

## UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

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## Weekly Cotton Market Review

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Trading remained slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were steady. Grower-held supplies were limited and offerings were very light. Most growers with uncommitted cotton were not willing to sell at prevailing prices. Domestic and foreign mill buying was light. Forward contracting of 1985-crop cotton by growers was at a standstill. The crop made good to excellent progress in most localities. Although cotton consumption by domestic mills during May was up from the previous month, consumption for the first ten months this marketing year was the smallest since 1920-21.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.01 cents per pound during the week ended Thursday, June 27. Prices ranged from a low of 59.66 cents on Friday to a high of 60.24 cents on Wednesday and ended the week at 60.18 cents. A week earlier, prices averaged 59.94 cents per pound and ranged from 59.64 to 60.21 cents. In the corresponding week a year ago, the average price was 71.98 cents. The New York October 1985 futures settlement price ended the week on Thursday at 61.48 cents per pound compared with 61.15 cents a week earlier. The December settlement price was 61.48 cents against 61.39 cents a week ago.

Trading on spot cotton markets remained slow. Grower-held supplies were at low levels and very little cotton was offered. Merchant demand was weak. Most bid prices were near CCC loan rates and growers were not willing to sell. Merchants continued to trade among themselves to fill commitments. Domestic mill purchases remained light but some mills showed an increased interest in buying new-crop cotton for forward delivery. The limited export trading was mostly with Far Eastern mills for October shipment. Purchases reported by cotton exchanges in the designated markets totaled 35,900 bales in the week ended Thursday, June 27. This compares with 20,800 bales reported a week earlier and 10,100 bales in the corresponding week last season.

Textile mill report. Domestic mill purchases were light but covered a wide range of growth areas. Purchases for prompt and nearby delivery included San Joaquin Valley, Texas Plains and Memphis territory growths. Inquiries for 1985-crop cotton increased but purchases remained light. Purchases of 1985-crop cotton included California, Rio Grande Valley and Memphis territory growths. Most mills reported sales of finished goods were steady to slowly improving. Sales of athletic wear, industrial fabrics, underwear and denim continued steady. Some yarn mills reported an improvement in sales. Some print-cloths, broadcloths and cords remained slow sellers. A few sheeting mills reported a slight slowing of sales.

USDA announces new standards for American Pima cotton. The U.S. Department of Agriculture will put into effect new grade standards for American Pima cotton on July 1, 1986, according to an announcement June 17. The new standards will provide a more accurate description of the American Pima cotton crop.

USDA will reduce the number of physical grade standards from nine to six by consolidating some of the existing grades. Concurrently, the color range within each of the new standards will be widened, reflecting a color shift that has occurred gradually within the American Pima cotton crop as new varieties have been introduced. The new standards will encompass a portion of the crop having too much color to fit within the current standards.

The final rule establishing the standards was scheduled to be published in the June 18 Federal Register.

Crop progress. The crop made excellent progress in California. Plants were squaring and blooming. Lygus bugs were present in isolated areas in sufficient number to require spraying. The Arizona crop was rated as good to excellent and was slightly ahead of last year. Insect populations were light and had not reached levels requiring controls in most cases. The crop in New Mexico was making good progress. Cotton in earlier planted fields was squaring. Insect control measures were under way, as necessary. In Texas, replanting continued on portions of the Plains and some growers decided to turn to alternative crops. Warm, dry weather was beneficial. Beneficial rains fell in parts of central Texas. The crop was maturing rapidly in southern counties. In Oklahoma, warmer weather allowed the crop to improve. Some early planted cotton was blooming. Most replanting was completed except for isolated wet areas. The Arkansas crop varied. In some fields plants were small while in others plants were over knee high. Many growers would welcome a good general rain. No serious outbreaks of insects were reported. The Missouri crop made good to excellent progress. Plants were growing rapidly. Insect problems were minor. Most of the Tennessee area received beneficial rains and the crop made good progress. Plants were growing rapidly and most cotton was squaring. In Mississippi, the crop responded to last week's rains. Insect counts were being closely monitored but no major problems were reported. Plants were fruiting heavily and blooms were becoming common in many fields. The crop was generally regarded as one to three weeks earlier than normal. Most of the crop in Louisiana received beneficial rain. Plants responded to the moisture and crop conditions improved. Cotton was squaring and blooming. Insect infestations were fairly light. The Alabama crop made excellent progress. Most cotton was blooming in southern counties and a few blooms were reported in the north. Insect problems were minimal. The crop was about a week to ten days ahead of last season. The Georgia crop made good progress. Most plants were squaring and in some fields were beginning to bloom. Insects remained controllable. Soil moisture was less than adequate over most of the state but conditions improved because of frequent rains. The North Carolina and South Carolina crop made good progress. Plants are blooming heavily and observers rate the crop about two weeks ahead of average. Insect problems are minimal. Rains would be welcomed.

