

UNITED STATES DEPARTMENT OF AGRICULTURE

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Weekly Cotton Market Review

Vol. 71, No. 51

July 31, 1990

Spot cotton quotations fluctuated during the week ending July 27, and averaged 18 points below the previous week, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained at a near standstill. Qualities in best demand were the medium white and equivalent Light Spotted grades, staples 34 and longer. Domestic mill buying was light for both prompt and forward deliveries. Export trading was very light and predominately with Far Eastern mills for prompt shipment. Forward contracting of 1990-crop cotton continued at a moderately active pace. Weather conditions were beneficial to the crop's progress over most of the Belt. Scattered thunderstorms slowed harvesting operations in south Texas.

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 79.77 cents per pound during the week ending Friday, July 27, and ranged from a low of 79.49 cents on Wednesday, July 25, to a high of 80.09 cents on Friday, July 27. Quotations averaged 79.95 cents a week earlier and 68.51 cents in the corresponding week a year ago. The New York October 1990 futures settlement price closed on Friday at 77.38 cents compared with 77.23 cents a week earlier. The December settlement price was 73.40 cents against 72.86 cents the previous week. Spot transactions in the designated markets totaled 5,581 bales during the week ended Friday, July 27. This compared with 2,454 bales the previous week and 62,979 bales in the corresponding week last season.

Trading. Southeastern markets. Trading remained at a virtual standstill. Supplies of grower-held cotton were about exhausted. Merchants were still actively seeking a small amount of cotton to fill previous commitments, but few were able to offer any cotton for sale. Demand was best for grades 51, 42 and higher, staples 34 and longer, mike 35-49 and prices offered for grade 41 in these lots were around 400 points on NY October futures. Higher breaking strength brought premiums of 100 to 150 points. Domestic mill business remained fairly good. Contracting of 1990-crop cotton was moderately active as prices moved higher. Contracts were offered at 150 to 300 points off NY December futures in North Carolina and Georgia and 350 to 450 points off in Alabama. Terms varied widely, but most included premiums of 100 points for strength readings of 27 and higher grams per tex.

South central markets. Trading remained moderately active and was primarily merchant to merchant. Offerings were light as very little cotton remained in growers' possession. A few merchants actively sought cotton to fill prompt and nearby commitments, while others traded among themselves as they closed out stocks prior to new-crop movement. Demand was strongest for higher grades which were available in very light volume. In mixed lots, grade 41 staple 34, mike 35-49 traded at prices ranging mostly from 250 to 500 points on NY October futures. Premiums of around 100 points were paid for large even-running lots. Domestic mill buying included a light volume for both prompt and forward delivery. Interest was greatest for new-crop cotton for forward shipment. Export trading was slow and predominately with Far Eastern mills for prompt shipment. Growers forward contracted a moderate volume of 1990-crop cotton. Acreage contracts were signed at 600 to 650 points off NY December futures, basis grade 41 staple 34, mike 35-49 and bale contracts at 500 to 550 points off.

Southwestern markets. Trading was almost inactive. In south Texas where most of the crop was previously forward contracted, merchants eagerly sought cotton. A light volume traded with grade 41 staple 34, mike 35-49 selling in mixed lots at 78.00 to 78.50 cents per pound. Elsewhere, a few 1988 and 1989-crop equities traded at \$40 to \$70 and \$90 to \$120 per bale, respectively. A light volume of cotton was sold to domestic mills for fill-ins. Export trading was very light. Forward contracting continued on a limited scale in south Texas at prices averaging around 78.00 cents basis grade 41 staple 34, mike 35-49. A small volume of irrigated west Texas and Oklahoma cotton was booked at 1,900 to 2,000 points above loan rates.

Western markets. Spot cotton trading remained inactive. In the San Joaquin Valley (SJV), a small volume of grade 31 staples 35 and longer, mike 35-49 traded at 1,000 points on NY October futures, for prompt delivery. In Arizona, growers rejected bids on a few lots of grade 31. Domestic mills purchased a light to moderate volume of SJV cotton for prompt shipment. Far Eastern mills purchased a light to moderate amount of Desert Southwest cotton for nearby shipment. Forward contracting of 1990-crop cotton was limited to a small volume booked in SJV at 625 points on NY December futures, basis grade 31 staple 35, mike 35-49. American Pima trading was light and demand was stronger. Grade 3 staples 44 and 46 brought 107.50 cents per pound and grade 4 brought \$1.00 per pound. Some growers were holding for higher prices. Far Eastern mills purchased a small volume of low grade Pima for prompt shipment. Domestic and European mills purchased a light to moderate volume of 1990-crop cotton for first quarter 1991 delivery. Limited acreages of 1990 crop were forward contracted at \$1.15 per pound in Arizona, and at around \$1.17 per pound in the San Joaquin Valley, basis grade 3, mike 35-49.

