a year ago, the average price was 58.83 cents. The New York March 1986 futures settlement price ended the week on Thursday at 59.70 cents per pound compared with 63.21 cents a week earlier.

Trading on spot cotton markets was slow. Supplies were ample to meet demand. Growers offered less freely as prices declined and often rejected merchant bid prices. Most merchants had immediate needs covered and demand was very light. Domestic mill buying was a little more active. Purchases were primarily of San Joaquin Valley, Arizona and Texas cotton. Export trading increased. African mills bought a sizeable volume for prompt or nearby shipment. Far Eastern and European mills made purchases for prompt through May shipment. Purchases reported by cotton exchanges in the designated markets totaled 104,800 bales in the week ended Thursday, January 30. This compares with 123,600 bales reported a week earlier and 178,700 bales in the corresponding week last season.

Textile mill report. Mill buying of western and far western growths increased. Elsewhere, purchases included a small volume for prompt delivery and a light to moderate amount for deferred shipment. The medium and higher grades accounted for the bulk of recent purchases. Mills continued to hold stocks of cotton closely in balance with needs. Textile business remained good to very good with most mills running five to six days per week. Sales of most apparels, underwear and sportswear remained steady with orders booked into second and third quarter months. Most household items and selected yarns also continued to move readily. Most other product sales were mixed.

Exports of cotton from the United States totaled 235,700 running bales during December, according to the Bureau of the Census. This was the highest monthly level this marketing year which began August 1 but was the smallest December volume shipped since 1969. A month earlier, 195,800 bales were shipped and 628,600 bales were exported in December 1984. Shipments during the first five months this season totaled 997,500 bales, the smallest August-December volume since the 1970-71 season. Exports totaled 2,120,900 bales through December a year earlier and 2,023,400 bales two years ago.

12,242,826

Ginnings. Upland cotton ginned prior to January 1 this season totaled 12,242,826 running bales, up from 10,973,715 a year earlier, according to the Bureau of the Census. American Pima ginnings prior to January 1 totaled 126,333 bales against 104,963 bales the previous year.

Quality of ginnings. White grades 41 and higher accounted for 49 percent of upland cotton ginned prior to January 1 this season, the same as last year. Light Spotted grades made up the largest proportion of ginnings for this period since records began in 1972. The average staple length was 34.6 thirty-seconds inches, down from 35.0 a year ago. Cotton with mike 35-49, at 86 percent of ginnings, accounted for a larger percentage than the previous year. Average fiber strength in grams per tex was 25.5, down from 26.3 in 1984.

Grade. Grade 41 was the predominant grade of upland cotton ginned prior to January 1 this season. This grade accounted for about 26 percent of ginnings compared with 19 percent a year earlier. In 1984, grade 31 was the predominant grade and made up 24 percent of ginnings. White grades 31 and higher comprised 20 percent, down from 27 percent the previous season. White grades 41 and higher accounted for 49 percent of ginnings, the same as last year. All white grades comprised 57 percent of ginnings which equaled the smallest percentage since records began in 1972 and was down from 60 percent a year ago. Light Spotted grades made up 41 percent of the crop, the largest percentage on record, and compares with 38 percent last year. Spotted grades made up 1 percent, down from 2 percent a year ago.

Staple. Staple 35 was the predominant length of upland cotton ginned prior to January 1 this season, comprising 34 percent of ginnings, up from 25 percent the previous year. Staple 36 was the predominant length in 1984 and accounted for 39 percent of the crop. Since records for ginnings prior to January 1 began in 1972, the average staple length has ranged from 33.4 thirty-seconds inches in 1973 to 35.0 in 1984. The average staple length was 34.6 for the crops of 1982 and 1985, the second longest average for this period on record. Staples 31 and shorter made up about 8 percent of ginnings compared with 6 percent in 1984. Staples 32 and 33 accounted for 12 percent against 10 percent the previous year. Staples 34 and 35, at 47 percent, were up from 34 percent a year earlier. Staples 36 and longer made up 33 percent, down sharply from 50 percent a year ago.

Mike. Upland cotton with mike 35-49 accounted for 86 percent of ginnings prior to January 1 this season, the largest proportion since 1982, and was up from 80 percent the previous year. Cotton with mike 34 and lower comprised 9 percent, down from 17 percent in 1984. Cotton with mike 50 and higher made up 5 percent against 4 percent a year ago. Average mike this season was 42 compared with 40 last year.

Strength. The average fiber strength for upland cotton ginned prior to January 1 this season was 25.5 grams per tex. This was the lowest average since 1981 and compares with 26.3 a year earlier. Strengths in the 19 and lower range accounted for 1 percent of ginnings, about the same as a year ago. Cotton with strengths of 20 to 23 grams per tex made up 23 percent, the largest proportion since 1981, and compares with 17 percent last year. About 50 percent of ginnings had strengths in the 24 to 27 range, the same as a year ago. Strengths in the 28 and higher range made up 26 percent, down from 33 percent in 1984.

