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Weekly Cotton Market Review

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Spot cotton prices trended slightly higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was light to moderate. Grower offerings were generally adequate to meet demand. Domestic mill purchases were light. Export trading remained at a standstill. About 9 percent of the 1985 crop was forward contracted by growers, the smallest percentage booked since records began in 1970. Harvesting neared completion in most localities. Many gins have closed for the season. The interest rate for CCC loans disbursed in January will be 7.75 percent. The final monthly forecast for the 1985 crop will be released Friday, January 10.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 57.96 cents per pound during the week ending Thursday, January 9. Prices ranged from a low of 57.74 cents on Friday to a high of 58.32 cents on Thursday. A week earlier, prices averaged 57.50 cents per pound and ranged from 57.24 to 57.82 cents. In the corresponding week a year ago, the average price was 60.94 cents. The New York March 1986 futures settlement price ended the week on Thursday at 62.61 cents per pound compared with 62.28 cents a week earlier.

Trading on spot cotton markets was slow to moderate. Merchant demand was fairly good for selected qualities needed to fill commitments and prices offered strengthened. CCC loan entries continued to increase as some growers refused to sell at current prices. Domestic mill inquiries for cotton were more numerous but buying was light. Export trading remained slow. Purchases reported by cotton exchanges in the designated markets totaled 181,900 bales in the week ended Thursday, January 9. This compares with 106,600 bales reported a week earlier and 254,400 bales in the corresponding week last season.

Textile mill report. Domestic mills purchased a light volume for both prompt and deferred delivery; but overall, buying remained slow. Interest centered on the medium and higher grades of central and far western growths. Shipper asking prices for these qualities were firm to slightly higher. Inquiries were more numerous for cotton for delivery in second quarter months. With mill stocks low and textile business steady to good, shippers expect mills to need cotton in the coming months. Mill sales of finished goods extended into second quarter months as market conditions for a number of products remained favorable. Denim, athletic apparel, all-cotton yarn and a number of household products continued to move readily. Work schedules were largely five and six days per week with a few plants operating seven days.

Forward contracting of 1985-crop cotton. United States upland cotton growers forward contracted about 9 percent of the 1985 crop, according to informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA. These estimates were based on the Crop Reporting Board's December acreage reported for harvest. The percentage booked this crop year was the smallest since records began in 1970 and compares with a record high of 75 percent in 1973. Contracting of the 1985 crop was most active in western states where 19 percent was booked and least active in southwestern states where 4 percent was contracted. Growers in southeastern states forward contracted 13 percent of the crop and south central states' growers booked 10 percent. American Pima cotton growers forward contracted about 24 percent of their acreage in 1985.

Forward contracting of upland cotton by growers, by states and United States, crops of 1975-1985 1/

State	Cotton crops										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Alabama 2/	4	70	9	15	26	32	6	13	22	26	19
Georgia	1	33	1	*	8	14	10	7	18	31	8
North Carolina	4	42	16	26	18	43	8	17	28	36	-
South Carolina	16	42	33	31	34	57	24	39	62	53	20
Southeastern states	5	53	12	16	23	33	10	16	28	33	13
Arkansas	17	86	18	38	27	62	16	18	24	40	10
Louisiana	2	72	6	29	23	41	8	18	21	23	3
Mississippi	17	70	30	48	50	80	28	21	28	31	17
Missouri	12	84	23	46	40	79	26	25	38	53	*
Tennessee	1	65	2	17	13	46	9	28	33	35	4
South Central states	15	75	20	39	35	65	19	21	26	32	10
Oklahoma	*	23	18	26	23	4	2	1	-	24	*
Texas	1	26	18	9	15	22	8	5	7	19	5
Southwestern states	1	26	18	11	16	20	7	4	7	19	4
Arizona	23	77	45	35	30	46	7	21	19	9	5
California	34	65	29	62	30	45	12	17	60	49	23
New Mexico	*	68	17	13	10	7	1	*	-	1	2
Western states	30	68	32	52	29	43	10	18	49	38	19
United States	10	50	20	25	22	35	10	12	21	27	9

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.

Cotton: Area, yield and production, world and selected countries and regions, harvest season beginning August 1