Textile mill report. Domestic mills bought a light volume for nearby and forward deliveries. Interest was centered mostly on new-crop cotton with delivery dates ranging from September 1990 through December 1991. A few mills bought a small volume of cotton of central and western growths for fill-ins. Qualities in best demand were the medium white and equivalent Light Spotted grades, staples 34 and longer. Mill business remained fairly good for most products. Sales of poly-cotton blends, combed yarns, selected household products and denims continued slow. A wide range of products continued in strong demand including athletic wear and most knits. A few mills have recently announced production adjustments. These adjustments ranged from reducing shifts to closing plants for specified periods of time. Mill workweeks remained mostly five to seven days. A few small yarn mills were on four-day workweeks, and some mills dropped weekend shifts.

Domestic mill consumption averaged 32,800 running bales per day in the five weeks ended June 28, according to the Bureau of the Census. This was up from 32,100 bales used per day a month earlier (four weeks), and was the largest June daily rate since 1968. Domestic mills consumed 820,200 bales in June, up from 641,300 bales a month earlier and 798,400 bales in June last season. Cotton consumed for the first eleven months of the 1989-90 marketing year (August-June) totaled 7,544,300 bales, the largest volume used for this period since 1970-71, and compares with 6,885,200 bales the previous season and 6,860,500 bales two years ago.

Consumption of man-made fiber by domestic mills with cotton system spindles totaled 156.7 million pounds in the five weeks ended June 30, according to the Bureau of the Census. This brought August-June consumption to 1,522.2 million pounds down 3 percent from usage last year and 7 percent two years ago.

Stocks of cotton at mills totaled 656,300 running bales on June 30, according to the Bureau of the Census. This compares with 603,400 bales held at the end of June last year and 718,500 bales two years ago. At the June daily rate of consumption, mill stocks were equivalent to four weeks' supply. Cotton in public storage totaled 3,111,400 running bales on June 30, the smallest end-of-June supply since 1984. Public storage stocks totaled 6,771,000 and 5,071,600 bales at the end of June 1989 and 1988, respectively.

All Cotton: Domestic mill consumption and stocks, running bales, by months and seasons, 1985-1989

Season beginning August 1:	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season
	458	562*	493	477	486*	595*	499	492	620*	503	489	522*	6,198
1985	534	523	683*	529	576*	546	562	734*	573	586	708*	540	7,096
1986	606	753*	621	606	610*	568	590	738*	556	551	662*	433	7,294
1987	577	693*	552	523	572*	568	584	751*	623	645	798*	559	7,444
1988	663	829*	665	617	653*	605	633	794*	624	641	820*		
1989 4/													
1,000 bales													
	Mill consumption 2/												
1985	22.9	22.5	24.6	23.9	19.5	23.8	24.9	24.6	24.8	25.2	24.4	20.9	23.4
1986	26.7	26.2	27.3	26.5	23.1	27.3	28.1	29.4	28.7	29.3	28.3	27.0	27.3
1987	30.3	30.1	31.0	30.3	24.4	28.4	29.5	29.5	27.8	27.6	26.5	21.7	28.1
1988	28.8	27.7	27.6	26.1	22.9	28.3	29.2	30.0	31.2	32.2	31.9	27.9	28.6
1989 4/	33.2	33.1	33.2	30.8	26.1	30.2	31.6	31.8	31.2	32.1	32.8		
	Mill consumption per day												
1985	685	621	557	570	604	687	728	776	789	782	788	775	-
1986	664	582	563	578	620	640	705	702	723	709	674	680	-
1987	648	579	530	542	637	722	777	786	790	756	719	709	-
1988	651	581	568	555	571	588	631	612	627	645	603	606	-
1989 4/	600	590	552	544	584	661	689	696	685	675	656		
	Stocks in consuming establishments 3/												
1985	2,826	3,743	6,122	8,963	10,677	10,747	10,243	9,656	9,072	8,449	7,980	8,116	-
1986	7,625	7,996	9,543	10,148	10,204	10,015	9,058	7,878	6,871	5,870	4,821	3,817	-
1987	3,239	4,864	7,398	9,456	10,582	10,216	9,149	7,972	6,965	5,973	5,072	4,645	-
1988	4,432	5,017	8,259	11,722	13,481	13,109	12,048	10,607	9,362	8,170	6,771	5,929	-
1989 4/	4,975	4,458	7,378	10,558	10,762	9,524	8,052	6,566	5,447	4,224	3,111		
	Stocks in public storage 3/												

1/ 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/ 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. 3/ These data refer to a particular day near the end of the month. 4/ Preliminary. * Five week month.

