TEXAS TECH Dept of Ag Eco Ref. Room STATES DEPARTMENT OF AGRICULTURE AGRICULTURAL MARKETING SERVICE

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Weekly Cotton Market Review

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Spot cotton prices weakened, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow. Most growers refuse to offer the very limited volume of cotton available at prevailing prices. Merchant needs were fairly well covered and very few buyers were interested in trading. Domestic mill purchases of new-crop cotton Export trading was slow. Forward contracting of 1985-crop cotton was restricted primarily to south Texas where growers booked a light to moderate volume. crop was maturing rapidly in south Texas and harvesting expanded. The June daily rate of domestic mill cotton consumption was down from the previous month. End-of-June stocks at mills were the smallest since records began in 1913.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 59.10 cents per pound during the week ended Thursday, July 25. Prices ranged from a low of 58.63 cents on Friday to a high of 59.58 cents on Thursday. A week earlier, prices averaged 60.02 cents per pound and ranged from 59.62 to 60.45 cents. In the corresponding week a year ago, the average price was 64.37 cents. The New York October 1985 futures settlement price ended the week on Thursday at 60.72 cents per pound compared with 60.77 cents a week earlier. The December settlement price was 60.68 cents against 61.15 cents a week ago.

Trading on spot cotton markets continued slow. Grower-held supplies were almost exhausted and not offered freely at current prices. Merchants have filled most nearby commitments and demand was very light. Domestic mill purchases of new-crop cotton increased and a light volume of old crop was bought for fill-ins. Export trading was slow. Small purchases were made by both Far Eastern and European mills. Purchases reported by cotton exchanges in the designated markets totaled 27,200 bales in the week ended Thursday, July 25. This compares with 28,500 bales reported a week earlier and 46,900 bales in the corresponding week last season.

Textile mill report. Mills purchased a small volume to fill gaps in stocks and a moderate amount of new crop, but a sustained demand was noticeably absent. Most mills were fairly well covered and postponed buying, expecting supplies to be plentiful. Inventories of unsold goods or larger than needed supplies of cotton were being carefully avoided. interest was shown for Texas Valley new crop and a few mills have indicated that representatives will be taking up cotton there around the first of August. Mill orders for manufactured products were spotty. Sales of many apparel fabrics remain fair to good while some household and industrial products were trading slowly. Yarn sales varied wide-Mill operations vary with some mills running full weeks and others on shortened schedules.

Quality of the 1984 upland cotton crop. The 1984 United States upland cotton crop averaged 34.7 thirty-seconds inches in length. This was the longest average length since records began in 1940. Staple 36 was the predominant length, accounting for 35 percent of the crop. Grade 31 was the predominant grade in the 1984 crop, accounting for 22 percent of ginnings. This was the largest proportion of grade 31 in any crop since 1980 and was the second time grade 31 predominated since 1961. Grade 41 is normally the predominant grade. Average mike was 39, the lowest since records were established in 1965. Average fiber strength was 26.1 grams per tex, the strongest since records began in 1980. 1984 American Pima crop was the largest since 1963 and the second largest on record.

Domestic mill consumption of cotton averaged 20,400 running bales per day during the five weeks ended June 29, according to the Bureau of the Census. This compares with 21,300 bales used per day a month earlier and 20,100 bales in June 1984. Domestic mills consumed 509,200 bales during June, bringing consumption for the first eleven months (48 weeks) this season to 4,747,000 bales. This was the second smallest consumption for the first eleven months of any season since 1931-32. Through June a year ago, mills had used 5,225,800 bales and two years ago 4,889,700 bales.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 152.7 million pounds (about 318,100 bales of 480 pounds) in the five weeks ended June 29, according to the Bureau of the Census. This brought consumption for the August-June period this season to 1,460.0 million pounds (about 3,041,800 bales) and compares with 1,734.2 million pounds (about 3,612,800 bales) used through June a year ago.

Stocks of cotton at mills totaled 709,900 running bales on June 29, according to the Bureau of the Census. This was the smallest end-of-June stocks at mills since records began in 1913 and compares with 803,900 bales a month earlier and 821,500 bales at the end of June last year. At the June daily rate of consumption, mill stocks were equivalent to about seven weeks' supply. Stocks of cotton in public storage totaled 3,576,000 bales on June 29 compared with 4,008,400 bales a month earlier and 2,212,200 bales at the end of June 1984.

