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Weekly Cotton Market Review

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Spot cotton prices reached the lowest level in over two years, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow. Growers offered a sufficient volume of cotton to meet demand although many refused to sell at prices offered. Merchant demand weakened. Domestic and foreign mill buying was slow. Forward contracting of 1985-crop cotton was very light. Final harvesting was hampered by unfavorable weather in the late producing areas of the Cotton Belt. Exports for the first five months of the current marketing year were the largest August-December shipments since 1979-80. The daily rate of cotton consumption by domestic mills during December was the smallest in three years. Deficiency payments for 1984-upland cotton will be 18.60 cents per pound.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 58.83 cents per pound during the week ended Thursday, January 31. Prices ranged from a high of 59.14 cents on Friday to a low of 58.50 cents on Thursday. Thursday's average price was the lowest since November 29, 1982. A week earlier, prices averaged 59.62 cents per pound and ranged from 59.23 to 59.78 cents. In the corresponding week a year ago, the average price was 72.36 cents. The New York March 1985 futures settlement price ended the week on Thursday at 64.43 cents per pound compared with 65.32 cents a week earlier. The December settlement price was 67.40 cents against 67.60 cents last Thursday.

Trading remained slow on spot cotton markets. Grower-held supplies were adequate and offerings easily met the limited demand. Many merchants restricted buying to low physical priced cotton. 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. A very light volume of purchases included 1985-crop cotton. Cotton exchanges in the designated markets reported purchases of 178,700 bales in the week ended Thursday, January 31. This compares with 191,400 bales reported last week and 351,300 bales in the corresponding week last season.

Textile mill report. Domestic mills bought selectively and in light volume. Most mills have their immediate needs covered and continued to keep stocks at low levels. Purchases of a few fill-ins in an assortment of qualities accounted for the bulk of current activity. A few mills inquired about cotton for early summer and later delivery but little buying resulted. Sales of most textile products remained slow. Yarn business was mixed and sluggish as were sales of a number of popular apparels. Underwear and athletic goods represented the better trading products in an otherwise dull market. Work schedules varied widely and reflected market conditions of the finished goods. Most mills operated five days per week.

Exports of cotton from the United States totaled 628,600 running bales during December, according to the Bureau of the Census. This was the highest monthly level this marketing year which began August 1. A month earlier, 484,400 bales were shipped and 632,200 bales were exported in December 1983. Shipments during the first five months this season totaled 2,120,900 bales, the largest August-December volume since 1979-80. Exports totaled 2,023,400 bales through December a year earlier and 1,745,100 bales two years ago.

Domestic mill consumption of cotton averaged 16,300 running bales per day in the five weeks ended December 29, according to the Bureau of the Census. This was the smallest December daily rate since 1981 and the smallest for any month since July 1982. Consumption averaged 18,800 bales per day a month earlier and 18,700 bales in December 1983. Mills used 408,300 bales during December bringing consumption for the first 22 weeks this marketing year (August-December) to 2,110,000 bales. This was equivalent to about 41 percent of USDA's January 11 domestic consumption estimate of 5.3 million bales of 480 pounds, net weight (about 5,141,000 running bales). Through the first 22 weeks last season, mills had used 2,385,500 bales or about 42 percent of the total for the season. Domestic mills must consume about 101,000 bales per week or about 20,200 bales per day for the remainder of the season if the estimate is to be reached.

Stocks of cotton at mills totaled 701,300 running bales on December 29, according to the Bureau of the Census. This was up from 559,500 bales a month earlier and 611,400 bales at the end of December 1983. At the December daily rate of consumption, mill stocks were equivalent to about eight and one-half weeks' supply. Stocks of cotton in public storage totaled 9,028,200 bales on December 29, up from 7,485,700 bales a month earlier and 8,789,700 bales at the end of December last year.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 124.8 million pounds (about 259,900 bales of 480 pounds) in the five weeks ended December 29, according to the Bureau of the Census. Consumption for the first 22 weeks this season (August-December) totaled 667.0 million pounds (about 1,389,600 bales). This was the smallest usage for this period since 1974 and compares with 790.3 million pounds (about 1,646,500 bales) used through December a year ago.

The national weighted average price received by farmers for upland cotton during the 1984 calendar year was 62.40 cents per pound, according to the Statistical Reporting Service, USDA. Since this price was below the 1984 target price of 81.00 cents, the deficiency payment rate for the 1984 crop will be 18.60 cents per pound.

Prices received by farmers for upland cotton averaged 53.70 cents per pound in mid January, according to the Statistical Reporting Service, USDA. This compares with 55.80 cents for the entire month of December and 62.70 cents in January 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	53.70 ^{1/}	June	68.00		November	61.80	
February	65.00		July	65.90		December	55.80	
March	70.10		August	67.20				
April	67.20		September	64.60		Calendar		
May	72.70		October	64.60		year avg.	62.40	

^{1/} Mid-month price.

