

UNITED STATES DEPARTMENT OF AGRICULTURE



AGRICULTURAL MARKETING SERVICE
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Weekly Cotton Market Review

TEXAS TECH

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Spot cotton prices remained steady, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was restricted by extremely limited supplies of desired grower-held qualities in the CCC loan. Merchant demand was good. Domestic mill buying was light and mostly for fill-ins. Export trading increased. Crop progress was good to excellent in most areas of the Cotton Belt. Cotton in the southeastern states is generally under severe stress from lack of rain, although some areas received scattered showers. Harvesting in the Harlingen, Texas, area will be delayed a few days because of rain. United States domestic mill use and exports in 1986-87 are expected to improve, lowering beginning stocks by about one-fifth. U.S. all cotton planted acreage for 1986 was estimated at 9.67 million acres, down 9 percent from 1985.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 65.65 cents per pound during the week ended Friday, July 11. Prices ranged from a high of 65.67 cents on Monday to a low of 65.61 cents on Thursday. A week earlier, prices averaged 65.66 cents per pound and ranged from 65.63 to 65.67 cents. In the corresponding week a year ago, the average price was 59.94 cents. The New York October 1986 futures settlement price ended the week on Friday at 30.30 cents per pound compared with 31.86 cents a week earlier. The December settlement price was 30.90 cents against 32.11 cents a week earlier.

Trading remained slow on most spot cotton markets. Merchant demand continued to be good to very good, particularly for lower qualities. Growers sold equities from their limited supplies. Prices received were about unchanged and ranged from \$5 to \$27 per bale, mostly \$8 to \$18. Domestic mill buying improved, but remained slow. Export trading increased to a moderate rate. The bulk of the sales were to Far Eastern mills, with European mills buying a light volume. Delivery dates were primarily for September through May. Purchases reported by cotton exchanges in the designated markets totaled 173,300 bales in the week ended Friday, July 11. This compares with 153,300 bales reported a week earlier and 27,700 bales in the corresponding week last season.

Textile mill report. Only a few domestic mills were active in the cotton markets. Most have their needs fairly well covered and were concentrating on arranging delivery of earlier purchases and taking inventory. Buying consisted of a light volume for fill-ins. With anticipated lower price levels and supplies fully adequate for needs, most mills have maintained a conservative forward position. Mills continued to run full weeks with some plants on six and seven day schedules. Sales of most textile products remain good with orders booked into fourth quarter and later months.

World cotton supply and demand estimates. World cotton production and use for 1986-87 are projected to total 75.3 million 480 pound net weight bales, near month-earlier estimates. Expanding use may help boost trade by more than one-tenth next season.

For U.S. cotton, an improved supply-demand balance is in store next season. Total use may top production by around 2 million bales, pulling beginning stocks down by about one-fifth. The crop is projected at 10.7 million bales, slightly below month-earlier indications as recent adverse weather in Texas has trimmed harvested acreage prospects. Exports may rebound sharply to 6 million bales, while mill use is expected to increase a healthy 8 percent to 6.8 million.

Foreign cotton prospects for 1986-87 are highlighted by stable production and large stocks. Output is placed at 64.6 million bales as larger anticipated production in China and Brazil is about offsetting smaller crops in Australia, Pakistan, India, Mexico and Turkey. This season's lower prices are responsible for the cutbacks. While mill use may gain about 2 percent, foreign exports will suffer from intensifying U.S. competition. The U.S. share of world trade is projected to recover to about 28 percent, up from 10 percent in 1985-86.

Planted acreage of all cotton in the United States was expected to total 9.67 million acres, down 9 percent from 1985 plantings, according to the Agricultural Statistics Board, NASS, USDA. Upland area was estimated at 9.57 million acres and American Pima at 98,000 acres. By June 1, about 76 percent of the intended acreage was planted.

In the southeastern states (Alabama, Georgia, North Carolina, South Carolina), growers planted 774,000 acres, down 3 percent from 1985. Planting got off to a slow start in South Carolina due to fluctuating temperatures and unusually low soil moisture. In North Carolina, although behind last year, plantings were ahead of normal. Plantings in Alabama and Georgia began about on schedule, but quickly fell behind due to drought conditions throughout April and May.

Area planted to cotton in the Delta states (Arkansas, Louisiana, Mississippi, Missouri, Tennessee) was estimated at 2.58 million acres, down 3 percent from last year. Planting was slightly ahead of normal in this region as of June 1 and the condition of the crop ranged from mostly poor in Missouri to fair to good in other states. Heavy rains during the last half of May in Missouri resulted in some abandonment.

