



TEXAS TECH  
Dept of Ag EC9841

## Weekly Cotton Market Review

(Week ended June 21)

Vol. 65, No. 46

June 21, 1984

Spot cotton prices continued to decline, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading maintained a slow pace in most markets. Very little unsold cotton remains in growers' hands and demand from merchants was weak. Domestic and foreign mill buying was slow. Forward contracting of the 1984 crop was at a standstill as most growers were not willing to book at lower merchant bid prices. The crop continued to make good progress in most areas of the Cotton Belt. Beneficial rains were received on the Texas Plains and in Oklahoma. Planting on dryland acreages was rapidly nearing completion. The first planted acreage report for the 1984 crop is scheduled for release June 28. The first bale of the 1984 crop was ginned in the Harlingen area on Wednesday, June 20.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 73.32 cents per pound during the week ended Thursday, June 21. Prices ranged from a high of 74.05 cents on Friday to a low of 72.75 cents on Thursday. A week earlier, prices averaged 76.33 cents per pound, ranging from 75.11 to 77.80 cents. In the corresponding week a year ago, the average price was 71.51 cents. The New York October 1984 futures settlement price ended the week on Thursday at 74.15 cents per pound compared with 75.43 cents a week earlier. The December price was 73.11 cents against 73.90 cents a week earlier.

Trading. Limited supplies and weak demand kept trading at a slow pace. Growers holding uncommitted supplies were unwilling to sell at prevailing prices. Most merchants had needs fairly well covered and were not actively seeking cotton. Domestic mill buying was slow. Export trading was very light. Far Eastern mills were the major buyers and purchases were mostly for prompt or nearby shipment. Purchases reported by cotton exchanges in the designated markets totaled 11,600 bales in the week ended Thursday, June 21. This compares with 8,400 bales a week earlier and 79,000 bales in the corresponding week last season.

Textile mill report. Mill buying continued to slow, reflecting less active textile sales and the approaching summer vacation closings. Purchases consisted of a light volume for prompt shipment and a small amount of California new crop. With demand weakening for some products, cotton purchased for these items was released for other uses or was shifted forward. The market for finished goods was spotty. Some yarns, denim, shirting and selected lightweight apparels remained sluggish sellers. The market for most automotive products and some household and industrial products was fair to good. Where product inventories were building, mills cut work schedules. Some plants will extend their traditional July closings.

Quality of the 1983 upland cotton crop. The 1983 United States upland cotton crop contained the largest percentage of grades 41 and higher of any crop since 1980. Grade 41 was the predominant grade, accounting for 29 percent of ginnings. All white grades, at 60 percent, made up the third smallest proportion in these grades since records began in 1938. Average staple was 34.3 thirty-seconds inches, down slightly from the previous year but the second longest average since records began with the 1940 crop. Cotton in the 35-49 mike range accounted for 84 percent of ginnings, down from 88 percent the previous year. Average mike was 42, the same as last year. Average fiber strength in grams per tex was 25.7, the strongest since records were established in 1980. The 1983 crop was the smallest in 16 years.