Source: Statistical Reporting Service, USDA

Cottonseed production, by states, 1980-1983 and indicated 1984

State	1980	1981	1982	1983	Indicated 1984
	1,000 tons				
Alabama	99	148	160	67	160
Arizona	583	631	495	302.4	468.3
Arkansas	181	235	200	120	227
California	1,270	1,445	1,261	789	1,188
Florida	2.9	8.2	7.4	5.8	10.4
Georgia	30	62	85	41	104
Kansas	-	-	1/	0.1	0.1
Louisiana	176	287	327	196	394
Mississippi	439	602	650	335	619
Missouri	70	68	78	29	75
Nevada	0.5	0.6	0.4	-	-
New Mexico	45	66	39	34.3	47.8
North Carolina	19	34	34	16	42
Oklahoma	82	183	95	58	79
South Carolina	30	62	58	20	64
Tennessee	82	127	132	60	135
Texas	1,361	2,438	1,122	1,002	1,688.6
Virginia	0.1	0.1	0.1	0.1	0.4
United States	4,470.5	6,396.9	4,743.9	3,075.7	5,302.6

1/ Less than 50 tons.

Source: Crop Reporting Board, SRS, USDA

All cotton: Domestic mill consumption, stocks and exports, running bales, by months and seasons, 1980-1984

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season
	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 1/</u>													
1980	443	456	597*	458	475*	435	446	539*	435	441	531*	385	5,664
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 3/	416	494*	415	377	408*								
<u>Mill consumption per day</u>													
1980	22.1	22.8	23.9	22.9	19.0	21.8	22.3	21.5	21.7	22.1	21.3	19.2	21.8
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 3/	20.8	19.8	20.8	18.8	16.3								
<u>Stocks in consuming establishments 2/</u>													
1980	891	784	743	750	831	947	1,038	1,105	1,078	1,023	937	883	-
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 3/	715	645	542	560	701								
<u>Stocks in public storage 2/</u>													
1980	1,509	1,578	3,181	5,071	5,927	5,847	5,109	4,227	3,470	2,807	2,199	1,688	-
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 3/	1,491	1,432	3,386	7,486	9,028								
<u>Exports</u>													
1980	402	393	237	436	541	669	688	733	498	458	320	264	5,639
1981	233	211	262	478	732	653	754	873	676	484	498	396	6,249
1982	342	351	293	382	377	438	368	487	612	464	435	409	4,959
1983	367	322	261	441	632	663	719	896	723	607	422	365	6,419
1984 3/	452	264	292	484	629								

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

3/ Preliminary.

* Five-week month.

Source: Bureau of the Census

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 1/
	Futures Settlement							
	Mar '85	May '85	Jul '85	Oct '85	Dec '85	Mar '86		
Jan. 24	65.32	66.54	67.47	67.45	67.60	68.80	59.23	70.95
25	65.19	66.19	67.27	67.45	67.50	68.70	59.14	70.60
28	64.82	65.86	66.92	67.15	67.25	68.40	58.86	70.40
29	64.55	65.86	66.86	67.15	67.40	68.55	58.66	70.20
30	65.03	66.17	67.15	67.40	67.40	68.55	58.99	69.95
31	64.43	65.76	66.85	67.40	67.40	68.85	58.50	70.00

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 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	-	2,932,100
Exports	160,800	2,476,400	194,800	2,629,800
Total export commitments	-	5,615,800	-	5,561,900
New sales	128,500	-	134,100	-
Buy-backs and cancellations	5,700	-	10,500	-
Net sales	122,800	-	123,600	-
Sales next marketing year	13,900	287,400	20,800	120,900

Description	Marketing Year			
	1983-84		1984-85	
	Through January 26		Through January 24	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,246,300	-	2,884,600
Exports	167,700	2,644,100	138,200	2,767,100
Total export commitments	-	5,890,400	-	5,651,700
New sales	292,500	-	99,900	-
Buy-backs and cancellations	17,900	-	9,300	-
Net sales	274,600	-	90,600	-
Sales next marketing year	34,200	321,600	29,300	150,200

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

Upland cotton export sales during the week ended January 24 totaled 90,600 running bales, according to the Foreign Agricultural Service, USDA. The major buyers were South Korea with 41,200 bales followed by Japan 16,300, Taiwan 10,600 and Ireland 7,100 bales. Weekly exports totaled 138,200 bales, down 29 percent from the previous week. Asian destinations accounted for 75 percent of the week's shipments, West European 20 percent and Western Hemisphere 5 percent.