

UNITED STATES DEPARTMENT OF AGRICULTURE

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Weekly Cotton Market Review

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Inter-merchant trading accounted for the bulk of the limited spot market activity during the week ended July 13, according to the Cotton Division, Agricultural Marketing Service, USDA. Demand remained best for grades 41 and higher, now in tightening supply. Cotton remaining in growers control reached low levels. Domestic mills satisfied their limited demand with a light volume of purchases, mostly for fill-ins. Sales for export consisted of a small quantity destined to European and Far Eastern spinners. Forward contracting of 1990-crop cotton by growers slowed. Quotations for spot cotton fluctuated and averaged 30 points higher than the previous week. Rain and cooler temperatures improved crop prospects over much of the Belt. Harvesting was slowly gaining momentum in south Texas. Prospective ending 1990-91 stocks of cotton are expected to drop to the lowest level in ten years.

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 79.80 cents per pound during the week ending Friday, July 13, and ranged from a low of 78.24 cents on Tuesday, July 10, to a high of 79.71 cents on Friday, July 13. Quotations averaged 79.50 cents a week earlier and 66.38 cents in the corresponding week a year ago. The New York October 1990 futures settlement price closed on Friday at 78.10 cents compared with 78.74 cents a week earlier and the December settlement price was 74.28 cents against 73.62 cents the previous week. Spot transactions in the designated markets totaled 19,907 bales during the week ended Friday, July 13. This compares with 17,704 bales the previous week and 80,421 bales in the corresponding week last season.

Trading. Southeastern markets. Trading remained slow to nonexistent. Most grower-held cotton has been marketed. Merchants were actively seeking cotton offered, but trading was light. Bid prices were strong for better grade lots, and somewhat cheaper for the lower grades. Demand was best for grades 51, 42 and higher, staples 34 and longer, mike 35-49. CCC loan equities were about exhausted. Inter-merchant trading constituted the bulk of activity. In mixed lots trading of mostly grades 51, 42 and higher, grade 41 staple 34, mike 35-49, traded at 200 to 250 points on NY October futures. Mixed lots of higher grade cotton with high breaking strength continued in good demand and brought premiums of around 100 to 150 points. Domestic mill business remained fairly good. Contracting of 1990-crop cotton slowed as futures prices fluctuated widely. Prices offered remained at 150 to 300 points off NY December futures in North Carolina and Georgia to 350 to 450 points off in Alabama. Terms varied widely, but most contracts included premiums of 100 points for high strength.

South central markets. A moderate volume of cotton traded. Demand remained strong for the better grades of cotton but supplies were almost nonexistent. Grades 41 and higher, staples 34 and longer, mike 35-49 cotton, traded at prices ranging from 300 to 400 points on NY October futures. Cotton with high or low mike readings was discounted heavily. A sizeable volume of 1989-crop equities traded at around \$65 per bale. Merchants traded among themselves. Domestic mills bought selectively. A moderate volume of higher grades was purchased for fourth quarter 1990 delivery. Numerous requests were received from mills for 1990-crop cotton for October 1990 through June 1991 delivery. Export trading was limited and primarily with European

mills for prompt shipment. Forward contracting by growers of 1990-crop cotton slowed. Prices for acreage contracts ranged from 650 to 675 points off NY December futures, basis grade 41 staple 34, mike 35-49, and prices for bale contracts were 500 to 550 points off, depending on various delivery terms.

Southwestern markets. Depleted stocks restricted trading. Demand remained very good for most qualities and offering prices trended higher. A few CCC equities traded with 1988-crop cotton moving at \$40 to \$70 per bale and 1989-crop equities bringing \$90 to \$120 per bale. Far Eastern mills purchased a light volume of cotton for fourth quarter 1990 and first quarter 1991 shipment. Forward contracting efforts slowed following a flurry of interest the proceeding week. A limited acreage of irrigated west Texas and Oklahoma cotton was booked late in the week at 1,800 to 2,000 points above CCC loan rates. Growers were generally asking 2,000 to 2,500 points above loan rates. Harvesting was slowly gaining momentum in south Texas. The first bale was harvested June 4, which was the earliest first bale since 1954, but no other cotton was harvested until this week. Less than 300 bales was harvested during the week.