All cotton: Domestic mill consumption and stocks, running bales, by months and seasons, 1980-1984

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
					Mil	1 consu	mption 1	/					
1980 1981 1982 1983 1984 <u>3</u> /	443 429 386 453 416	456 517* 474* 560* 494*	597* 448 416 459 415	458 403 391 446 377	475* 400* 425* 468* 407*	435 378 404 469 387	446 398 430 448 406	539* 493* 549* 548* 504*	435 410 431 430 407	441 392 441 442 426	531* 460* 543* 503* 509*	385 317 369 354	5,664 5,043 5,259 5,628
					Mill o	consumpt	ion per	day					
1980 1981 1982 1983 1984 <u>3</u> /	22.1 21.4 19.3 22.6 20.8	22.8 20.7 19.0 22.4 19.8	23.9 22.4 20.8 22.9 20.8	22.9 20.1 19.5 22.3 18.8	19.0 16.0 17.0 18.7 16.3	21.8 18.9 20.2 23.5 19.3	22.3 19.9 21.5 22.4 20.3	21.5 19.7 22.0 21.9 20.2	21.7 20.5 21.5 21.5 20.3	22.1 19.6 22.0 22.1 21.3	21.3 18.4 21.7 20.1 20.4	19.2 15.9 18.4 17.7	21.8 19.4 20.2 21.6
				Sto	cks in co	nsuming	establis	shments 2	2/				
1980 1981 1982 1983 1984 <u>3</u> /	891 810 750 712 715	784 695 671 639 645	743 663 611 556 542	750 673 635 554 560	831 757 698 611 683	947 822 782 647 812	1,038 884 777 713 875	1,105 917 790 741 815	1,078 911 795 766 796	1,023 901 777 766 804	937 871 757 822 710	883 830 756 795	-
					Stocks	in publ	ic stora	ge 2/					
1980 1981 1982 1983 1984 <u>3</u> /	1,509 1,491 5,008 6,168 1,491	1,578 1,940 5,293 5,870 1,432	3,181 4,060 7,575 7,119 3,386	5,071 7,064 10,190 8,570 6,321	5,927 9,267 11,101 8,790 7,551	5,847 9,489 11,120 7,525 7,529	5,109 8,882 10,546 6,359 6,541	4,227 7,921 9,713 4,997 5,648	3,470 7,112 8,796 3,956 4,806	2,807 6,292 7,930 2,966 4,008	2,199 5,544 7,419 2,212 3,576	1,688 5,269 6,656 1,761	:

Consumption figures relate to four-week months except as noted. Daily consumption rates calculated on the basis of 20 days for four-week months and 25 days for five-week months with no allowance for holidays. Season totals are adjusted data as reported in Supply and Distribution of Domestic and Foreign Cotton in the United States by Bureau of the Census.

Source: Bureau of the Census

<sup>2/</sup> These data refer to a particular day near the end of the month.

<sup>3/</sup> Preliminary.
Five-week month.

Average Rule Used (ARU).... grade reductions.....

Percent

2.1 2.1.7 3.0 3.0 17.7 1.4 9.6 1.3 3.3 3.3 2.5 2.5 40.5 0.7 3.5 100.0 43.6 2.3 12.9 0.1 \* \* All staples 2/ 261,137 10,227 2,693,402 366,875 2,192,028 170,947 1,189,303 5,840 166,516 11,924 11,924 11,924 20 9,173 406,342 1,717,144 2,579,265 312,717 5,024,661 1,132 22,845 81,369 101,866 27,923 27,923 12,418,749 ; 2,110 6,385 6,140 6,140 184 690 149 29 3,002 16,833 6,407 26,252 45.953 Bales 40 and longer 1 1 5 6 4 5 5 8 部 Bales 122 12,02 Bales 25 1 292 308 347 347 531 24 65 44 1102292 6,302 33 Bales 189 2,238 2,238 17,706 2,699 4,387 550 32,898 820 8,349 5,862 609 5,643 135 208 . . 1 00 1 ,014 199 38 24,434 95,705 106,615 7,342 86, 38, 431, 1, 918, 436, 099, 62, 363, 226, 928, 23, 659, 66, 877, 66, 877, 5, 030, 5, 030 40 163 141 352 3,012 3,012 3,144 5,44 7,487 22 152 696 738 738 751 12 5 2 5 2 5 9 9 932,037 1,175,892 Bales 37 1,765 139,299 355,229 704,683 56,312 601 3,842 503,669 169,456 833,577 66,033 310,507 1,773 29,083 45 214 6,979 17,477 23,766 4,811 53,292 36 313 1,343 1,105 257 288 602 874 4,397,405 Pet. 35.4 1,177 5,901 2,598 9,680 689 222 Bales 36 951 88,782 378,557 772,932 85,799 695 205 205 876 224 42,568 823 73,745 73,745 73,745 39,350 301,219 2,115 39,605 20,404 29,932 7,015 61 116 312 489 2,857,560 Pct. 25.0 554 495 814 874 91 959 Bales 35 7,330 441 87,298 22,610 191,895 11,643 139,331 29,280 29,280 31 493,233 21,895 205,483 310,839 58,477 597,128 2,144 11,658 11,658 16,175 6,147 76,788 1,148,801 2,758 1,311 4,510 52 161 355 568 568 ~ BE 13 135 135 1990 Bales Staple 34 108 650 17,081 118,810 171,977 38,143 714,943 Pet: 5.8 50,439 13,191 120,907 8,588 111,628 23,761 1,261 6,016 9,249 4,342 19 160 281 492 492 4,267 35,271 Bales Pct. Pct. 6.1 5.8 official standards 1,248 25,889 149,043 171,998 29,406 11,659 6,305 7,508 2,467 8,058 7,007 1,230 53,219 111,431 105,580 8,848 108,678 20,196 21 21 41 41 688 124 369 409 151 292 47 719,186 Bales 32 Census, running bales. 2,112 40,620 202,430 189,490 23,453 458,108 2,062 7,960 6,479 1,481 760,826 Pet. 104 8,734 946,798 8,485 99,124 6,957 6,957 13,837 464 176 609 518 22822 303 19, Bales 3 of the 1,423 31,270 135,874 103,961 9,730 282,260 176 612 358 358 3,482 144 17,944 2,549 48,667 2,249 39,089 1,456 5,137 3,251 736 4,129 19 1400 Bales 30 413, 26 2,068 1,142 228 4,006 122,455 Pct. 259 10,580 46,052 29,179 2,493 88,563 255 109 172 172 638 3,592 360 14,151 399 9,204 21 769 22 Bales 10 Lower in grade than the lowest gri As reported by the Bureau of the ( Less than 0.05 percent. 29 44,529 Pct. 95 4,606 17,695 9,664 758 32,818 313 920 454 98 790 1,407 81 4,958 107 2,639 81 248 100 429 Bales 28 Z6 and shorter 2,786 1,351 105 5,222 ,146 424 2222 . . 1111 K Below Grade grades Grade Total Total Stained 11nged 24 44 54 54 light 1194 22 22 22 24 25 25 26 26 27 12883488888 16 36 36

