

# UNITED STATES DEPARTMENT OF AGRICULTURE

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## Weekly Cotton Market Review

Vol. 71, No. 48

July 10, 1990

Trading was slow on spot cotton markets during the week ended July 6, according to the Cotton Division, Agricultural Marketing Service, USDA. Tightening supplies and limited offerings held down sales volume. Merchant demand was good and centered on the medium and higher white and Light Spotted grades needed to cover existing commitments. Domestic mill buying was light and mostly for fill-ins. Mills concentrated on taking delivery of cotton already purchased. Sales for export were primarily to Far Eastern mills although European mills purchased a light volume. Forward contracting of 1990-crop cotton remained light to moderately active. Quotations for spot cotton continued to strengthen and averaged 173 points higher than the previous week's level. High temperatures and dry weather conditions were negative factors to crop progress and development over most of the Belt. South Texas fields were turning white. Cotton's share of total fiber usage by domestic mill remained steady.

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 79.50 cents per pound during the week ending Friday, July 6, and ranged from a low of 78.46 cents on Monday, July 2, to a high of 80.67 cents on Thursday, July 5. Quotations averaged 77.77 cents a week earlier and 65.89 cents in the corresponding week a year ago. The New York October 1990 futures settlement price closed on Friday at 78.74 cents compared with 78.23 cents a week earlier and the December settlement price was 73.62 cents against 74.58 cents the previous week. Spot transactions in the designated markets totaled 17,704 bales during the week ended Friday, July 6. This compares with 7,461 bales the previous week and 44,191 bales in the corresponding week last season.

Trading. Southeastern markets. The lack of stocks in growers' hands coupled with the holiday week resulted in an almost totally inactive market. A strong demand remained for medium and higher white and corresponding Light Spotted qualities. Merchants indicated a willingness to pay 200 to 300 points on NY October futures market for grade 41, staples 34 and longer, mike 35-49. A light to moderate acreage was forward contracted at prices ranging from 200 points off NY December futures in North Carolina and Georgia to 350 points off in Alabama. Terms varied widely.

South central markets. Trading was moderately active. Merchant demand was good, but selective. Supplies of uncommitted cotton continued to diminish. Demand was very good for even-running lots of high grade cotton and prices strengthened. In mixed lots, grade 41, staples 34 and longer, traded at prices ranging from 175 to 250 points on NY October futures. Lower grades of cotton with low or high micronaire readings sold at considerably lower prices. A small volume of 1989-crop equities traded at 26 cents per pound. Domestic mill buying was slow as most mills observed summer holidays. Foreign mill demand was weak. A moderate volume of 1990-crop was forward contracted. Prices for acreage contracts ranged from 600 to 650 points off NY December futures, basis grade 41 staple 34, mike 35-49, and prices for bale contracts were 550 to 575 points off, depending on various terms.

Southwestern markets. Tight supplies of cotton restricted trading. Offering prices trended steady to higher. Trading continued to center around CCC loan equities with 1988-crop equities bringing \$25 to \$60 per bale and 1989-crop equities moving at \$90 to \$120 per bale. Domestic mills continued to purchase a light volume of cotton

for fill-ins mostly medium to higher white and corresponding Light Spotted grades, staples 32 and longer. A light to moderate volume of 1990-crop cotton was sold to European and Far Eastern mills. Merchants made an intensive effort to contract West Texas and Oklahoma irrigated cotton production. Early in the week, merchants were offering contracts for 1,800 points above CCC loan rates, and by week's end, they were offering as much as 2,500 points above loan. Most contracts have clauses that placed a cap at the grade 41 staple 33 price. A limited acreage was forward contracted, but most growers were holding for higher prices.

Western markets. Trading was very slow and stocks very light. In the San Joaquin Valley (SJV), a few small lots, of grades 41 and lower and 52 and lower, were sold by growers to merchants. In Arizona, trading was limited to a small amount of low grade cotton. Domestic mills purchased a small volume of cotton from the Desert Southwest (DSW) in medium to high grades for prompt shipment. Far Eastern mills purchased a moderate volume of cotton for prompt to nearby shipment. Growers in the SJV forward contracted a moderate volume of 1990-crop at 600 to 650 points on NY December futures, basis grade 31 staple 35, mike 35-49. Arizona growers booked a light to moderate volume at 74.50 to 76 cents per pound. Trading of American Pima was more active and prices were stronger. Grade 3 spot prices were 93.80 to slightly over \$1.00 per pound, and grade 4 traded at 85.30 to 87.30 cents. European and Far Eastern mills made several small purchases for mostly prompt shipment. A small amount of 1990-crop was forward contracted at \$1.05 per pound, basis grade 3.

