

# UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE  
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## Weekly Cotton Market Review

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Spot cotton quotations averaged 142 points lower than the previous week, according to the Cotton Division, Agricultural Marketing Service, USDA. The average quotation for grade 41 staple 34, mike 35-49, in the designated markets was 72.53 cents per pound during the week ending Friday, July 12. Daily average quotations ranged from a high of 74.09 cents on Monday, July 8, to a low of 71.78 cents on Wednesday, July 10. Quotations averaged 73.95 cents during the previous week and 78.90 cents in the corresponding week a year ago. The New York October 1991 futures settlement price closed on Friday at 70.41 cents against 72.65 cents the previous week. Friday's December settlement price was 69.44 compared with 70.54 cents a week ago. Spot transactions in the designated markets totaled 5,496 bales during the week ending Friday, July 12. This compares with 8,256 bales in the previous week and 19,907 bales in the corresponding week last season.

Southeastern markets. Trading was restricted due to lack of supplies and lower prices. Demand was fairly good for grades 41 and higher, staple 34 and longer, mike 35-49, but supplies were extremely limited. Equity trading was almost nil. Forward contracting of the 1991 crop continued slow. Crops across the Southeast continued to improve under near ideal weather conditions. Some areas have reported increased insect counts, but spray schedules were keeping the insects under control.

South central markets. Trading was very slow. Merchant demand was good for grades 41 and higher which were in short supply. Lower grade, low mike cotton was most readily available, but demand was weak for this type of cotton. In mixed lots, grade 41 staple 34, mike 35-49, traded at 350 to 400 points on NY October futures. A light to moderate volume of mixed grades, mostly below grade 50, staples 33 and longer, low mike, sold at around 63 cents per pound. Domestic mills bought a light volume of cotton for prompt delivery. Interest was greatest for new-crop cotton for forward delivery but purchases were light as most mill buyers awaited a final ruling on pending legislation. Export trading increased and was mostly with Far Eastern mills. Sales included a moderate volume of cotton for prompt and nearby shipment. Growers were unwilling to contract 1991-crop cotton at prevailing prices. The cotton crop continued to progress at a rapid pace under ideal growing conditions.

Southwestern markets. Grower-held stocks of cotton were virtually depleted. The light volume of available merchant controlled cotton was used to satisfy urgent needs for domestic mills, and to meet some of the export demand. Southeast Asian mills sought old crop as well as new crop deliveries. A limited volume of old-crop cotton was booked and a moderate volume of new-crop cotton was booked for fourth quarter and

first quarter 1992 delivery. Forward contracting of the 1991 crop remained inactive. The cotton crop continues to make normal growth. Spray schedules were necessary to combat bollworm infestations in some localities. Rains delayed the onset of harvesting in south Texas. High volume harvesting was expected in south Texas within a week.

Western markets. Trading was very slow in the San Joaquin Valley (SJV). A small volume of grade 31 staples 35-37, mike 35-49, traded between merchants at 750 points on NY October futures, FOB cars or trucks, UD free, for mid-August shipment. Domestic and Far Eastern mills purchased a light to moderate volume for prompt and nearby shipment. A very small amount of 1991-crop cotton was traded between merchants at 750 points on NY December futures, basis grade 31, staple 35, mike 35-49. In the Desert Southwest (DSW), trading was almost inactive. Far Eastern mills purchased a small volume for prompt shipment. The western area upland crop made good progress during the week. Demand was weak for old and new-crop American Pima cotton. A small amount of grade 5 and 6, mostly mike 35-49, traded at around 69.25 and 55.25 cents per pound, respectively. A very small acreage of 1991 crop was forward contracted at \$1.22 per pound, basis grade 3. The American Pima was progressing satisfactorily.

Textile mill report. Domestic mill buying was slow. A few inquiries and a few purchases were made for prompt and nearby delivery. Interest in forward purchases was extremely light. Mills appeared to have most nearby needs well covered. More mills were using California cotton to replace the eastern and south central area cotton which was in extremely short supply. Inter-merchant trading continued at a fairly active pace in an effort to fill existing mill contracts. The higher grade white and equivalent Light Spotted grades, staples 34 and longer, mike 35-49, continued in best demand. Early shipments from south Texas and the Carolinas were still being counted on to fill the gap until new crop becomes generally available. Mill business continued good for most products, especially denims. Home furnishing and ladies apparels were among the slowest sellers. Prices on some products have improved. Most mills have resumed operation after the Holidays. Workweeks continued at mostly six to seven days, while some were still operating on five to six-day schedules.

