

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE
COTTON DIVISION, MARKET NEWS BRANCH
4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38103
Telephone 901-233-2333



TEXAS TECH

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Spot cotton prices were steady, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained active in some markets. Offerings were mostly 1984 and 1985-crop equities and a fairly heavy volume traded. Merchant demand was good for most qualities. Domestic mill buying was light and included cotton for both prompt and forward delivery. Export trading was very slow. Forward contracting of 1986-crop cotton was restricted to a small volume in Arizona and south Texas. The crop continued to make good to excellent progress in western states. Excessive rains continued to hamper crop progress in southwestern states. Growers on the Texas Plains and in Oklahoma need a break in rainy weather to resume planting. Cool, rainy weather, scattered hail storms and damaging winds will cause some replanting but it is not expected to be widespread. Crop conditions continued to improve in southeastern states, except in the Carolinas where rain is badly needed. Hot, dry weather was beneficial to the crop in south central states. Fields dried enough to allow growers to cultivate and spray for insects. August-May consumption of cotton by domestic mills this season was the largest since 1979-80. Total export shipments for the August-May period this season were the smallest since 1947-48.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 65.59 cents per pound during the week ended Thursday, June 26. A week earlier, prices averaged 65.37 cents per pound and ranged from 65.18 to 65.59 cents. In the corresponding week a year ago, the average price was 60.01 cents. The New York October 1986 futures settlement price ended the week on Thursday at 31.83 cents per pound compared with 33.28 cents a week earlier. The December settlement price was 32.32 cents against 33.62 cents a week earlier.

Trading on spot cotton markets of CCC loan equities was moderate to heavy. Growers offered loan equities freely but supplies were becoming depleted in some areas and in some qualities. Demand was good for most qualities. Prices offered were steady to firm. Many merchants buying 1984 and 1985-crop equities continued to leave the cotton in the loan for redemption at a later date under provisions of the farm program. Domestic mills purchased a light volume of cotton for both prompt and later delivery. Foreign mill buying was limited. Purchases reported by cotton exchanges in the designated markets totaled 274,300 bales in the week ended Thursday, June 26. This compares with 191,800 bales reported a week earlier and 35,900 bales in the corresponding week last season.

Textile mill report. Mills continued to buy at a slow but steady rate; however, overall volume was light. Demand included a fairly wide range of qualities, mostly of central and western growths. Interest improved for deferred delivery and some mills made inquiries for forward shipment. Mill business remains excellent with most apparels, yarn and household items trading readily. Other product sales were mixed but good. Mills reported routine work schedules of five to seven days but announced closings of various periods of time for July 4th holidays.

China cotton outlook. According to the U.S. Agricultural Counselor in Beijing, Chinese cotton farmers are less interested in growing cotton in 1986-87 due to lower cotton prices, as reported by the Foreign Agricultural Service, USDA. During the 1985-86 cotton season, Chinese cotton farmers' income was reduced due to government efforts to curtail production and weather-related quality problems. Moreover, increasing demand for grains

for livestock feed and strong prices for peanuts, vegetables, watermelon, and other crops resulted in lower cotton plantings. Because of the government's concern that lower cotton prices might encourage farmers to plant other crops, cotton farmers are being told to honor their 1986-87 contract or face a cut in their 1987-88 contracts.

Domestic mill consumption of cotton averaged 24,800 running bales per day in the four weeks ended May 31, according to the Bureau of the Census. This was the same as usage per day a month earlier (five weeks) but up from 21,900 bales in May 1985. Mills used 495,100 bales during May, bringing consumption for the first 44 weeks this marketing year (August-May) to 5,179,400 bales, the largest usage for this period since 1979-80. Through May last year (43 weeks) mills had used 4,373,400 bales and two years ago (43 weeks) 4,722,300 bales.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 132.6 million pounds (equivalent to about 276,300 bales of 480 pounds, net weight) in the four weeks ended May 31, according to the Bureau of the Census. This was down from 165.7 million pounds (about 345,200 bales) used a month earlier but up from 124.1 million pounds (about 258,600 bales) used in May 1985. Consumption of manmades during the first ten months this season totaled 1,438.4 million pounds (about 2,996,600 bales). This was up 10 percent from usage last year but down 8 percent from two years ago.