Textile mill report. Domestic mill buying was very slow. Cotton department staffs were taking inventory or reassessing shipment dates on previous purchases while the remainder of mill employees were on vacation.

Mill consumption of upland cotton and man-made staple fibers  
on cotton-system spinning spindles, 1983-1989

Year beginning August 1	Cotton	Man-made			Total fibers	Cotton's share of fibers
		Rayon and acetate staple	Non- cellulosic staple	Total		
		1,000 pounds			Percent	
1983-84	2,791,905	259,441	1,594,668	1,854,109	4,646,014	60.1
1984-85	2,618,685	231,197	1,336,595	1,567,792	4,186,477	62.6
1985-86	3,086,842	253,459	1,465,228	1,718,687	4,805,529	64.2
1986-87	3,544,852	256,771	1,481,822	1,738,593	5,283,445	67.1
1987-88	3,631,397	268,813	1,481,923	1,750,736	5,382,133	67.5
1988-89	3,597,692	285,742	1,397,434	1,683,176	5,280,868	
1989-90						
August	328,560	22,314	110,610	132,924	461,484	71.2
September	410,706	27,016	139,980	166,996	577,700	71.1
October	330,133	22,158	108,625	130,783	460,916	71.6
November	305,813	21,230	100,920	122,150	427,963	71.5
December	322,779	24,509	115,126	139,635	462,414	69.8
January	299,172	20,837	103,387	124,224	423,396	70.7
February	313,465	21,676	106,984	128,660	442,125	70.9
March	392,921	28,199	129,921	158,120	551,041	71.3
April 1/	311,299	22,616	107,408	130,024	441,323	70.5

1/ Preliminary.

Reprint of table prepared by the Commodity Economics Division, ERS, USDA.

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	1990				
	June 8-14	June 15-21	June 22-28	June 29- July 5	July 6-12
Adjusted world price	63.53	64.79	66.16	67.02	67.90
Course count adjustment	0	0	0	0	0

Source: Agricultural Stabilization and Conservation Service, USDA

New York futures contract settlement, designated spot market average for grade 41 staple 34 and 'A' and 'B' Index cotton prices in cents per pound

Date	Grade 41 Staple 34					Grade 31 : 7 Mkt.: Average:	Staple 35 : 'A' Index 1/	Coarse Count 'B' Index 1/
	Jul '90	Oct '90	Dec '90	Mar '91	May '91			
July 2	87.87	79.25	75.23	75.55	75.64	78.46	91.15	84.10
3	89.80	80.05	75.78	76.15	76.41	79.04	91.70	84.90
4	H O L I D A Y						92.50	85.40
5	92.80	80.74	75.62	76.17	76.58	80.67	92.50	85.40
6	91.44	78.74	73.62	74.17	74.58	79.81	92.70	85.60

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 1988-89 and 1989-90

Description	Marketing Year			
	1988-89		1989-90	
	Through June 29		Through June 28	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,235,400	-	1,471,100
Exports	108,600	5,093,800	135,600	6,368,000
Total export commitments	-	6,329,200	-	7,839,100
New sales	25,600	-	39,900	-
Buy-backs and cancellations	28,700	-	8,500	-
Net sales	-3,100	-	31,400	-
Sales next marketing year	66,000	1,199,300	137,600	1,821,000

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Net sales of 31,300 running bales during the week ending June 28 included major increases for South Korea with purchases of 14,700 bales, Japan 11,600 and Taiwan 5,000 bales which were partially offset by reductions of 5,000 bales for Romania. Sales of 137,600 bales for the 1990-91 marketing year were primarily for South Korea with purchases of 46,500 bales, Italy 30,600, Indonesia 24,700 and Thailand 16,600 bales. Exports of 135,600 bales were up 50 percent from the prior week. Asian destinations accounted for 66 percent of the week's shipments, African 22 percent, West European 11 percent, Western Hemisphere 1 percent. American Pima sales totaled 11,200 bales and were mainly to Indonesia with purchases of 8,000 and West Germany 2,100 bales. Sales of 9,700 bales for the 1990-91 marketing year were primarily for Switzerland with purchases of 4,100 bales, West Germany 2,200 and Italy 1,100 bales. Shipments of 9,200 bales were mainly for South Korea 2,500, Italy 2,300 and Japan 2,100 bales.

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NOTE: Portions of the narrative from this report are available on the USDA's Electronic Dissemination of Information System. If you are interested in receiving this information electronically, contact Russell Forte at 202-447-5505.