World cotton supply and demand estimates. It was reported in the July 11, World Agricultural Supply and Demand Estimates that world cotton prospects for 1991-92 are little changed this month although production may not increase as much as anticipated last month. Even so, output is expected to exceed consumption by about 3 percent, resulting in moderate stock rebuilding. This season's relatively high prices are encouraging larger acreage and production in a number of countries, boosting global output about four percent to a record 90.3 million bales. Meanwhile, consumption is projected to rise about two percent to 87.7 million bales, also a record high. With most of the consumption growth expected to occur in major producing countries, world trade could decline slightly to about 23.5 million bales. Ending stocks are forecast at 29 million bales, slightly below last month but nine percent above the estimated beginning level.

The U.S. cotton outlook for 1991-92 is highlighted by prospects for slightly larger production, modestly smaller use and larger stocks. The 1991 crop is revised up one percent this month to 16.2 million bales, reflecting larger planted acreage. Prospective mill use remains at 8.5 million bales, unchanged from 1990-91, while the export forecast remains at seven million bales, down about one-tenth from 1990-91. Smaller exports reflect the potential for increased competition from several major foreign exporting countries. U.S. ending stocks next season are placed at three million bales, 0.2 million above month-earlier prospects and more than one-third above the low beginning level.

Foreign cotton stocks next season also are projected to recover somewhat from recent low levels. The 1991-92 foreign crop may increase about four percent to 74 million bales, with prospects most favorable in China, India and Pakistan. Use abroad is expected to increase modestly to a record 79.2 million bales, with China and Pakistan expected to account for most of the growth. Larger foreign exports also are anticipated. Ending stocks overseas are placed at 26 million bales, slightly below a month earlier but 1.5 million above the projected carryin.

Cotton supply and use: World, United States, major exporters and importers;  
marketing years 1989-90, and 1990-91<sup>1/</sup>  
July 11, 1991

Region	Supply			Use		Loss 2/	Ending stocks
	Beginning stocks	Produc- tion	Imports	Domestic	Exports		
Million 480 pound bales							
1990-91 (Estimated)							
World	25.95	86.62	23.60	86.05	23.19	0.28	26.65
United States	3.00	15.50	3/	8.50	7.90	-0.10	2.20
Total foreign	22.95	71.12	23.60	77.55	15.29	0.38	24.45
Major exporters 4/	9.11	47.72	3.10	40.06	7.10	0.22	12.55
China	3.88	20.70	2.00	20.50	0.90	-	5.18
Pakistan	1.16	7.51	3/	5.70	1.10	0.10	1.78
USSR	1.99	12.00	0.35	8.70	2.00	-	3.64
Major importers 5/	5.08	1.46	14.19	15.36	0.91	0.07	4.40
Japan	0.73	-	2.75	2.90	-	-	0.58
Selected Other							
Brazil	1.61	3.09	0.60	3.30	0.55	-	1.45
India	2.58	9.20	-	9.00	0.98	-	1.80
1991-92 (Projected)							
World							
June	26.4	91.0	23.5	88.0	23.5	0.2	29.2
July	26.7	90.3	23.4	87.7	23.5	0.2	28.9
United States							
June	2.2	16.0	3/	8.5	7.0	-0.1	2.8
July	2.2	16.2	3/	8.5	7.0	-0.1	3.0
Total foreign							
June	24.2	75.0	23.5	79.5	16.5	0.3	26.4
July	24.5	74.1	23.4	79.2	16.5	0.3	25.9
Major exporters 4/							
July	12.6	49.1	2.2	41.0	8.8	0.2	13.9
China July	5.2	22.5	1.0	21.0	1.5	-	6.2
Pakistan July	1.8	7.8	3/	6.3	1.6	0.1	1.7
USSR July	3.6	11.5	0.4	8.5	3.0	-	4.0
Major exporters 5/							
July	4.4	1.4	14.2	14.9	0.9	-	4.3
Japan July	0.6	-	3.0	2.9	-	-	0.6
Selected other							
Brazil July	1.4	3.5	0.6	3.5	0.6	-	1.5
India July	1.8	10.0	-	9.3	0.6	-	1.9

1/ Marketing year beginning August 1. Totals may not add and trade may not balance due to rounding and other factors. 2/ For foreign countries, reflects cotton lost or destroyed in the marketing channel; for the United States, reflects the difference between ending stocks based on Bureau of Census data and implicit stocks based on supply less total use. 3/ Less than 5,000 bales. 4/ Australia, China, Central American, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. 5/ Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

Source: United States Department of Agriculture

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	1991				
	June 14-20		June 21-27		June 28-
	July 4		July 5-11		July 12-18
Adjusted world price	64.21	64.31	63.99	61.60	60.45
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					7 Mkt. Average	'A' Index 1/2	'B' Index 1/2	Coarse Count
	Futures Settlement								
	Oct '91	Dec '91	Mar '92	May '92	Jul '92				
July 8	72.53	70.48	71.38	72.03	72.50	74.09	77.60	75.00	
9	70.53	68.89	70.08	70.82	71.40	72.66	77.60	75.00	
10	70.09	69.20	70.39	71.25	71.95	71.78	76.30	73.65	
11	70.52	69.86	71.08	71.75	72.35	72.09	76.35	73.75	
12	70.41	69.44	70.70	71.25	72.05	72.01	76.65	74.10	