All cotton: Domestic mill consumption, stocks and exports, running bales, by months and seasons, 1981-1985

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season 1/
	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 2/</u>													
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	428	509*	428	390	423*	399	418	519*	419	439	525*	369	5,268
1985 4/	458	562*	493	477	486*	595*	499	492	620*	495			
<u>Mill consumption per day</u>													
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	21.4	20.4	21.4	19.5	16.9	20.0	20.9	20.8	21.0	21.9	21.0	18.5	20.3
1985 4/	22.9	22.5	24.6	23.9	19.5	23.8	24.9	24.6	24.8				
<u>Stocks in consuming establishments 3/</u>													
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	715	645	542	560	683	812	875	815	796	804	734	733	-
1985 4/	685	621	557	570	604	687	728	776	789	780			
<u>Stocks in public storage 3/</u>													
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	1,491	1,432	3,386	6,321	7,551	7,529	6,541	5,648	4,806	4,008	3,570	2,930	-
1985 4/	2,826	3,743	6,122	8,963	10,677	10,747	10,243	9,656	9,072	8,465			
<u>Exports</u>													
1981	233	211	262	478	732	653	754	873	676	484	498	396	6,263
1982	342	351	293	382	377	438	368	487	612	464	435	409	4,961
1983	367	322	261	441	632	663	719	896	723	607	422	365	6,419
1984	452	264	292	484	629	793	766	625	544	426	353	252	5,943
1985 4/	166	179	222	196	236	189	202	134	198	69			

1/ Season totals are adjusted data as reported in Supply and Distribution of Domestic and Foreign Cotton in 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.

Stocks of cotton at mills totaled 780,100 running bales on May 31, according to the Bureau of the Census. This compares with 789,500 bales a month earlier and 803,900 bales at the end of May last year. At the May daily rate of consumption, mill stocks were equivalent to a little over six weeks' supply. Stocks of cotton in public storage totaled 8,465,200 running bales on May 31, the largest end-of-May stocks since 1967. This was down from 9,071,600 bales held in public storage a month earlier and compares with 4,008,400 bales at the end of May 1985 and 2,965,900 bales two years ago.

Exports of cotton from the United States in May declined to the lowest level of the 1985-86 marketing year, according to the Bureau of the Census, Industry Division. May shipments of 68,600 running bales were the smallest for this month since 1944 and were down from 197,700 bales shipped a month earlier and 425,500 bales in May last season. Shipments during the first ten months (August-May) this marketing year totaled 1,787,700 bales, down sharply from 5,274,100 bales shipped a year earlier and 5,631,200 bales two years ago. August-May exports this season were the smallest since 1947-48.

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 19	67.60	33.28	33.62	34.20	34.78	35.30	65.59	40.70
20	68.30	33.70	34.25	34.60	35.10	35.50	65.59	40.60
23	68.59	33.80	34.25	34.75	35.26	35.53	65.59	40.30
24	68.57	33.20	33.56	34.10	34.75	35.15	65.59	40.00
25	68.12	32.65	33.10	33.62	34.32	35.05	65.59	39.80
26	67.75	31.83	32.32	33.06	33.82	34.42	65.59	39.40

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 1984-85 and 1985-86

Description	Marketing Year			
	1984-85		1985-86	
	Through June 20		Through June 19	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	832,900	-	191,500
Exports	79,100	5,579,300	13,600	1,736,900
Total export commitments	-	6,412,200	-	1,928,400
New sales	21,100	-	7,100	-
Buy-backs and cancellations	13,800	-	800	-
Net sales	7,300	-	6,300	-
Sales next marketing year	8,500	674,600	184,500	1,736,200

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

Upland cotton export sales for the current marketing year resulted in a net increase of 6,300 running bales during the week ended June 19, according to the Foreign Agricultural Service, USDA. The predominant buyer was Taiwan with 6,100 bales. Sales of 184,500 bales for 1986-87 delivery were primarily to South Korea of 52,500 bales, Japan 26,400, Taiwan 25,700, Spain 12,700, Indonesia 12,600 and Portugal 11,000 bales. Exports for the week totaled 13,600 bales. Asian destinations accounted for 89 percent of the week's shipments, West European 10 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 or 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									
	GVL	MTG	MEM	GRNW	DAL	LUB	PHOE	FRES	8 MARKET AVERAGE	
26 & Below	-1000	-1200	-1000	-1000	-850	-850	-1100	-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				26 & Below	-2500
					27 thru 29	-2100
44	104.50	102.50	92.75	62.00	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	-	-	-	-	-	-	-	-	-	-	-	60.25	58.25	60.50	5
30	-	-	-	-	-	-	-	-	-	-	-	62.00	60.00	62.25	60.00
31	-	-	-	-	-	-	-	-	-	-	-	64.75	62.25	64.75	62.00
32	-	-	-	-	-	-	-	-	-	-	-	66.25	63.75	66.50	64.00
33	71.25	70.25	66.25	67.25	71.75	71.00	67.00	68.00	-	-	-	68.25	65.00	68.25	65.00
34	73.50	72.00	67.75	69.25	74.00	72.50	68.25	69.75	75.75	74.50	71.00	70.00	66.50	70.25	66.50
35	73.75	72.25	68.00	69.50	74.25	73.00	68.75	70.25	77.50	76.25	73.75	-	-	-	-
36	-	-	-	-	-	-	-	-	77.50	76.25	73.75	-	-	-	-