Domestic mill consumption of cotton averaged 21,200 running bales per day during the four weeks ended May 25, according to the Bureau of the Census. This was up from 20,300 bales used per day a month earlier and was the largest daily rate for any month since May 1984 when 22,100 bales were used. Domestic mills consumed 424,700 bales during May, bringing consumption for the first ten months (43 weeks) this season to 4,236,300 bales. This was the smallest consumption for the first ten months of any season since 1920-21. Through May last year, mills had used 4,722,300 bales and two years ago 4,346,200 bales.

Stocks of cotton at mills totaled 803,600 running bales on May 25, according to the Bureau of the Census. This compares with 795,600 bales a month earlier and 766,100 bales at the end of May last year. At the May daily rate of consumption, mill stocks were equivalent to about seven and one-half weeks' supply. Stocks of cotton in public storage totaled 3,989,200 bales on May 25 compared with 4,805,900 bales a month earlier and 2,965,900 bales at the end of May 1984.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 123.4 million pounds (about 257,100 bales of 480 pounds) in the four weeks ended May 25, according to the Bureau of the Census. This brought consumption for the August-May period this season to 1,306.7 million pounds (about 2,722,200 bales) and compares with 1,561.3 million pounds (about 3,252,800 bales) used through May a year ago.

Tunisia has just received delivery of the first 1,000 tons of cotton negotiated as part of a countertrade agreement with China, according to the Foreign Agricultural Service, USDA. The agreement, which involved construction of a fertilizer factory in China by Tunisia and Kuwait, provided for the shipment of 150,000 tons of soft wheat and 6,000 tons of cotton to Tunisia. The 6,000 tons of cotton constitutes about half of Tunisian annual raw cotton import needs. The United States has supplied about 630 tons of cotton to Tunisia thus far this marketing year. The countertrade agreement reduces the likelihood of additional U.S. cotton sales in the near future.

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
	Mill consumption <sup>1/</sup>												
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 <u>3/</u>	416	494*	415	377	407*	387	406	504*	407	425			
	Mill consumption per day												
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 <u>3/</u>	20.8	19.8	20.8	18.8	16.3	19.3	20.3	20.2	20.3	21.2			
	Stocks in consuming establishments <sup>2/</sup>												
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 <u>3/</u>	715	645	542	560	683	812	875	815	796	804			
	Stocks in public storage <sup>2/</sup>												
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 <u>3/</u>	1,491	1,432	3,386	6,321	7,551	7,529	6,541	5,648	4,806	3,989			

<sup>1/</sup> 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.

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

<sup>3/</sup> Preliminary.

\* Five-week month.

Source: Bureau of the Census

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 '85	Oct '85	Dec '85	Mar '86	May '86	Jul '86		
June 20	61.88	61.15	61.39	62.28	62.53	62.63	59.87	62.70
21	60.32	60.87	61.05	62.10	62.37	62.38	59.66	62.70
24	61.34	61.25	61.80	62.86	62.95	62.95	59.94	62.75
25	61.10	61.34	61.53	62.57	62.88	62.85	60.01	62.60
26	61.90	61.65	61.73	62.60	62.97	63.05	60.24	62.60
27	61.01	61.48	61.48	62.46	62.82	62.80	60.18	62.60

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					
	Jul '85	Oct '85	Dec '85	Mar '86	May '86	
June 20	56.61	-	52.20	-	-	50.56
21	56.61	-	51.85	-	-	50.39
24	56.61	-	52.32	-	-	50.62
25	55.50	-	52.25	-	-	50.67
26	55.60	-	52.32	-	-	50.76
27	55.85	-	52.00	-	-	50.86

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 June 21		Through June 20	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,046,600	-	832,900
Exports	95,200	5,991,200	79,100	5,579,300
Total export commitments	-	7,037,800	-	6,412,200
New sales	48,800	-	21,100	-
Buy-backs and cancellations	32,100	-	13,800	-
Net sales	16,700	-	7,300	-
Sales next marketing year	136,700	1,581,800	8,500	674,600

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

Upland cotton export sales for the current marketing year totaled 7,300 running bales during the week ended June 20, according to the Foreign Agricultural Service, USDA. Major sales to Japan of 9,300 bales, South Korea 3,300, Ireland 2,000 and Indonesia 1,700 bales were partially offset by reductions by Spain of 4,800 bales, the Philippines 1,400, Thailand 1,400 and Taiwan 1,200 bales. Sales for the 1985-86 marketing year totaled 8,500 bales and were primarily to South Korea with 4,000 bales, Thailand 1,400 and the Philippines 1,000 bales. Exports for the week totaled 79,100 bales. Asian destinations accounted for 81 percent of the week's shipments, West European 14 percent and East European 3 percent.