

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE
COTTON DIVISION, MARKET NEWS BRANCH
4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122
Telephone 901-521-2931



Weekly Cotton Market Review

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Trading was less active during the two weeks ended January 2, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices strengthened. Demand was good and grower offerings traded readily. Domestic and foreign mill buying was light. Fields began to dry in Oklahoma and on the Texas Plains, allowing growers to resume harvesting. In most other areas, harvesting is finished or neared completion and many gins are closed for the season. About 15 percent of the 1986 crop was forward contracted by growers. The November daily rate of domestic mill consumption was the largest for that month since 1975. November exports were the largest since 1979. Ginnings prior to December 15 totaled 8,273,422 bales. The interest rate for CCC loans disbursed in January will be 5.875 percent.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 57.34 cents per pound during the two weeks ended Friday, January 2. Prices ranged from a low of 56.67 cents on Monday, December 22, to a high of 57.95 cents on Monday, December 29. Prices averaged 55.64 cents during the previous week reported and ranged from 55.35 to 56.06 cents. The New York March 1987 futures settlement price closed on Wednesday, December 31, at 59.28 cents against 56.28 cents on Friday, December 19. The October 1987 settlement price was 57.60 cents compared with 56.58 cents two weeks ago and the December price was 57.75 cents against 56.40 cents on Friday two weeks ago.

Trading was less active during the holiday period. Some growers, wanting additional income in 1986, offered freely while some preferred to sell after the first of the year. In general, grower offerings met a ready merchant demand. Domestic mill buying slowed but a few mills continued to actively seek cotton. Export trading was about steady. The bulk of export trading was with Far Eastern mills. Purchases reported by cotton exchanges in the designated markets totaled 417,286 running bales in the two weeks ended Friday, January 2. This compares with 206,306 bales in the corresponding two weeks last season. Trading slowed in southeastern states. A few growers offered freely. Merchant demand was strong for selected qualities and most offerings traded readily. Prices were generally around \$40 to \$60 per bale, net, for equities. Many merchants in the south central states scheduled vacations during the holiday period but some remained in the market. Purchases were generally light to moderate. Most trading was in CCC loan equities or between merchants. Equities brought \$45 to \$60 per bale. Trading of CCC certificates was light at around 90 to 93 percent of face value for cotton certificates and 103 to 106 percent for generics. Domestic mill buyers negotiated some sizeable purchases of mostly grade 41, staples 34 and longer, for January through May delivery. Export trading was moderate and primarily with Far Eastern mills. Some merchants offered to forward contract 1987-crop cotton at 500 to 550 points off December New York futures, basis grade 41 staple 34, mike 35-49. Trading was light to moderate on southwestern states markets. CCC loan equity prices were higher and ranged from around \$46 to \$90 per bale. Lower quality cotton brought the higher equity prices. Domestic mills bought a light volume, mostly for prompt or nearby delivery. Export trading was slow. Growers in southern Texas forward contracted a light to moderate volume of 1987-crop cotton at 52 to 55 cents per pound. Most contracts were basis grade 41 staple 34, mike 35-49. In general, buyers offered a base price for machine picked cotton, then discounted the base 100 points for stripped cotton or added 200 points for machine picked cotton of a variety with known higher strength. In the western states, grower-to-merchant trading slowed. Grower-held supplies were becoming limited. Merchant demand remained good and the bulk of offerings traded.

In California, grade 31 staple 35, mike 35-49 brought around 83 to 84 cents per pound, UD, FOB gin yard, with buyers receiving the loan deficiency payment. In Arizona, similar qualities brought growers around 69.90 cents. CCC cotton certificates brought 80 to 85 percent of stated value and generic certificates brought 100 to 105 percent. California growers forward contracted a light volume of 1987-crop cotton at around 64 to 67 cents per pound, basis grade 31 staple 35, mike 35-49, UD, FOB gin yard.

Textile mill report. Mill buying was light and intermittent during the last two weeks of 1986. Cotton departments were busy receiving shipments from earlier purchases and taking inventory. With demand for textile products remaining strong, mills continued to cover spot shortages and make occasional purchases for deferred delivery. Interest covered a fairly wide range of qualities but centered on the medium and higher white and Light Spotted grades. Mills resumed normal to extended work schedules after only brief closings for Christmas and New Year's.

Domestic mill consumption of cotton averaged 26,600 running bales per day in the four weeks ended November 29, according to the Bureau of the Census. This was down from 27,300 bales used per day a month earlier (five weeks) but was the largest November usage since 1975. Domestic mills consumed 531,200 bales in November, bringing usage for the first four months this season (17 weeks) to 2,271,200 bales. This was up 14 percent from 1,990,800 bales used through November a year earlier (17 weeks) and up 29 percent from 1,755,300 bales two years ago (17 weeks).

