

UNITED STATES DEPARTMENT OF AGRICULTURE

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Weekly Cotton Market Review

Vol. 67, No. 46

June 19, 1986

Spot cotton prices continued to reach new season highs, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was active on southwestern and western markets, slowed on south central markets and was slow on southeastern markets. Merchant demand was good to very good for CCC loan equities. Growers continued to offer freely; however, supplies are diminishing and becoming very limited for some qualities in best demand. Domestic mills bought a light volume for prompt shipment. European and Asian mills purchased a very light volume for August through December delivery. Rains continued to be a problem in a few areas of the southwest; however, planting generally made good progress in west Texas and Oklahoma. The crop made good progress in south central and western states. Some areas of the southeast received rains providing further relief to the drought, but other areas remain extremely dry. The first bale of the 1986 crop was ginned in the Harlingen, Texas area.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 65.37 cents per pound during the week ended Thursday, June 19. Prices ranged from a low of 65.18 cents per pound on Tuesday, June 17, to a high of 65.59 cents on Wednesday, June 18. A week earlier, prices averaged 64.95 cents per pound and ranged from 64.66 to 65.15 cents. In the corresponding week a year ago, the average price was 59.94 cents per pound. The New York October 1986 futures settlement price ended the week on Thursday at 33.28 cents per pound compared with 33.21 cents a week earlier. The December settlement price was 33.62 cents against 33.68 cents a week ago.

Trading was fairly active on southwestern and western markets, slowed on south central markets and was slow on southeastern markets. Merchant demand improved for higher qualities in western markets and continued good to very good for CCC loan equities in other markets. Supplies are diminishing and becoming very limited in some markets, especially for those qualities in best demand. Merchants continue to hold equities purchased for later redemption. Domestic mills purchased a light volume for prompt delivery and a very light volume for forward shipment. Export trading was slow and consisted of a very light volume purchased by both European and Asian mills for August through December shipment. Purchases reported by cotton exchanges in the designated markets totaled 191,800 bales in the week ended Thursday, June 19. This compares with 201,500 bales a week earlier and 20,800 bales in the corresponding week last season.

Textile mill report. Mill buying slowed but remained moderately active. Mills were unraveling the latest details of inventory protection payments. Prices were firm to slightly higher. Demand was good from weavers, knitters and especially from yarn producers. Interest was improving for forward delivery. Mill business remained excellent. Sales of most apparels, yarns, household goods and underwear were brisk. Automotive and industrial products also traded readily. Plants were operating six to seven-day weeks. Orders were booked through year's end with some items sold into first quarter 1987. Plans for closing for summer vacation vary widely and range from one to ten days.

Crop progress. Reports received from classing offices through June 16 indicated that the crop in the Bakersfield area of California was growing well. A few growers reported blooms in earlier planted fields. Insects were not a major problem. The Fresno area crop made good progress with numerous squares appearing on the plants. Insects have not presented a problem at the present time. The early planted cotton in the El Centro area was in full bloom and small bolls were forming. In Arizona, the Phoenix area crop improved and was rated good to excellent. Squaring was progressing rapidly throughout the territory and bolls were setting. A few growers applied insecticides as necessary. In New Mexico, weather conditions improved following recent thundershowers and hail storms. Hail damage to the crop was reported in portions of the state. In the Harlingen area of Texas, the first bale of the 1986 crop was ginned on Monday, June 16. Hot, dry weather is needed to improve crop conditions. Spider mites were a problem in some fields, causing loss of squares on cotton. Boll weevils remained a threat to many fields. Scattered showers moved over the Corpus Christi area. Plants are around three feet tall, heavily loaded with bolls and still fruiting. Hot, dry weather is needed to insure an excellent crop. Insects were controllable. Moisture was more than adequate in the Waco area and warm, dry weather is needed. Growers are beginning to be concerned about excessive plant growth. Early in the week it appeared the entire Abilene area was going to be flooded, but the heavy rains occurred only in small isolated areas. Planting expanded rapidly and about 95 percent of the crop was expected to be planted by the weekend. Rains have stopped in the Lamesa territory. Some earlier planted cotton was lost because of hail. Except for a few areas, where fields remained too wet, planting and replanting were about completed. Generally, ideal weather prevailed around Lubbock with warm daytime temperatures, clear skies and sunshine until late in the period when some isolated heavy showers were received. Some growers were cultivating, while others were planting where the soil was dry enough. Reports indicated some areas have cotton dying from seedling diseases. Planting of dryland acreage neared three-fourths completion in the Altus area of Oklahoma. Planting conditions were good. Almost all of the irrigated crop is up to a stand and cotton was squaring in earlier planted fields. Isolated boll weevil infestations were reported and control measures had been initiated. The cotton crop in Arkansas has generally not suffered from recent excessive rains. Fields are grassy. Spraying for heavy infestations of insects was expected to begin, as fields dry. In Missouri, fields were saturated. Warm, dry weather would be beneficial. Rain has stopped for the present time in Tennessee. Growers would welcome hot, dry weather to get fields worked out and insects under control. Crop conditions in Mississippi were fairly good with a small acreage rated poor. Skies have cleared but soils are saturated and some fields are flooded. The Alabama crop made good growth. Showers, occurring almost daily, hindered grass and insect control. Dry weather is needed. The crop looks good in Louisiana. Plants are blooming fairly heavily. Boll weevils have made an appearance and some spraying has been done for control. Prospects for the Georgia crop have substantially improved, but were still rated as predominantly fair. Widespread rains fell, bringing further relief from the drought. Growers are spraying for thrips and worms. Some localities in North Carolina and South Carolina are still very dry. Widely scattered showers did little to alleviate dry conditions. Insect infestations have required frequent control measures in some areas. Grass and weeds were causing problems in some fields.