1984-85

Grade and staple of upland cotton ginned in the United States,

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								
		Care and contract of the	F	Desig. 8-	Staple 35					
		Oct '85	Dec '85	Mar '86	May '86	Jul '86	Oct '86	Mkt. Avg.	'A' Index 1	
July	18	60.77	61.15	61.70	61.60	61.23	56.90	59.62	60.90	
. O	19	59.45	59.67	60.12	59.95	59.50	55.25	58.63	60.90	
	22	59.81	59.90	60.40	60.30	59.72	54.80	58.90	60.55	
	23	59.75	59.50	60.15	60.05	59.50	54.30	58.85	60.35	
	24	60.55	60.44	61.10	60.80	60.00	54.68	59.54	59.95	
	25	60.72	60.68	61.00	61.00	60.15	55.00	59.58	59.90	

1/ C.I.F. Northern Europe price furnished by Cotton Outlook of Liverpool.

Chicago futures contract settlement and designated spot market average for grade 42 staple 31 in cents per pound

		Grade 42 Staple 31								
Date			Desig. 5-Mkt.							
		Oct '85	Dec '85	Mar '86	May '86	Jul '86	Average 1/			
July	18	-	51.21	52.00	_	_	50.83			
	19	-	50.91	51.80	-	_	50.04			
	22	_	50.99	51.85	_	_	50.26			
	23	-	50.31	51.30	_	_	50.22			
	24	_	50.85	51.50	_	-	50.70			
	25	-	50.79	51.40	<u>-</u>		50.52			

1/ Greenville, Montgomery, Memphis, Dallas and Lubbock.

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1983-84 and 1984-85

	Marketing Year						
Description		1983-84	1984-85 Through July 18				
	Thre	ough July 19					
The state of the s	Week	Marketing Year	Week	Marketing Year			
Outstanding sales		839,600		562,700			
Exports	82,000	6,308,500	65,000	5,840,800			
Total export commitments	_	7,148,100	_	6,403,500			
New sales	15,800	_	6,900	_			
Buy-backs and cancellations	8,600	2	6,000	_			
Net sales	7,200	_	900	_			
Sales next marketing year	128,500	1,998,800	-5,200	711,000			

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

<u>Upland cotton export sales</u> for the current marketing year resulted in a net increase of 900 running bales during the week ended July 18, according to the Foreign Agricultural Service, USDA. Major sales to South Korea of 1,300 bales, Indonesia 1,200 and West Germany 1,100 bales were offset by reductions to Japan of 1,100 bales, Singapore 1,000 and unknown destinations 1,500. Sales activity for the 1985-86 marketing year was dominated by cancellations of 10,900 bales for Spain, resulting in a net decrease of 5,200 bales. Exports for the week totaled 65,000 bales. Asian destinations accounted for 60 percent of the week's shipments, East European 20 percent, West European 15 percent and African 3 percent.