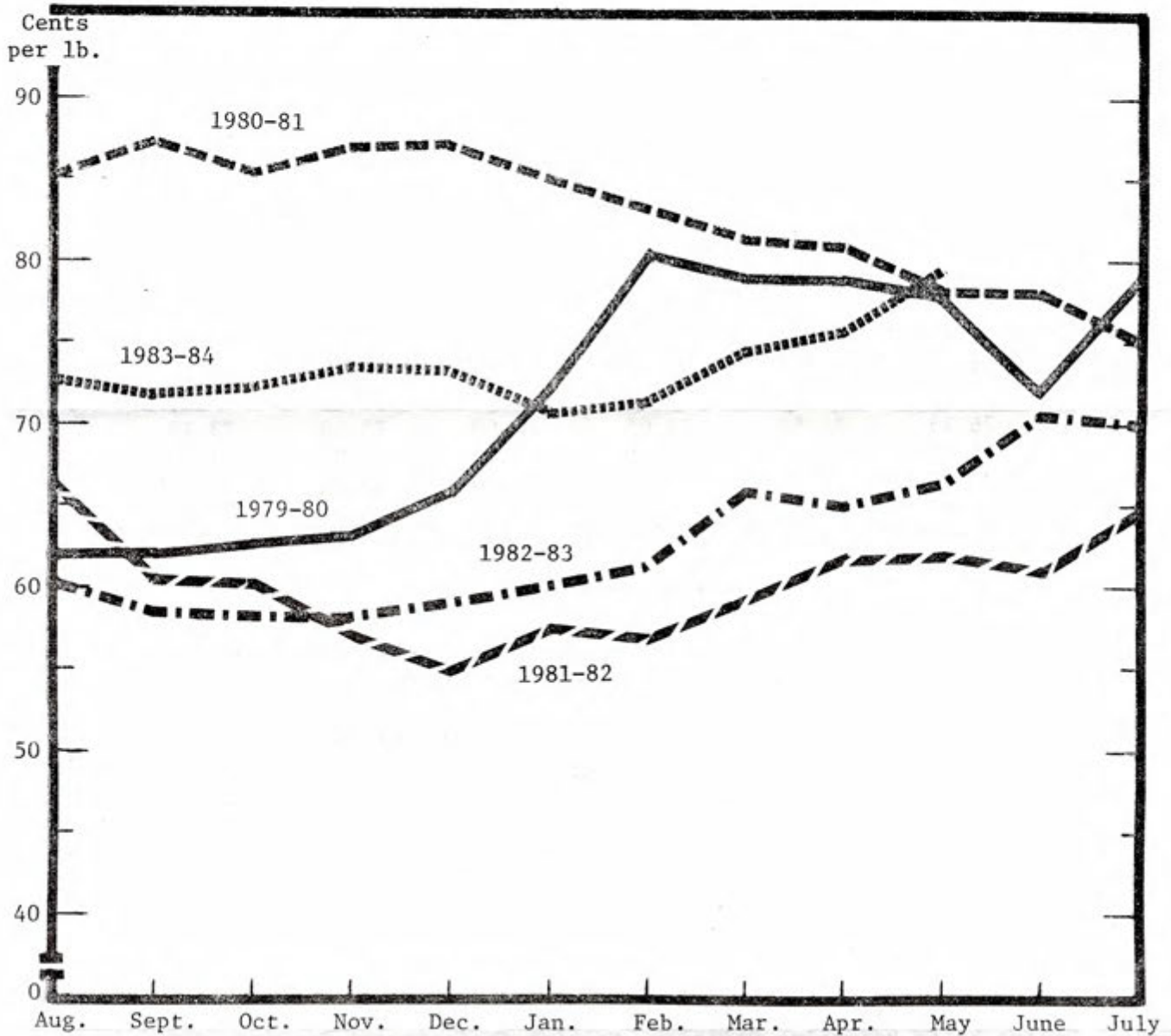
Grade and staple of upland cotton ginned in the United States, 1983-84