Oklahoma and Texas upland acreage was estimated at 4.87 million acres, 9 percent below 1985. Planting in Oklahoma was behind last year, due to heavy spring rains and cool temperatures causing some replanting. In Texas, cotton planting got off to a good start in March and was ahead of schedule for awhile, but was delayed in the Blacklands by rains and in west Texas by dry weather and later by heavy rains.

Upland growers in the western states (Arizona, California, New Mexico) planted 1.33 million acres, down 24 percent from 1985. Planting was completed in California by June 1 and was almost completed in Arizona, while New Mexico plantings were behind last year.

American Pima acreage was estimated at 98,000 acres, up 17 percent from 84,000 acres planted last year.

Cotton acreage planted and harvested, crops of 1983-1985, and planted, crop of 1986

State	1983		1984		1985		1986	
	Planted	Harvested	Planted	Harvested	Planted	Harvested	March prospective	Planted
Upland	1,000 acres							
Alabama	219.0	215.0	309.0	307.0	330.0	329.0	320.0	340.0
Arizona	291.0	284.0	430.0	429.0	360.0	359.0	260.0	260.0
Arkansas	320.0	290.0	470.0	465.0	465.0	440.0	465.0	460.0
California	960.0	950.0	1,410.0	1,400.0	1,330.0	1,320.0	1,210.0	1,020.0
Florida	12.5	12.0	17.5	17.0	24.5	22.5	22.0	22.0
Georgia	120.0	115.0	175.0	172.0	255.0	245.0	245.0	235.0
Kansas	0.4	0.4	0.8	0.5	0.8	0.6	2.0	1.2
Louisiana	420.0	410.0	650.0	645.0	640.0	630.0	580.0	600.0
Mississippi	687.0	675.0	1,045.0	1,032.0	1,050.0	1,040.0	1,000.0	1,050.0
Missouri	108.0	93.0	164.0	162.0	152.0	150.0	155.0	165.0
New Mexico	56.0	47.0	77.0	69.0	70.0	54.0	68.0	50.0
North Carolina	60.0	59.0	97.0	96.0	88.0	87.0	84.0	84.0
Oklahoma	320.0	300.0	425.0	375.0	370.0	360.0	360.0	370.0
South Carolina	69.0	69.0	104.0	104.0	124.0	122.0	110.0	115.0
Tennessee	220.0	215.0	340.0	325.0	340.0	335.0	330.0	300.0
Texas	4,000.0	3,550.0	5,350.0	4,700.0	5,000.0	4,650.0	4,400.0	4,500.0
Virginia	0.4	0.4	1.0	1.0	1.3	1.3	1.5	1.4
U.S.	7,863.3	7,284.8	11,065.3	10,299.5	10,600.6	10,145.4	9,612.5	9,573.6
American Pima								
Arizona	29.5	29.3	50.5	50.3	56.5	56.3	70.0	73.0
New Mexico	11.1	11.1	10.0	10.0	8.0	7.9	10.0	10.0
Texas	22.4	22.3	19.6	19.3	19.5	19.4	18.0	15.0
U.S.	63.0	62.7	80.1	79.6	84.0	83.6	98.0	98.0
U.S. all cotton	7,926.3	7,347.5	11,145.4	10,379.1	10,684.6	10,229.0	9,710.5	9,671.6

Source: Agricultural Statistics Board, National Agricultural Statistics Service, USDA

Cotton supply and use: World, United States, major exporters and importers; marketing years 1984-85, 1985-86, and 1986-87 ^{1/}