Stocks of cotton at mills totaled 578,300 running bales on November 29, according to the Bureau of the Census. This was the largest end-of-November stocks at mills since 1982 and compares with 562,800 bales a month earlier and 570,200 bales at the end of November last year. At the November daily rate of consumption, mill stocks were equivalent to almost four and one-half week's supply. Cotton in public storage totaled 10,162,800 running bales on November 29. This compares with 9,543,200 bales held a month earlier and was up 13 percent from 8,962,500 bales at the end of November 1985.

Exports of cotton from the United States during November totaled 525,700 running bales, according to the Bureau of the Census, Industry Division. This was down from 617,000 bales shipped the previous month but was the largest November volume exported since 1979. Shipments for the first four months (August-November) this marketing year totaled 1,885,500 bales, the largest volume shipped for this period in the past six years. Through November a year earlier, 761,800 bales were exported and two years ago, 1,492,300 bales.

Prices received by farmers for upland cotton averaged 55.40 cents per pound in mid December, according to the National Agricultural Statistics Service, USDA. This compares with 52.90 cents for the entire month of November and 53.70 cents in December 1985. These prices include cotton delivered against forward contracts.

World market price, in cents per pound, adjusted to U.S. quality and location, for grade 41 staple 34, mike 35-49 upland cotton and the coarse count adjustment in effect from 12:01 a.m. Friday through 12:00 midnight Thursday

Description	1986-1987				
	Dec. 5-11	Dec. 12-18	Dec. 19-25	Dec. 26- Jan. 1	Jan. 2-8
Adjusted world price	42.50	45.11	47.11	48.81	50.64
Coarse count adjustment	2.24	1.43	0	0	0

Source: Agricultural Stabilization and Conservation Service, USDA

Forward contracting of upland cotton by growers, by states and United States, crops of 1976-1986 1/

State	Cotton crops										
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Alabama 2/	70	9	15	26	32	6	13	22	26	19	9
Georgia	33	1	*	8	14	10	7	18	31	8	4
North Carolina	42	16	26	18	43	8	17	28	36	-	-
South Carolina	42	33	31	34	57	24	39	62	53	20	-
Southeastern states	53	12	16	23	33	10	16	28	33	13	5
Arkansas	86	18	38	27	62	16	18	24	40	10	11
Louisiana	72	6	29	23	41	8	18	21	23	3	-
Mississippi	70	30	48	50	80	28	21	28	31	17	6
Missouri	84	23	46	40	79	26	25	38	53	*	25
Tennessee	65	2	17	13	46	9	28	33	35	4	2
South Central states	75	20	39	35	65	19	21	26	32	10	6
Oklahoma	23	18	26	23	4	2	1	-	24	*	13
Texas	26	18	9	15	22	8	5	7	19	5	5
Southwestern states	26	18	11	16	20	7	4	7	19	4	6
Arizona	77	45	35	30	46	7	21	19	9	5	25
California	65	29	62	30	45	12	17	60	49	23	81
New Mexico	68	17	13	10	7	1	*	-	1	2	-
Western states	68	32	52	29	43	10	18	49	38	19	68
United States	50	20	25	22	35	10	12	21	27	9	15

1/ Contracting estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations. 2/ Includes Florida, 1984 crop. * Less than 0.5 percent.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1985-1986

Month	Year beginning : January 1		Month	Year beginning : January 1		Month	Year beginning : January 1	
	1985	1986		1985	1986		1985	1986
	Cents	Cents		Cents	Cents		Cents	Cents
January	52.20	54.00	June	60.30	58.50	November	56.50	52.90
February	49.50	56.90	July	60.50	61.50	December	53.70	55.40 1/
March	56.10	58.10	August	56.60	47.20			
April	57.00	59.20	September	55.90	47.40	Calendar		
May	57.50	58.50	October	57.30	47.10	year avg.	54.70	

1/ Mid-month price.

Source: National Agricultural Statistics Service, USDA

All cotton: Domestic mill consumption, stocks and exports, running bales, by months and seasons, 1982-1986

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
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	458	562*	493	477	486*	595*	499	492	620*	503	489	522*	6,198
1986 4/	534	523	686*										
	Mill consumption 2/												
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	22.9	22.5	24.6	23.9	19.5	23.8	24.9	24.6	24.8	25.2	24.4	20.9	23.4
1986 4/	26.7	26.2	27.4										
	Mill consumption per day												
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	685	621	557	570	604	687	728	776	789	782	788	775	-
1986 4/	664	582	562										
	Stocks in consuming establishments 3/												
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	2,826	3,743	6,122	8,963	10,677	10,747	10,243	9,656	9,072	8,449	7,980	8,116	-
1986 4/	7,625	7,996	9,519										
	Stocks in public storage 3/												
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	166	179	222	196	236	189	202	134	198	69	62	25	1,875
1986 4/	374	369	617	526									
	Exports												

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. * Five week month.