Four months and older certificated stock, July 1, 1986 ^{1/}

Delivery point	4-10 months	11-16 months	17-22 months	Over 22 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	29,002	337	56	32	29,427
Greenville	60	57	-	-	117
Houston	4,999	7	-	-	5,006
Memphis	329	170	4	9	512
Mobile	-	-	-	-	-
New Orleans	-	-	-	-	-
Total	34,390	571	60	41	35,062

^{1/} Based on Cotton Division records as of June 13, 1986.

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							
	Jul '86	Oct '86	Dec '86	Mar '87	May '87	Jul '87		
June 12	66.98	33.21	33.68	34.52	35.30	36.15	65.15	41.80
13	67.68	33.20	33.55	34.25	34.95	35.70	65.24	41.60
16	67.72	33.20	33.53	34.24	34.82	35.60	65.25	41.45
17	67.15	33.09	33.31	33.85	34.46	35.17	65.18	41.15
18	66.88	33.25	33.68	34.20	34.55	35.31	65.59	41.00
19	67.60	33.28	33.62	34.20	34.78	35.30	65.59	40.70

^{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 1984-85 and 1985-86

Description	Marketing Year			
	1984-85		1985-86	
	Through June 13		Through June 12	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	904,700	-	198,700
Exports	85,600	5,500,200	19,200	1,723,300
Total export commitments	-	6,404,900	-	1,922,000
New sales	35,000	-	12,800	-
Buy-backs and cancellations	23,500	-	6,900	-
Net sales	11,500	-	5,900	-
Sales next marketing year	67,300	666,100	137,200	1,551,700

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

Upland cotton export sales for the current marketing year resulted in a net increase of 5,900 running bales during the week ended June 12, according to the Foreign Agricultural Service, USDA. Sales to Japan of 8,100 bales and South Korea 4,400 were partially offset by reductions to Thailand of 4,500 bales and Taiwan 1,600 bales. Sales for the 1986-87 marketing year totaled 137,200 bales. Major buyers were Japan with 46,100 bales, Taiwan 18,400, South Korea 14,500, Italy 10,300 and Thailand 10,000 bales. Exports for the week totaled 19,200 bales, up 58 percent from the previous week. Asian destinations accounted for 88 percent of the week's shipments, West European 11 percent and Western Hemisphere 1 percent.

SPOT COTTON QUOTATIONS - UPLAND

Spot prices are for cotton equal to the Official Standards with mike readings of 35 thru 49, net weight, in mixed lots, uncompressed, free of all charges in warehouse in the market. Quotations are the average value of spot cotton in each market and may not represent actual trades in each quality.

Staple :	GREENVILLE, SC				MONTGOMERY, AL				GREENWOOD, MS				MEMPHIS, TN			
	Grade				Grade				Grade				Grade			
	41	51	42	52	41	51	42	52	31	41	51	42	41	51	42	52
	Cents				Cents				Cents				Cents			
33 :	63.00	59.75	61.75	55.25	63.50	60.00	62.00	56.50	65.20	64.50	60.35	61.10	64.25	58.40	60.50	55.00
34 :	65.50	61.50	62.75	55.75	65.50	61.50	63.00	57.50	66.70	66.00	62.00	62.50	65.50	61.50	62.75	56.00
35 :	66.00	61.75	63.00	56.00	65.60	61.60	63.10	57.50	66.95	66.25	62.10	62.60	65.75	61.75	63.00	56.00
36 :	66.20	61.85	63.10	56.10	65.70	61.70	63.20	57.50	67.05	66.35	62.20	62.70	65.75	61.75	63.00	56.00