United States: Percentage distribution of grade, staple, mike and fiber strength for upland cotton classed prior to January 1, 1986 ^{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	0.3	0.5	*	*	-	-	0.9
30	-	-	*	*	*	*	*	*	*	*	*	*	-	-	*
31	*	*	*	*	0.1	0.2	0.4	1.9	5.2	11.5	0.3	*	*	*	19.5
40	-	*	*	*	*	*	0.1	0.4	1.1	1.3	0.1	*	*	*	2.9
41	*	*	*	0.1	0.2	0.3	0.6	3.6	11.4	9.0	0.5	*	*	*	25.7
50	-	*	*	*	*	*	*	0.2	1.0	0.7	0.1	*	*	*	1.9
51	*	*	*	*	0.1	0.2	0.3	0.7	2.4	1.7	0.1	*	*	*	5.5
60	-	-	-	*	*	*	*	*	*	*	*	*	-	-	*
61	-	*	*	*	*	*	0.1	0.1	0.1	0.1	*	*	*	-	0.4
70	-	-	-	-	-	*	*	*	*	*	-	-	-	-	*
71	-	-	-	*	*	*	*	*	*	*	*	-	-	-	*
Lt. Spotted:															
12	-	-	-	-	-	*	-	*	*	*	-	-	-	-	*
22	*	*	*	*	*	*	*	*	*	*	*	-	-	-	0.1
32	*	*	*	0.1	0.4	0.4	0.4	0.6	1.2	1.4	0.1	*	*	*	4.5
42	*	*	0.2	0.9	2.9	2.7	2.2	2.6	6.0	3.4	0.3	*	*	*	21.2
52	*	*	0.1	0.4	1.6	1.9	1.8	1.9	3.7	1.8	0.1	*	*	*	13.3
62	*	*	*	*	0.1	0.2	0.3	0.5	0.7	0.2	*	*	*	*	2.1
Spotted:															
13	-	-	-	*	*	*	*	*	*	*	*	-	-	*	*
23	-	-	*	*	*	*	*	*	*	*	*	-	-	*	*
33	*	*	*	*	*	*	*	*	*	0.1	*	*	-	*	0.1
43	*	*	*	*	0.1	0.1	0.1	0.1	0.1	0.1	*	*	*	*	0.5
53	*	*	*	*	*	*	*	0.1	0.2	0.1	*	*	*	*	0.5
63	*	*	*	*	*	*	*	0.2	0.1	*	*	*	-	-	0.3
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	0.1	0.1	*	*	*	*	*	0.3
All grades	*	*	0.3	1.6	5.7	6.2	6.2	13.0	33.8	31.7	1.5	0.1	*	*	100.0

Mike	26 and below	27-29	30-32	33-34	35-49	50-52	53 and above	Average mike
Percent	0.2	1.2	3.4	4.2	85.6	4.5	0.9	42

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	0.9	5.7	17.7	27.6	21.9	16.1	8.1	2.0	25.5

1/ Ginnings, Bureau of the Census, 12,242,826 running bales. Average staple. 34.6
^{2/} Lower in grade than the lowest grades of the official standards. Percent tenderable. 58.0
* Less than 0.05 percent. Percent Average Rule Used (ARU) . . . 1.3
Percent grade reductions. 8.8

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 'A' Index 1/
	Futures Settlement							
	Mar '86	May '86	Jul '86	Oct '86	Dec '86	Mar '87	Desig. 8- Mkt. Avg.	
Jan. 23	63.21	63.21	61.57	51.50	49.65	50.35	59.42	53.20
24	62.03	62.10	60.35	51.13	49.31	50.22	58.98	53.70
27	60.75	60.97	59.32	51.00	49.45	50.32	58.31	53.70
28	59.77	59.87	58.60	50.01	48.55	49.37	57.95	54.00
29	60.08	60.19	59.00	50.38	49.02	49.91	58.06	54.10
30	59.70	59.72	57.76	49.90	48.63	49.42	58.46	54.00

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 January 17		Through January 16	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,932,100	-	519,500
Exports	194,800	2,629,800	49,400	1,066,200
Total export commitments	-	5,561,900	-	1,585,700
New sales	134,100	-	41,900	-
Buy-backs and cancellations	10,500	-	6,400	-
Net sales	123,600	-	35,500	-
Sales next marketing year	20,800	120,900	25,300	54,300

Description	Marketing Year			
	1984-85		1985-86	
	Through January 24		Through January 23	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,884,600	-	520,100
Exports	138,200	2,767,100	34,300	1,100,500
Total export commitments	-	5,651,700	-	1,620,600
New sales	99,900	-	39,000	-
Buy-backs and cancellations	9,300	-	4,200	-
Net sales	90,600	-	34,800	-
Sales next marketing year	29,300	150,200	44,300	98,600

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

Upland cotton export sales for the current marketing year resulted in a net increase of 34,800 running bales during the week ended January 23, according to the Foreign Agricultural Service, USDA. Japan was the dominant buyer with 25,200 bales followed by Indonesia with 5,400 bales. Sales for the 1986-87 marketing year totaled 44,300 bales. Major purchasers were Thailand with 7,000 bales, South Korea 6,600 and Taiwan 3,600 bales. Exports for the week totaled 34,300 bales. Asian destinations accounted for 79 percent of the week's shipments, West European 12 percent and Western Hemisphere 7 percent.