SPOT COTTON QUOTATIONS - UPLAND

July 6, 1990

Spot quotations are in cents per pound for cotton equal to the Official Standards with mike readings of 35-49, net weight, in mixed lots, uncompressed, free of all charges in the warehouse in the market. Quotations are the average value of spot cotton in each market and may or may not represent actual trades in each quality.

SOUTHEAST				NORTH DELTA				SOUTH DELTA				DESERT SOUTHWEST				
Grade				Grade				Grade				Grade				
31	41	51	42	31	41	51	42	31	41	51	42	21	31	41	32	
79.69	78.59	76.59	77.09	82.99	81.99	78.99	79.99	33	83.19	81.99	78.74	80.24	78.24	78.24	75.49	75.49
81.74	81.24	79.24	79.74	85.74	84.74	81.49	82.49	34	85.69	84.74	81.49	82.99	82.24	82.24	79.49	79.49
81.99	81.49	79.49	79.99	85.84	84.99	81.59	82.59	35	85.79	84.84	81.59	83.09	82.34	82.34	79.59	79.59
82.14	81.64	79.64	80.14	85.94	85.09	81.69	82.69	36	85.89	84.94	81.69	83.19	82.34	82.34	79.59	79.59

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Staple	21	31	41	51
64.40	64.25	64.05	63.05	66.80	64.70	64.75	63.60	29	-	-	-	-
65.15	65.00	64.80	63.60	68.05	65.95	66.20	66.15	30	-	-	-	-
68.40	68.25	68.05	67.85	70.65	68.45	68.65	68.50	31	-	-	-	-
69.55	69.25	69.05	68.60	71.70	69.20	69.65	69.40	32	-	-	-	-
71.10	70.70	70.00	69.75	73.25	71.20	71.20	70.80	33	-	-	-	-
72.85	72.50	71.80	70.55	74.80	72.50	72.50	71.10	34	85.49	85.24	83.49	79.99
73.15	72.75	72.05	70.85	75.10	72.75	72.75	71.40	35	87.24	86.99	85.24	80.99
73.25	72.85	72.15	70.85	75.20	72.85	72.85	71.40	36	87.34	87.09	85.34	80.99
73.25	72.85	72.15	70.85	75.20	72.85	72.85	71.40	37	87.44	87.19	85.44	80.99

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1485	-	-1500	26 & Below	-1500	-2100	-	-1567
-800	-975	-975	-500	27-29	-500	-1400	-1700	-979
-500	-480	-480	-250	30-32	-200	-800	-1150	-551
-250	-220	-220	-150	33-34	-100	-350	-450	-249
0	0	0	0	35-49	0	0	0	0
-200	-145	-145	-250	50-52	-200	-50	-100	-156
-250	-230	-230	-300	53 & Above	-	-100	-	-222

SPOT QUOTATIONS - AMERICAN PIMA

Staple	01	02	03	04	05	06	Mike ranges	Points per pound
							26 & Below	-3100
							27-29	-2425
44	98.25	98.00	97.00	87.00	66.50	56.50	30-32	-1400
							33-34	-450
46	98.75	98.50	97.50	87.50	66.50	56.50	35 & Above	0

LANDED MILL QUOTATIONS - GROUP 201 MILL POINTS

Quotations are in cents per pound for even running lots, with mike readings of 35-49, net weight, prompt shipment, delivered, brokerage included. Quotations for group 200 mill points are slightly higher and for Alabama, Georgia and east Tennessee mills are slightly lower.

SOUTHEASTERN GROWTHS				DELTA GROWTHS				TEXAS-OKLAHOMA GROWTHS				CALIFORNIA (SJV) GROWTHS			
Grade				Grade				Grade				Grade			
31	41	51	42	31	41	51	42	Staple	41	51	32	42	31	41	51
-	-	-	-	-	-	-	-	29	77.50	74.25	77.50	75.00	-	-	-
-	-	-	-	-	-	-	-	30	79.25	76.75	79.50	77.25	-	-	-
-	-	-	-	-	-	-	-	31	80.75	78.00	80.75	78.75	-	-	-
-	-	-	-	-	-	-	-	32	82.25	79.00	82.25	79.50	-	-	-
86.00	85.25	83.25	83.75	86.50	85.75	83.50	84.00	33	84.50	80.25	84.50	81.00	-	-	-
87.00	86.00	84.25	84.75	87.50	86.50	84.50	85.00	34	86.75	82.00	86.75	82.75	89.75	89.00	84.50
87.50	86.75	84.75	85.25	88.00	87.25	85.00	85.50	35	-	-	-	-	91.25	90.50	85.75
-	-	-	-	-	-	-	-	36	-	-	-	-	91.50	90.75	85.75