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				
	July 6-12	July 13-19	July 20-26	July 27-31	Aug. 1-2
Adjusted world price	67.90	66.56	67.65	67.03	67.12
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	: Coarse Count
	Futures Settlement							
	Oct '90	Dec '90	Mar '91	May '91	Jul '91			
July 23	77.90	73.72	74.55	74.95	73.78	79.86	90.55	84.60
24	77.65	73.84	74.66	75.08	74.83	79.68	90.90	84.90
25	77.38	73.29	74.17	74.55	75.31	79.49	90.90	84.90
26	77.70	73.71	74.58	74.98	74.90	79.71	90.55	84.40
27	77.38	73.40	74.30	74.60	74.19	80.09	90.55	84.40

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 1988-89 and 1989-90

Description	Marketing Year			
	1988-89		1989-90	
	Through July 20		Through July 19	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	795,200	-	905,500
Exports	196,100	5,588,500	91,700	6,663,200
Total export commitments	-	6,393,700	-	7,568,700
New sales	31,900	-	13,800	-
Buy-backs and cancellations	53,400	-	2,400	-
Net sales	-21,500	-	11,400	-
Sales next marketing year	101,700	1,480,700	64,800	2,132,100

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Net sales of 11,400 running bales during the week ended July 19 included major increases for South Korea with purchases of 5,300 bales, Canada 4,700 and Indonesia 1,100 bales, according to the Foreign Agricultural Service, USDA. Net sales of 64,800 bales for the 1990-91 marketing year were primarily for South Korea with purchases of 17,300 bales, Japan 10,200, Indonesia 6,000, Thailand 4,800 and Taiwan 4,800 bales. Exports of 91,700 bales were up 16 percent from the prior week. Asian destinations accounted for 84 percent of the week's shipments, West European 8 percent and Western Hemisphere 8 percent.

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 27, 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				:	Staple	:	Grade				:	Grade		
31	41	51	42	:	31	41	51	42	:	31	41	51	42	:	21	31	41	32	
79.83	78.73	75.73	76.23	:	80.63	79.63	74.13	75.13	:	33	80.83	79.63	73.88	75.38	:	76.88	76.88	74.13	74.13
81.88	81.38	78.38	78.88	:	83.38	82.38	76.63	77.63	:	34	83.33	82.38	76.63	78.13	:	80.88	80.88	78.13	78.13
82.13	81.63	78.63	79.13	:	83.48	82.63	76.73	77.73	:	35	83.43	82.48	76.73	78.23	:	80.98	80.98	78.23	78.23
82.28	81.78	78.78	79.28	:	83.58	82.73	76.83	77.83	:	36	83.53	82.58	76.83	78.33	:	80.98	80.98	78.23	78.23

EAST TEXAS-OKLAHOMA					WEST TEXAS					SAN JOAQUIN VALLEY					
Grade				:	Grade				:	Staple	:	Grade			
31	41	32	42	:	31	41	32	42	:	21	31	41	51		
70.15	70.00	69.80	68.80	:	70.30	68.20	68.25	67.10	:	29	-	-	-		
70.90	70.75	70.55	69.35	:	71.55	69.45	69.70	69.65	:	30	-	-	-		
74.15	74.00	73.80	73.60	:	74.15	71.95	72.15	72.00	:	31	-	-	-		
75.30	75.00	74.80	74.35	:	75.20	72.70	73.15	72.90	:	32	-	-	-		
76.85	76.45	75.75	75.50	:	76.75	74.70	74.70	74.30	:	33	-	-	-		
78.60	78.25	77.55	76.30	:	78.30	76.00	76.00	74.60	:	34	84.13	83.88	82.13		
78.90	78.50	77.80	76.60	:	78.60	76.25	76.25	74.90	:	35	85.88	85.63	83.88		
79.00	78.60	77.90	76.60	:	78.70	76.35	76.35	74.90	:	36	85.98	85.73	83.98		
79.00	78.60	77.90	76.60	:	78.70	76.35	76.35	74.90	:	37	86.08	85.83	84.08		

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	Grade				Mike ranges	Points per pound
			03	04	05	06		
			Cents per pound				26 & Below	-3100
							27-29	-2425
44	109.75	109.50	108.50	101.50	79.50	68.00	30-32	-1400
							33-34	-450
46	110.25	110.00	109.00	102.00	79.50	68.00	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				:	Staple	:	Grade				:	Grade		
31	41	51	42	:	31	41	51	42	:	41	51	32	42	:	31	41	51		
-	-	-	-	:	-	-	-	-	:	29	75.75	72.75	75.75	73.25	:	-	-	-	
-	-	-	-	:	-	-	-	-	:	30	77.75	75.00	77.75	75.75	:	-	-	-	
-	-	-	-	:	-	-	-	-	:	31	79.25	76.50	79.25	77.00	:	-	-	-	
-	-	-	-	:	-	-	-	-	:	32	80.75	77.25	80.75	78.00	:	-	-	-	
86.00	85.75	83.50	85.00	:	86.50	86.25	83.75	85.25	:	33	82.75	78.75	82.75	79.25	:	-	-		
87.00	86.50	84.50	86.00	:	87.50	87.00	84.75	86.25	:	34	85.00	80.50	85.00	81.00	:	89.00	88.00	84.00	
87.50	87.25	85.00	86.00	:	88.00	87.75	85.25	86.25	:	35	-	-	-	-	:	90.50	89.50	85.25	
-	-	-	-	:	-	-	-	-	:	36	-	-	-	-	:	90.75	89.75	85.25	