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 1989-90 and 1990-91

Description	Marketing Year			
	1989-90		1990-91	
	Through July 5		Through July 4	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,355,100	-	476,100
Exports	124,600	6,492,600	42,400	6,887,700
Total export commitments	-	7,847,700	-	7,363,800
New sales	14,500	-	21,000	-
Buy-backs and cancellations	5,900	-	600	-
Net sales	8,600	-	20,400	-
Sales next marketing year	103,800	1,924,700	84,000	1,852,400

Upland cotton export sales for the 1990-91 marketing year were 20,400 running bales. Sales for the 1991-92 marketing year totaled 84,000 bales. Indonesia was the predominant buyer with purchases of 28,400 bales, South Korea 18,800, and Japan 14,300 bales. Exports of 42,400 bales were below the previous week's total by 22 percent. Asian destinations accounted for 80 percent of the week's shipments; West European 14 percent; and Western Hemisphere six percent.

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

NOTE: Data may not add due to rounding.

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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 12, 1991

Spot quotations are in cents per pound for cotton equal to the Official Standards with mike readings of 35-49, net weight, in 40 lb lots, uncompressed, free of all charges in the warehouse in the market. Quotations are the average value of spot cotton in the 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	Staple	31	41	51	42	21	31	41	32
71.91	70.66	63.41	63.91	73.16	71.66	62.16	63.86	33	73.16	71.66	62.16	63.86	70.41	70.41	66.41	66.41
73.91	73.41	66.41	67.16	75.66	74.41	64.91	66.61	34	75.66	74.41	64.91	66.61	74.41	74.41	70.41	70.41
74.16	73.66	66.66	67.41	75.76	74.51	65.01	66.71	35	75.76	74.51	65.01	66.71	74.51	74.51	70.51	70.51
74.31	73.81	66.81	67.56	75.86	74.61	65.11	66.81	36	75.86	74.61	65.11	66.81	74.51	74.51	70.51	70.51

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Staple	21	31	41	51
59.80	59.30	59.00	58.75	59.80	59.30	59.00	58.75	29	-	-	-	-
62.95	61.90	61.50	61.00	62.95	61.90	61.50	61.00	30	-	-	-	-
64.90	63.90	63.75	62.30	64.90	63.90	63.75	62.30	31	-	-	-	-
66.95	66.00	65.80	65.50	66.95	66.00	65.80	65.50	32	-	-	-	-
68.65	67.80	67.50	67.25	68.65	67.80	67.50	67.25	33	-	-	-	-
71.10	70.00	69.90	69.20	71.10	70.00	69.90	69.20	34	72.41	72.16	71.41	68.66
71.80	71.15	70.80	69.30	71.80	71.15	70.80	69.30	35	74.16	73.91	73.16	69.66
71.90	71.25	71.00	69.50	71.90	71.25	71.00	69.50	36	74.26	74.01	73.26	69.66
71.90	71.25	71.00	69.50	71.90	71.25	71.00	69.50	37	74.36	74.11	73.36	69.66

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-1400	26 & Below	-1400	-2200	-	-1493
-800	-890	-890	-700	27-29	-700	-1500	-1500	-997
-500	-625	-625	-350	30-32	-350	-900	-950	-614
-250	-330	-330	-150	33-34	-150	-450	-350	-287
0	0	0	0	35-49	0	0	0	0
-300	-155	-155	-200	50-52	-200	-200	-100	-187
-400	-240	-240	-250	53 & Above	-	-250	-	-276

SPOT QUOTATIONS - AMERICAN PIMA

Staple	01	02	03	04	05	06	Mike ranges	Points per pound
							26 & Below	-3500
							27-29	-2800
44	126.75	126.50	123.50	106.50	70.00	62.00	30-32	-1800
							33-34	-300
46	127.25	127.00	124.00	107.00	70.00	62.00	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	66.75	63.50	66.75	64.25	-	-	-
-	-	-	-	-	-	-	-	30	68.50	66.00	68.50	66.50	-	-	-
-	-	-	-	-	-	-	-	31	70.00	67.25	70.00	68.00	-	-	-
-	-	-	-	-	-	-	-	32	71.50	68.25	71.50	68.75	-	-	-
80.75	79.25	75.50	76.50	81.25	79.75	75.75	76.75	33	73.75	69.50	73.75	70.00	-	-	-
81.75	80.00	76.50	77.50	82.25	80.50	76.75	77.75	34	76.00	71.25	76.00	71.75	81.25	80.50	77.75
82.25	80.75	77.00	78.00	82.75	81.25	77.25	78.25	35	-	-	-	-	82.75	82.00	79.00
-	-	-	-	-	-	-	-	36	-	-	-	-	83.00	82.25	79.00