July 11, 1986

Region	Supply			Use		Ending stocks	
	Beginning stocks	Production	Imports	Mill use	Exports		
<u>Million 480 pound bales</u>							
<u>1984-85</u>							
World	24.98	86.86	20.35	69.86	20.29	41.70	
United States	2.78	12.98	0.02	5.54	6.22	4.10	
Total foreign	22.20	73.88	20.33	64.32	14.08	37.60	
Major exporters ^{2/}	12.03	52.69	1.00	31.69	9.07	24.67	
China	7.77	28.70	0.10	15.50	1.20	19.77	
Pakistan	0.09	4.63	0.03	2.26	1.26	1.05	
USSR	2.34	10.76	0.69	9.65	3.00	1.15	
Major importers ^{3/}	4.51	0.98	15.84	16.33	0.56	4.43	
Japan	0.67	-	3.12	3.19	-	0.61	
<u>1985-86 (Estimated)</u>							
World	41.70	78.12	20.45	73.37	19.34	47.26	
United States	4.10	13.43	0.03	6.31	2.01	9.36	
Total foreign	37.60	64.69	20.41	67.07	17.33	37.89	
Major exporters ^{2/}	24.67	44.70	1.00	34.06	12.07	23.95	
China	19.77	19.10	0.10	17.50	2.20	19.17	
Pakistan	1.05	5.70	-	2.35	2.80	1.44	
USSR	1.15	12.11	0.65	9.70	3.00	1.20	
Major importers ^{3/}	4.43	1.16	15.66	16.33	0.57	4.31	
Japan	0.61	-	2.94	2.97	-	0.58	
<u>1986-87 (Projected)</u>							
World							
June	47.1	75.2	21.5	75.2	21.5	46.8	
July	47.3	75.3	21.6	75.3	21.6	46.9	
United States							
June	9.4	11.0	^{4/}	6.8	6.0	7.7	
July	9.4	10.7	^{4/}	6.8	6.0	7.4	
Total foreign							
June	37.7	64.2	21.5	68.4	15.5	39.1	
July	37.9	64.6	21.6	68.5	15.6	39.5	
Major exporters ^{2/}							
July	24.0	44.3	1.2	34.4	10.3	24.5	
China	July	19.2	19.7	0.1	17.5	2.1	19.3
Pakistan	July	1.4	5.3	-	2.5	2.0	2.1
USSR	July	1.2	12.2	0.7	9.8	3.0	1.3
Major importers ^{3/}							
July	4.3	1.1	16.7	16.9	0.6	4.6	
Japan	July	0.6	-	3.0	3.0	-	0.6

^{1/} Marketing year beginning August 1. Totals may not add and trade and stocks may not balance due to rounding, a small quantity destroyed, and other factors. ^{2/} Australia, China, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. ^{3/} Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan. ^{4/} Less than 50,000 bales.

Source: United States Department of Agriculture

Four months and older certificated stock, August 1, 1986 1/

Delivery point	4-10 months	11-15 months	17-22 months	Over 22 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	26,486	554	67	32	27,139
Greenville	60	57	-	-	117
Houston	4,991	7	-	-	4,998
Memphis	2,012	170	3	10	2,195
Mobile	-	-	-	-	-
New Orleans	-	-	-	-	-
Total	33,549	788	70	42	34,449

1/ Based on Cotton Division records as of July 15, 1986.

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					8-Mkt. Average	Grade 31 Staple 35 'A' Index 1/	Coarse Count 'B' Index 1/
	Futures Settlement							
	Jul '86	Oct '86	Dec '86	Mar '87	May '87			
July 7	69.50	32.36	32.39	33.15	33.78	65.67	38.80	30.25
8	69.70	31.97	32.14	32.87	33.60	65.67	38.70	30.15
9	68.45	31.70	31.89	32.56	33.33	65.67	38.45	29.65
10	-	31.25	31.43	32.12	32.90	65.61	38.25	29.50
11	-	30.30	30.90	31.62	32.50	65.61	37.85	29.40

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 July 4		Through July 3	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	702,100	-	176,400
Exports	47,800	5,700,100	5,800	1,756,200
Total export commitments	-	6,402,200	-	1,932,600
New sales	3,000	-	7,000	-
Buy-backs and cancellations	11,100	-	1,400	-
Net sales	-8,100	-	5,600	-
Sales next marketing year	9,800	706,500	139,400	2,102,400

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

Upland cotton export sales for the current marketing year resulted in a net increase of 5,600 running bales during the week ended July 3, according to the Foreign Agricultural Service, USDA. Predominant buyers were Italy with 2,500 bales, Portugal 1,400 bales and West Germany 1,200 bales. Sales of 139,400 bales for 1986-87 delivery were primarily to South Korea of 33,900 bales, Taiwan 24,000 and Thailand 22,600 bales. Exports for the week totaled 5,800 bales. Asian destinations accounted for 82 percent of the week's shipments, West European 12 percent and Western Hemisphere 6 percent.

SPOT COTTON QUOTATIONS - UPLAND

Spot prices are for cotton equal to the Official Standards with mike readings of 35 thru 49, net weight, in mixed lots, compressed, free of all charges in 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.