Western markets. Trading was inactive. Stocks were very light. A small amount of CCC generic certificates traded near par. Domestic and European mills purchased a small amount of cotton from the San Joaquin Valley (SJV) for prompt shipment. Far Eastern mills purchased a small amount from the Desert Southwest (DSW) for prompt shipment. Growers in the SJV forward contracted a small acreage of 1990 crop at 600 to 625 points on NY December futures, basis grade 31 staple 35, mike 35-49. Arizona growers booked a small acreage at 73.25 to 74.50 cents, basis grade 31 staple 34. Trading in American Pima was very light and prices were sharply higher. Grade 3, mike 35-49, spot prices ranged from \$1.02 to almost \$1.07 per pound. Mixed lots of grades 3 and 4, heavy in grade 4, brought 92 to 93 cents per pound. A small acreage of 1990-crop American Pima cotton was forward contracted at \$1.06 to \$1.10 per pound, basis grade 3. Some growers held for higher prices.

Textile mill report. Domestic mill trading was slow. Demand for cotton was light for both nearby and forward deliveries as the holiday doldrums continued. Demand was best for fill-ins for August-September shipment, but several made inquiry and purchased a small volume of new crop cotton with delivery dates ranging mostly from fourth quarter 1990 through mid-1991. Delta and Southeastern growths, were preferred with some interest shown in Texas and California cotton. Qualities in best demand were the medium white and equivalent Light Spotted grades, staples 34 and longer. The south Texas crop, and lately the Plains crop, continued to receive attention due to the drought. Mill business remained fairly good. Lightweight ladies apparel, combed yarns and household products continued to sell well. Some mills remained closed for an extra week during the Fourth of July holidays. Reports indicated mills were considering the possibility of future closings to adjust inventories of unsold goods. Mill workweeks continued at mostly five to seven days, with a few small yarn mills on four-day weeks.

World cotton supply and demand estimates. The prospective world cotton supply-demand balance for 1990-91 continues to tighten, with ending stocks expected to drop to the lowest level in a decade. Although up 9 percent from 1989-90, production has been shaved 2 percent this month to 86.6 million bales. The consumption forecast remains near the 87 million bale level, 1 percent above 1989-90. Trade during 1990-91 is projected at 24.7 million bales, slightly below a month earlier but in line with this season's level. Next season's ending stocks are projected at 23.2 million bales, more than a million bales below June indications and nearly a million below beginning stocks.

The U.S. cotton outlook for 1990-91 generally mirrors global prospects, with use constrained by a downward revision in production, and stocks remaining at a pipeline level. This is in marked contrast to last month's outlook for moderate stock rebuilding in the new season. The 1990 crop now is projected at 15 million bales, 1 million below a month earlier, primarily reflecting extremely hot, dry conditions which have reduced prospective harvested acreage and trimmed potential yields in Texas. Despite continuing strong demand for U.S. cotton, both mill use and export prospects have diminished in view of reduced supply prospects. Mill use and exports are estimated at 7.8 and 7.3 million bales, respectively, both down about 2.5 percent from a month earlier. Next season's ending stocks are expected to approximate the estimated beginning level of 3 million bales.

Foreign cotton supply-demand prospects for next season remain close to those indicated last month. Relatively large output in China, India, Pakistan and Australia is expected to boost production abroad about 6 percent to 71.6 million bales. Consumption, fueled mostly by larger use in China and Pakistan, is projected up 2 percent in 1990-91. While imports next season may about match 1989-90, foreign exports are expected to increase close to 7 percent as they benefit from the limited U.S. supply. Ending stocks in 1990-91 are projected at 20.2 million bales in foreign countries, about 4 percent below beginning stocks.

