

**TEXAS TECH**

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Ref. Room

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## Weekly Cotton Market Review

Vol. 66, No. 51

July 25, 1985

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 increased. Export trading was slow. Forward contracting of 1985-crop cotton was restricted primarily to south Texas where growers booked a light to moderate volume. The 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. Some 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 widely. 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. The 1984 American Pima crop was the largest since 1963 and the second largest on record.

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

1/ 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.

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

3/ Preliminary.

4/ Five-week month.



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							Desig. 8- Mkt. Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement								
	Oct '85	Dec '85	Mar '86	May '86	Jul '86	Oct '86			
July 18	60.77	61.15	61.70	61.60	61.23	56.90	59.62	60.90	
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

Date	Grade 42 Staple 31						Desig. 5-Mkt. Average 1/
	Futures Settlement						
	Oct '85	Dec '85	Mar '86	May '86	Jul '86		
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	-	-	-	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

Description	Marketing Year			
	1983-84		1984-85	
	Through July 19		Through July 18	
	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	-	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

Upland cotton export sales 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.