Staple :	DALLAS, TX				LUBBOCK, TX				PHOENIX, AZ				FRESNO, CA			
	Grade				Grade				Grade				Grade			
	31	41	32	42	41	51	42	52	31	41	32	42	31	40	41	32
	Cents				Cents				Cents				Cents			
29 :	54.55	53.75	54.10	53.45	55.45	53.65	54.15	51.00	-	-	-	-	-	-	-	-
30 :	56.15	55.35	55.60	54.65	57.05	54.95	54.85	52.05	-	-	-	-	-	-	-	-
31 :	58.30	57.45	57.75	56.50	58.90	57.00	56.45	53.20	-	-	-	-	-	-	-	-
32 :	59.90	58.95	59.35	57.70	60.65	57.40	57.65	53.40	-	-	-	-	-	-	-	-
33 :	62.65	61.25	61.15	58.85	63.25	58.40	58.10	53.90	65.00	61.00	61.00	56.75	-	-	-	-
34 :	64.95	63.50	63.30	60.10	65.50	59.80	61.35	54.90	68.00	64.00	64.00	59.75	70.50	69.75	69.25	69.25
35 :	-	-	-	-	-	-	-	-	68.10	64.10	64.10	59.75	72.25	71.50	71.00	71.00
36 :	-	-	-	-	-	-	-	-	-	-	-	-	72.35	71.60	71.10	71.00
37 :	-	-	-	-	-	-	-	-	-	-	-	-	72.45	71.70	71.20	71.00

MIKE DIFFERENCES

MIKE RANGES :	Points per pound									8 MARKET AVERAGE
	GVL	MTG	MEM	GRNW	DAL	LUB	PHOE	FRES		
26 & Below :	-1000	-1200	-1000	-1000	-850	-850	-1100	-1000	-1000	-1000
27 thru 29 :	-800	-800	-800	-800	-500	-500	-800	-700	-713	
30 thru 32 :	-500	-500	-550	-500	-300	-200	-600	-400	-444	
33 thru 34 :	-200	-300	-200	-200	-200	-150	-300	-200	-219	
35 thru 49 :	0	0	0	0	0	0	0	0	0	
50 thru 52 :	-150	-150	-125	-125	-115	-200	-150	-50	-133	
53 & Above :	-250	-250	-250	-225	-225	-300	-200	-100	-225	

SPOT COTTON QUOTATIONS - AMERICAN PIMA 1/

Staple :	Grade				Mike ranges	Points per pound
	03	04	05	06		
	Cents					
44 :	104.50	102.50	92.75	62.00	26 & Below	-2500
					27 thru 29	-2100
					30 thru 32	-1800
					33 thru 34	-500
46 :	105.00	103.00	93.00	62.25	35 & Above	0

1/ Arizona, New Mexico and Texas.

LANDED MILL PRICES - GROUP 201 MILL POINTS

Prices are for even running lots, with mike readings of 35 through 49, net weight, prompt shipment, delivered, brokerage included. Prices for group 200 mill points are slightly higher. Prices for Alabama, Georgia and east Tennessee mills are slightly lower.

Staple :	SOUTHEASTERN GROWTHS				MEMPHIS TERRITORY GROWTHS				CALIFORNIA (SJV) GROWTHS			TEXAS OKLAHOMA GROWTHS			
	Grade				Grade				Grade			Grade			
	31	41	51	42	31	41	51	42	31	41	51	41	51	32	42
	Cents				Cents				Cents			Cents			
29 :	-	-	-	-	-	-	-	-	-	-	-	59.75	57.50	60.00	57
30 :	-	-	-	-	-	-	-	-	-	-	-	61.50	59.25	61.75	59.25
31 :	-	-	-	-	-	-	-	-	-	-	-	64.25	61.50	64.25	61.25
32 :	-	-	-	-	-	-	-	-	-	-	-	66.00	63.00	66.00	63.25
33 :	70.75	69.75	65.00	66.50	71.25	70.50	65.75	67.25	-	-	-	67.75	64.50	66.75	64.50
34 :	73.00	71.50	66.50	68.50	73.50	72.00	67.00	69.00	75.25	74.00	71.00	69.25	66.00	69.50	66.00
35 :	73.25	71.75	66.75	68.75	73.75	72.50	67.50	69.50	77.00	75.75	73.75	-	-	-	-
36 :	-	-	-	-	-	-	-	-	77.00	75.75	73.75	-	-	-	-