Cotton supply and use: World, United States, major exporters and importers;
marketing years 1989-90, and 1990-91 1/
July 12, 1990

Region	Supply			Use		Loss 2/	Ending stocks
	Beginning stocks	Produc- tion	Imports	Domestic	Exports		
Million 480 pound bales							
1989-90 (Estimated)							
World	30.54	79.54	24.82	86.08	24.20	0.50	24.12
United States	7.09	12.20	3/	8.35	7.90	0.04	3.00
Total foreign	23.45	67.34	24.82	77.73	16.30	0.46	21.12
Major exporters 4/	9.13	43.53	2.91	39.14	8.45	0.24	7.75
China	4.97	17.40	1.90	20.00	0.70	-	3.57
Pakistan	0.23	6.68	3/	4.84	1.50	0.20	0.39
USSR	1.97	12.23	0.35	9.20	3.40	-	1.95
Major importers 5/	5.54	1.51	15.98	17.20	1.00	0.09	4.74
Japan	0.79	-	3.1	3.35	-	-	0.54
Selected Other							
Brazil	2.25	3.03	0.60	3.45	0.60	-	1.83
India	1.70	10.00	-	8.55	0.60	-	2.55
1990-91 (Projected)							
World							
June	23.9	88.0	25.0	87.0	25.0	0.3	24.6
July	24.1	86.6	24.7	87.1	24.7	0.3	23.2
United States							
June	3.2	16.0	3/	8.0	7.5	-0.1	3.8
July	3.0	15.0	3/	7.8	7.3	-0.1	3.0
Total foreign							
June	20.7	72.0	25.0	79.0	17.5	0.4	20.8
July	21.1	71.6	24.7	79.3	17.4	0.4	20.2
Major exporters 4/							
July	7.8	47.1	2.3	40.1	8.6	0.2	8.2
China July	3.6	21.0	1.3	20.5	1.0	-	4.4
Pakistan July	0.4	6.9	3/	5.3	1.3	0.2	0.5
USSR July	1.9	11.5	0.4	9.2	3.0	-	1.6
Major importers 5/							
July	4.7	1.7	16.0	16.9	1.2	0.1	4.3
Japan July	0.5	-	3.3	3.4	-	-	0.5
Selected Other							
Brazil July	1.8	3.4	0.6	3.6	0.5	-	1.8
India July	2.5	9.4	-	8.8	1.0	-	2.2

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.

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 15-21	June 22-28	June 29- July 5	July 6-12	July 13-19
Adjusted world price	64.79	66.16	67.02	67.90	66.56
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	Grade 31 Staple 35 Index 1/2	Coarse Count Index 1/2
	Oct '90	Dec '90	Mar '91	May '91	Jul '91			
July 9	76.74	71.95	72.40	72.80	72.45	79.31	92.10	85.25
10	74.83	70.86	71.65	72.13	71.73	78.24	91.10	84.15
11	75.09	72.05	72.95	73.24	73.20	78.42	89.30	82.65
12	76.85	73.88	74.75	75.05	74.90	78.82	89.40	82.85
13	78.10	74.28	74.95	75.23	75.00	79.71	90.80	84.35

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 July 6	Through July 5	Through July 6	Through July 5
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,099,700	-	1,355,100
Exports	150,500	5,244,300	124,600	6,492,600
Total export commitments	-	6,344,000	-	7,847,700
New sales	21,300	-	14,500	-
Buy-backs and cancellations	6,500	-	5,900	-
Net sales	14,800	-	8,600	-
Sales next marketing year	11,800	1,211,100	103,800	1,924,700

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Net sales of 8,600 running bales during the week ending July 5 included increases primarily for South Korea with purchases of 7,300 and Japan 4,000 bales and reductions of 4,500 bales for Turkey. Sales of 103,800 bales for the 1990-91 marketing year were primarily for South Korea with purchases of 48,700 bales, Indonesia 17,800, Japan 9,500 and France 8,000 bales. Exports of 124,600 bales were down 8 percent from the prior week. Asian destinations accounted for 83 percent of the week's shipments, African 8 percent, West European 6 percent and Western Hemisphere 3 percent. American Pima sales totaled 2,800 bales and were mainly to South Korea with purchases of 2,300 bales. Sales of 14,400 bales for the 1990-91 marketing year were primarily for West Germany with purchases of 9,300 bales, South Korea 2,700, and Italy 1,400 bales. Shipments of 4,000 bales were mainly for Japan 1,600 and South Korea 700 bales.