GREENVILLE, SC				MONTGOMERY, AL				GREENWOOD, MS				MEMPHIS, TN				
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade			
	41	51	42	52	41	51	42	52	31	41	51	42	41	51	42	52
	Cents				Cents				Cents				Cents			
33	63.00	59.75	61.75	55.25	63.00	59.50	61.50	56.00	65.00	66.50	60.35	61.10	64.25	58.40	60.50	55.00
34	65.50	61.50	62.75	55.75	65.00	61.00	62.50	57.00	66.00	66.00	62.00	62.00	64.50	62.75	56.00	
35	66.00	61.75	63.00	56.00	65.10	61.10	62.60	57.00	66.95	66.25	62.10	62.80	64.75	63.00	56.00	
36	66.20	61.85	63.10	56.10	65.20	61.20	62.70	57.00	67.05	66.35	62.20	62.70	65.75	61.75	63.00	56.00

DALLAS, TX				LUBBOCK, TX				PHOENIX, AZ				FRESNO, CA			
Staple	Grade			Staple	Grade			Staple	Grade			Staple	Grade		
	31	41	32	42	41	51	42	52	31	41	32	42	31	41	32
	Cents				Cents				Cents				Cents		
29	54.80	54.00	54.35	53.70	55.45	53.65	54.15	53.00	-	-	-	-	-	-	-
30	56.40	55.60	55.85	54.90	57.05	54.95	55.85	54.05	-	-	-	-	-	-	-
31	58.55	57.70	58.00	56.75	58.90	57.00	57.45	55.20	-	-	-	-	-	-	-
32	60.15	59.20	59.60	57.95	60.65	57.40	58.65	55.40	-	-	-	-	-	-	-
33	62.90	61.50	61.40	59.10	63.25	58.40	59.10	55.90	65.35	61.35	61.35	57.10	-	-	-
34	65.20	63.75	63.55	60.35	65.50	59.80	60.35	55.90	68.35	64.35	64.35	60.10	70.50	69.75	69.25
35	-	-	-	-	-	-	-	-	68.45	64.45	64.45	60.10	72.25	71.50	71.00
36	-	-	-	-	-	-	-	-	-	-	-	-	72.35	71.60	71.10
37	-	-	-	-	-	-	-	-	-	-	-	-	72.45	71.70	71.20

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MIKE DIFFERENCES

MIKE RANGES	Points per pound									8 MARKET AVERAGE
	GVL	MTG	MEM	GRNW	DAL	LUB	PHOE	FRES		
26 & Below	-1000	-1200	-1000	-1000	-850	-850	-1100	-1000	-1000	
27 thru 29	-800	-800	-800	-800	-500	-500	-800	-700	-713	
30 thru 32	-500	-500	-550	-500	-300	-200	-600	-400	-444	
33 thru 34	-200	-300	-200	-200	-200	-150	-300	-200	-219	
35 thru 49	0	0	0	0	0	0	0	0	0	
50 thru 52	-150	-150	-125	-125	-115	-200	-150	-50	-133	
53 & Above	-250	-250	-250	-225	-225	-300	-200	-100	-225	

SPOT COTTON QUOTATIONS - AMERICAN PIMA 1/

Staple	Grade	Grade	Grade	Mike ranges	Points per pound
	03	04	05		
	Cents				
44	91.50	83.50	53.50	26 & Below	-2000
				27 thru 29	-1550
				30 thru 32	-1250
				33 thru 34	-350
46	92.00	84.00	53.75	35 & Above	0

1/ Arizona, New Mexico and Texas.

LANDED MILL PRICES - GROUP 201 MILL POINTS

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

SOUTHEASTERN GROWTHS				MEMPHIS TERRITORY GROWTHS				CALIFORNIA (SJV) GROWTHS			TEXAS OKLAHOMA GROWTHS			
Staple	Grade			Staple	Grade			Staple	Grade		Staple	Grade		
	31	41	51	42	31	41	51	42	31	41	51	41	51	42
	Cents				Cents				Cents			Cents		
29	-	-	-	-	-	-	-	-	-	-	-	61.50	59.75	61.75
30	-	-	-	-	-	-	-	-	-	-	-	63.00	61.00	63.25
31	-	-	-	-	-	-	-	-	-	-	-	65.00	63.25	65.00
32	-	-	-	-	-	-	-	-	-	-	-	66.75	63.75	66.75
33	72.75	72.00	68.25	69.25	73.25	72.50	68.50	69.50	-	-	-	69.00	64.75	69.50
34	75.00	73.50	69.50	71.00	75.50	74.00	69.75	71.25	78.25	77.00	74.00	71.25	66.25	71.25
35	75.25	74.00	70.00	71.50	75.75	74.50	70.25	71.75	80.00	78.75	76.75	-	-	-
36	-	-	-	-	-	-	-	-	80.25	79.00	76.75	-	-	-