Grade	Staple														All staples	
	26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	40 and longer	Bales	Percent
<b>White:</b>																
11	-	1	1	3	6	3	16	10	6	13	1	-	-	-	-	59
21	1	15	64	507	1,337	698	563	1,915	9,615	6,675	965	47	-	-	22,402	0.3
30	1	-	-	4	9	6	18	50	285	272	73	16	2	1	737	*
31	28	121	554	4,266	12,115	9,693	17,627	86,079	507,517	460,714	19,154	1,641	173	17	1,119,699	15.1
40	1	11	34	219	1,075	1,240	4,650	23,803	84,307	126,900	5,615	606	61	10	248,532	3.4
41	45	241	772	4,556	15,173	23,458	60,434	292,974	959,183	742,506	48,764	6,322	1,010	146	2,155,584	29.1
50	3	15	35	125	571	1,423	6,176	38,497	140,152	88,238	8,996	1,188	232	39	285,690	3.9
51	13	60	244	1,619	7,394	14,813	28,494	87,723	206,384	141,218	15,598	2,298	442	68	506,279	6.8
60	-	1	1	5	25	152	269	1,181	2,909	1,822	233	10	6	-	6,613	0.1
61	-	18	44	252	1,647	4,154	8,039	17,790	26,133	15,562	2,738	472	56	4	76,909	1.0
70	-	-	-	1	3	6	22	77	45	11	1	-	-	-	166	*
71	-	2	4	25	154	446	1,092	1,926	2,471	1,344	260	17	-	-	7,741	0.1
<b>Total</b>	92	484	1,752	11,582	39,509	56,092	127,400	552,025	1,939,007	1,585,275	102,309	12,617	1,982	285	4,430,411	59.8
<b>Light Spotted:</b>																
12	-	-	-	1	1	1	-	4	2	6	1	-	-	-	16	*
22	23	62	170	529	606	387	295	365	427	264	87	5	-	-	3,220	*
32	247	1,844	5,076	18,756	34,839	27,368	24,322	42,197	115,483	53,640	3,912	630	119	20	328,653	4.4
42	603	5,457	18,461	73,508	139,890	118,425	104,286	162,849	278,482	154,537	24,108	3,850	842	306	1,085,684	14.6
52	203	2,307	8,297	40,693	98,869	119,251	126,953	152,461	137,918	66,113	15,531	2,639	444	126	771,805	10.4
<b>Total</b>	1,076	9,670	32,004	133,567	274,205	265,432	255,856	357,876	532,312	274,560	43,639	7,124	1,405	452	2,189,178	29.4
<b>Spotted:</b>																
13	-	-	-	-	-	1	-	9	19	6	3	-	-	-	44	*
23	4	17	35	178	230	118	82	126	90	36	4	-	-	3	923	*
33	145	828	1,875	6,722	8,431	4,898	3,201	2,555	1,997	1,227	109	5	-	4	31,997	0.4
43	882	5,165	14,560	45,850	59,474	34,105	19,963	14,034	10,764	5,977	862	136	19	5	211,796	2.9
53	573	3,525	9,501	32,360	58,363	53,839	43,003	29,534	14,293	5,883	1,273	132	17	11	252,307	3.4
<b>Total</b>	1,604	9,535	25,971	85,110	126,498	92,961	66,251	46,258	27,163	13,129	2,251	273	36	27	497,067	6.7
<b>Tinged:</b>																
24	-	-	4	15	5	2	3	2	5	23	6	-	-	-	36	*
34	7	31	125	434	618	326	210	161	65	25	6	-	-	1	2,008	*
44	100	524	1,425	3,828	5,257	2,898	1,686	1,051	546	363	97	20	3	4	17,802	0.2
54	48	355	1,046	3,774	7,095	6,619	4,310	2,751	930	361	73	5	5	6	27,378	0.4
<b>Total</b>	155	910	2,600	8,051	12,975	9,845	6,209	3,965	1,546	747	176	25	9	11	47,224	0.6
<b>Stained:</b>																
25	-	-	-	-	1	3	-	1	1	1	-	-	-	-	7	*
35	-	1	15	43	49	39	8	6	18	3	-	-	-	5	187	*
<b>Total</b>	-	1	15	43	50	42	8	7	19	4	-	-	-	5	194	*
<b>Light Gray:</b>																
16	-	-	-	-	-	-	-	1	-	-	-	-	-	-	1	*
26	-	-	-	1	1	5	69	189	1,237	227	5	-	-	-	1,733	*
36	-	-	-	1	1	40	154	448	1,597	1,095	33	3	-	2	3,344	*
46	-	-	-	2	5	12	82	194	463	168	2	-	-	5	933	*
<b>Total</b>	-	-	-	3	7	57	305	832	3,297	1,490	10	3	-	7	6,011	*
<b>Gray:</b>																
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*
27	-	-	-	-	-	-	2	4	19	1	-	-	-	-	26	*
37	-	-	-	3	1	7	3	4	66	32	-	-	-	1	104	*
47	-	-	-	3	1	7	3	5	53	64	-	-	-	1	201	*
<b>Total</b>	-	-	-	3	2	7	5	10	138	64	-	-	-	2	231	*
<b>Below Grade 1/</b>	515	1,300	2,954	12,893	28,346	46,414	56,908	50,743	27,735	10,907	3,248	697	261	97	243,018	3.3
<b>All grades</b>	3,442	21,900	65,296	251,252	481,592	470,850	512,942	1,011,716	2,531,217	1,886,176	151,633	20,739	3,693	886	7,413,334	100.0
<b>All grades</b>	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1/ Lower in grade than the lowest grades of the official standards.	0.3	0.9	3.4	6.5	6.4	6.9	6.9	13.6	34.1	25.4	2.0	0.3	0.3	0.3	100.0	
2/ As reported by the Bureau of the Census, running bales.																
3/ Less than 0.05 percent.																
Average staple.....																34.3
Percent tenderable.....																52.1
Percent Average Rule Used (ARU)....																0.9
Percent grade reductions.....																14.4