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 13, 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	Staple	31	41	51	42	21	31	41	32
78.55	77.45	74.45	74.95	80.35	79.35	75.35	76.35	33	80.55	79.35	75.10	76.60	77.60	77.60	74.85	74.85
80.60	80.10	77.10	77.60	83.10	82.10	77.85	78.85	34	83.05	82.10	77.85	79.35	81.60	81.60	78.85	78.85
80.85	80.35	77.35	77.85	83.20	82.35	77.95	78.95	35	83.15	82.20	77.95	79.45	81.70	81.70	78.95	78.95
81.00	80.50	77.50	78.00	83.30	82.45	78.05	79.05	36	83.25	82.30	78.05	79.55	81.70	81.70	78.95	78.95

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Staple	21	31	41	51
67.90	67.75	67.55	66.55	70.30	68.20	68.25	67.10	29	-	-	-	-
68.65	68.50	68.30	67.10	71.55	69.45	69.70	69.65	30	-	-	-	-
71.90	71.75	71.55	71.35	74.15	71.95	72.15	72.00	31	-	-	-	-
73.05	72.75	72.55	72.10	75.20	72.70	73.15	72.90	32	-	-	-	-
74.60	74.20	73.50	73.25	76.75	74.70	74.70	74.30	33	-	-	-	-
76.35	76.00	75.30	74.05	78.30	76.00	76.00	74.60	34	84.85	84.60	82.85	79.35
76.65	76.25	75.55	74.35	78.60	76.25	76.25	74.90	35	86.60	86.35	84.60	80.35
76.75	76.35	75.65	74.35	78.70	76.35	76.35	74.90	36	86.70	86.45	84.70	80.35
76.75	76.35	75.65	74.35	78.70	76.35	76.35	74.90	37	86.80	86.55	84.80	80.35

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1685	-	-1700	26 & Below	-1700	-2100	-	-1687
-800	-1175	-1175	-700	27-29	-700	-1400	-1700	-1093
-500	-680	-680	-450	30-32	-450	-800	-1150	-673
-250	-420	-420	-150	33-34	-150	-350	-450	-313
0	0	0	0	35-49	0	0	0	0
-200	-345	-345	-250	50-52	-250	-50	-100	-220
-250	-430	-430	-300	53 & Above	-	-100	-	-302

SPOT QUOTATIONS - AMERICAN PIMA

Staple	01	02	03	04	05	06	Mike ranges	Points per pound
							26 & Below	-3100
							27-29	-2425
44	103.25	103.00	102.00	92.00	70.00	58.50	30-32	-1400
							33-34	-450
46	103.75	103.50	102.50	92.50	70.00	58.50	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	76.75	73.50	76.75	74.25	-	-	-
-	-	-	-	-	-	-	-	30	78.50	76.00	78.75	76.50	-	-	-
-	-	-	-	-	-	-	-	31	80.00	77.25	80.00	78.00	-	-	-
-	-	-	-	-	-	-	-	32	81.50	78.25	81.50	78.75	-	-	-
86.00	85.75	83.75	85.00	86.50	86.25	84.00	85.25	33	83.75	79.50	83.75	80.25	-	-	-
87.00	86.50	84.75	86.00	87.50	87.00	85.00	86.25	34	86.00	81.25	86.00	82.00	89.00	88.25	83.75
87.50	87.25	85.25	86.00	88.00	87.75	85.50	86.25	35	-	-	-	-	90.50	89.75	85.00
-	-	-	-	-	-	-	-	36	-	-	-	-	90.75	90.00	85.00