Continent and Country	Area			Yield			Production		
	1983-84	1984-85	1985-86	1983-84	1984-85	1985-86	1983-84	1984-85	1985-86
	1,000 Hectares			Kilograms per hectare			Thousand 480 pound bales		
Western Hemisphere:									
United States	2,973	4,200	4,184	569	673	719	7,771	12,982	13,810
Brazil	1,975	2,350	1,950	282	389	333	2,554	4,200	2,985
Mexico	245	320	200	890	844	871	1,001	1,240	800
Argentina	476	450	430	376	356	354	821	735	700
Colombia	122	215	177	628	584	553	352	577	450
Paraguay	300	400	300	333	327	363	459	600	500
Peru	95	140	125	798	715	705	348	460	405
Guatemala	57	57	63	1,069	1,035	1,037	280	271	300
Nicaragua	117	110	100	614	564	621	330	285	285
El Salvador	38	37	25	785	812	871	137	138	100
Venezuela	27	48	60	298	281	294	37	62	81
Ecuador	6	5	14	544	740	622	15	17	40
Honduras	7	7	7	653	622	622	21	20	20
Bolivia	5	5	5	435	435	435	10	10	10
Others	23	25	25	265	287	287	28	33	33
Total.....	6,466	8,369	7,665	477	563	580	14,164	21,630	20,519
Europe:									
Greece	168	192	229	762	755	761	588	666	800
Spain	40	60	70	996	860	933	183	237	300
Bulgaria	13	13	13	302	335	335	18	20	20
Yugoslavia	2	2	3	327	435	363	3	4	5
Italy	3	3	3	218	218	218	3	3	3
Others	28	28	28	272	272	272	35	35	35
Total.....	254	298	346	711	705	732	830	965	1,163
Africa:									
Egypt	425	415	441	991	965	1,044	1,934	1,840	2,115
Sudan	398	360	400	549	546	517	1,003	902	950
Zimbabwe	189	209	219	484	480	497	420	461	500
South Africa	99	108	125	345	413	435	157	205	250
Tanzania	344	340	355	137	134	135	216	209	220
Chad	176	142	140	340	247	288	275	161	185
Cameroon	65	73	75	492	492	464	147	165	160
Uganda	600	600	600	30	31	31	83	85	85
Nigeria	195	220	220	71	72	69	64	73	70
Central African	72	80	80	169	210	177	56	77	65
Mozambique	110	100	100	109	109	109	55	50	50
Zaire	75	78	80	113	115	123	39	41	45
Morocco	11	10	13	594	392	620	30	18	37
Malawi	35	35	35	218	218	218	35	35	35
Kenya	145	110	110	57	59	59	38	30	30
Angola	25	25	25	174	174	174	20	20	20
Somalia	12	12	12	127	127	127	7	7	7
Others	611	663	669	347	385	386	975	1,171	1,185
Total.....	3,587	3,580	3,699	337	338	354	5,554	5,550	6,009
Asia and Oceania:									
China	6,077	6,923	6,000	763	903	871	21,300	28,700	24,000
USSR	3,192	3,347	3,305	823	772	810	12,065	11,876	12,300
India	7,765	7,500	8,000	171	230	196	6,086	7,925	7,200
Pakistan	2,221	2,336	2,200	214	431	426	2,188	4,628	4,300
Turkey	614	743	620	850	781	843	2,398	2,664	2,400
Australia	137	170	166	1,030	1,452	1,089	648	1,134	830
Syria	176	174	170	1,098	913	1,057	888	730	825
Iran	184	184	210	473	473	467	400	400	450
Israel	57	63	67	1,623	1,389	1,446	425	402	445
Burma	227	250	250	162	177	174	169	203	200
Thailand	100	78	87	398	321	340	183	115	136
Afghanistan	50	50	50	435	435	435	100	100	100
Iraq	65	65	65	218	218	218	65	65	65
Southern Yemen	16	16	16	340	340	340	25	25	25
Philippines	13	11	13	385	297	335	23	15	20
Korea, Republic	3	3	2	363	290	327	5	4	3
Others	103	113	128	207	202	219	98	105	129
Total.....	21,000	22,026	21,349	488	584	545	47,066	59,091	53,428
Foreign total.....	28,344	30,073	28,875	460	538	507	59,843	74,254	67,309
World total.....	31,307	34,273	33,059	470	554	534	67,614	87,236	81,119

NOTE: Totals may not add because of rounding. 1 Hectare equals 2.471 acres; 1 Kilo per hectare equals 0.8922 pounds per acre.

The Foreign Agricultural Service, USDA, reports: With cotton exports at a virtual standstill, Turkey reduced the cotton export tax rate from 10 cents for Aegean/Antalya and 5 cents for Cukurova to less than 0.1 cent per kilogram in November. This effort is aimed at encouraging cotton exports. However, given early December domestic prices, unless further devaluation of the Turkish lira takes place, cotton would still be sold in international markets at a loss.

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. 2	62.28	62.32	58.13	49.75	48.27	49.27	57.82	49.25
3	61.90	62.02	58.23	49.55	48.22	49.05	57.74	49.30
6	61.92	62.07	58.15	49.55	48.27	49.02	57.75	49.55
7	62.01	62.02	58.50	49.65	48.30	49.00	57.75	50.00
8	62.75	62.65	59.80	50.20	48.60	49.45	58.25	50.40
9	62.61	62.53	60.35	50.38	48.60	49.40	58.32	50.65

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 27		Through December 26	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,182,600	-	607,300
Exports	93,800	2,038,800	37,900	926,900
Total export commitments	-	5,221,400	-	1,534,200
New sales	67,600	-	24,200	-
Buy-backs and cancellations	5,400	-	8,100	-
Net sales	62,200	-	16,100	-
Sales next marketing year	-2,400	93,400	3,100	24,000

Description	Marketing Year			
	1984-85		1985-86	
	Through January 3		Through January 2	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,123,600	-	568,400
Exports	166,100	2,204,900	44,500	971,400
Total export commitments	-	5,328,500	-	1,539,800
New sales	128,100	-	10,800	-
Buy-backs and cancellations	21,100	-	5,200	-
Net sales	107,000	-	5,600	-
Sales next marketing year	-	93,400	-	24,000

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

Upland cotton export sales during the week ended January 2 totaled 5,600 running bales, according to the Foreign Agricultural Service, USDA. Major purchases by Japan of 2,400 bales, Greece 1,800 and South Korea 1,500 were partially offset by reductions of 1,800 bales for West Germany. Exports for the week totaled 44,500 bales. Asian destinations accounted for 89 percent of the week's shipments, West European 8 percent and Western Hemisphere 3 percent. American Pima sales increased by 500 running bales and shipments totaled 1,200 bales.