34  
50

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Percent tenderable..... 52.1  
Percent Average Rule Used (ARU).... 0.9  
Percent grade reductions..... 14.4

SPOT COTTON PRICE TRENDS - GRADE 41 STAPLE 34



Monthly average spot prices for grade 41 staple 34 (SLM 1-1/16") cotton in the designated markets are plotted on the above graph for the past four seasons and the first ten months of the current season. Monthly average prices rose steadily the first seven months of the 1979-80 season, rising from 62.08 cents per pound in August to 80.66 cents in February. Prices then trended lower through May, dropped sharply in June, but recovered in July. In the first five months of the 1980-81 season, monthly average prices were sharply higher, reaching a high of 87.51 cents in September. This was the highest monthly average since USDA began receiving quotation prices from designated markets in 1915. Prices declined steadily the remainder of the marketing year with the low price of 75.08 cents occurring in July. During the 1981-82 season, prices were sharply lower. In August, the average price was 66.44 cents and by December had fallen to 55.11 cents. Prices advanced most months during the remainder of the season, reaching 64.96 cents in July. Monthly prices during the 1982-83 marketing year averaged slightly lower the first four months, then took an upward turn for the next four months, rising sharply in March. Prices declined in April, then rose most months during the remainder of the season. Monthly prices during the first ten months of the 1983-84 season have averaged higher. In August, the average price was 72.93 cents. Prices declined in September, strengthened in October and November, then declined the next two months, reaching a monthly low price of 70.55 cents in January. Prices averaged higher for the next four months, rising sharply in May to 79.44 cents.

United States cotton exports to West Germany have made a dramatic increase during the 1983-84 season, according to the Foreign Agricultural Service, USDA. During the first eight months of this marketing year, the U. S. has accounted for almost one-fourth of West Germany's total cotton imports or 135,000 bales. This is in contrast to the past decade when U. S. cotton exports averaged less than 12 percent of the market. Thus, the U. S. is expected to replace the USSR and Turkey as the leading supplier.

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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						8-Market Average	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Jul '84	Oct '84	Dec '84	Mar '85	May '85			
June 14	79.17	75.43	73.90	75.25	75.70	75.11	84.60	
15	77.88	74.92	73.47	74.88	75.60	74.05	83.70	
18	76.95	74.50	73.05	74.60	75.30	73.29	83.15	
19	78.73	75.00	73.58	75.05	76.00	73.70	82.85	
20	78.60	74.26	73.06	74.40	75.40	72.83	83.05	
21	78.87	74.15	73.11	74.52	75.65	72.75	82.60	

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

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U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1982-83 and 1983-84

Description	Marketing Year			
	1982-83		1983-84	
	Through June 16		Through June 14	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,127,900	-	1,125,000
Exports	93,200	4,226,800	98,800	5,896,000
Total export commitments	-	5,354,700	-	7,021,000
New sales	43,500	-	79,400	-
Buy-backs and cancellations	8,600	-	10,800	-
Net sales	34,900	-	68,600	-
Sales next marketing year	84,500	1,637,600	86,100	1,445,100

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

Upland cotton export sales for the current marketing year resulted in a net increase of 68,600 running bales during the week ended June 14, according to the Foreign Agricultural Service, USDA. Major purchases were by the USSR of 22,000 bales, Japan 19,200 and South Korea 16,600 bales. Sales for the 1984-85 marketing year totaled 86,100 bales and were primarily to Japan with 22,500 bales, South Korea 13,700, Indonesia 12,200 and France 11,500 bales. Weekly exports totaled 98,800 bales. Asian destinations accounted for 81 percent of the week's shipments and Western Europe and the USSR accounted for 8 percent each.