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Weekly Cotton Market Review

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Trading was slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Growers were reluctant to sell their limited supplies at prevailing prices. Merchant and mill demand was weak. Export trading was slow. Grower forward contracting of 1985-crop acreage was very light. Planting neared completion in Texas and Oklahoma but heavy rains and flooding in some areas caused extensive damage. Elsewhere, the crop made mostly good progress. The interest rate for CCC loans disbursed in June will be 8.75 percent. Upland cotton growers had forward contracted about 5 percent of their expected acreage by the end of May. Exports of cotton from the United States slowed during April.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 59.33 cents per pound during the week ended Thursday, June 6, up 47 points from a week earlier. Prices ranged from a low of 58.73 cents on Friday to a high of 59.71 cents on Tuesday and ended the week at 59.58 cents. A week earlier, prices averaged 58.86 cents per pound and ranged from 57.81 to 59.47 cents. In the corresponding week a year ago, the average price was 79.22 cents. The New York July 1985 futures settlement price ended the week on Thursday at 63.07 cents per pound compared with 61.38 cents a week earlier. The October settlement price was 61.65 cents against 60.12 cents last Thursday and the December price was 62.44 cents compared with 60.64 cents a week ago.

Trading remained slow on spot cotton markets. Grower supplies were limited and offerings were very light. Most growers were not willing to sell at prevailing prices. Merchant demand was weak. Domestic mill purchases were light and primarily for fill-ins. Sales for export were light. Purchases reported by cotton exchanges in the designated markets totaled 42,700 bales in the week ended Thursday, June 6. This compares with 28,400 bales reported a week earlier and 26,200 bales in the corresponding week last season.

Textile mill report. Mills continued to buy a light volume, mostly for fill-ins or to cover product sales. Demand for new-crop cotton was noticeably weak. Most mills postponed making all but the most necessary purchases until details of pending farm legislation are finalized. Although sales of some textile products have shown modest improvement, demand for goods continued spotty with orders generally not extending past the third quarter. Sales of apparel goods were mixed and yarn business varied widely depending on end product usage. Athletic wear, denim, sheeting and underwear remained good sellers. Industrial and household product sales were intermittent. Mills were operating three to seven days per week, mostly five.

Foreign crop report. The Cotton Outlook of Liverpool reports that weather conditions generally have been favourable to cotton in most major producing areas during the past few weeks. Harvesting of the 1984-85 crops is of course now entering the final stages. Despite unwelcome rain in and around the Argentine Chaco, forecasts of the South American lint outturns have on balance continued to rise. South Brazil, a region which foresaw little over 3,000,000 bales (of 480 lbs) in April, now expects to pick at least 3,260,000. Paraguay has raised its estimate by around 46,000 bales, to 643,000 and (on the other side of the Andes) excellent weather for the Tanguis harvest has lifted the Peruvian indication from 432,000 bales to 459,000. Argentina, worst affected by the rain, has lowered its forecast by just 60,000 bales, to 744,000. Moreover, Australia, already certain to

achieve a record figure, now suspects that production could exceed the 1,137,000 bales level. As is customary on the Indian subcontinent, harvesting operations still continue in the more southerly producing areas. Pakistan proves to have grown a commercial crop of no less than 4,397,000 bales, compared with the 1,984,000 grown in the disastrous 1983-84 season. India seems almost certain to produce nearly 7,350,000 bales, compared with 5,988,000. New Delhi is nonetheless still being urged by the domestic mills to authorize the import of a large quantity of shorter-staple cotton - on the by no means convincing grounds that such styles are still in relatively tight supply.

To most producers and traders, the further addition to output is scarcely welcome. The world 1984-85 total will probably exceed 85,500,000 bales, whereas consumption in the season is unlikely to be much in excess of 69,000,000. Consumption in 1985-86 can be expected to rise only modestly, whereas a sharp fall in production already appears to have been precluded by the unattractive price at which farmers can at present expect to sell grains. Despite earlier fears, Russia completed planting only a little late, except perhaps in one province of Uzbekistan. In China, domestic comment suggests that cotton is off to a good start, and that output will almost certainly be comfortably in excess of the 19,500,000 bales official procurement limit. Many now share the view that 23,000,000 bales might well be achieved. Enthusiasm for cotton in Pakistan is undiminished, and government production targets are once again at record levels. Water available for irrigation purposes has been worryingly scarce during the optimum planting period in both Upper Sind and the Punjab, and it remains to be seen whether a recent recovery of river levels, and government reassurances that it will continue, presage normal acreages. For the moment at least, international traders appear unconvinced that events in Pakistan could turn the trend of prices.

Exports of cotton from the United States totaled 544,200 running bales in April, according to the Bureau of the Census. This was down from 624,800 bales a month earlier and 723,100 bales in April last season. Shipments during the first nine months this marketing year totaled 4,848,500 bales, down from 5,024,100 bales a year earlier and up from 3,651,100 bales two years ago.

Prices received by farmers for upland cotton averaged 55.60 cents per pound in mid May, according to the Statistical Reporting Service, USDA. This compares with 55.90 cents for the entire month of April and 72.70 cents in May 1984. These prices include cotton delivered against forward contract.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1984-1985

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1984	1985		1984	1985		1984	1985
	Cents	Cents		Cents	Cents		Cents	Cents
January	62.70	52.10	June	68.00		November	61.80	
February	65.00	48.90	July	65.90		December	55.80	
March	70.10	54.50	August	67.40				
April	67.20	55.90	September	64.60		Calendar		
May	72.70	55.60 ^{1/}	October	64.60		year avg.	62.40	

^{1/} Mid-month price.

Source: Statistical Reporting Service, USDA

Forward contracting of upland cotton by growers, as of June 1, crops of 1976-1985
and prospective plantings, 1985 crop 1/

State	Cotton crops											Prospective plantings 2/ 1,000 acres
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985		
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.		
Alabama 3/	55	5	7	10	14	7	9	16	26	21	300	
Georgia	18	1	-	5	9	9	2	1	27	4	230	
North Carolina	17	14	2	6	22	2	4	22	42	-	100	
South Carolina	31	15	8	10	38	1	28	45	55	18	115	
Southeastern states	40	7	5	9	18	6	10	17	32	12	745	
Arkansas	73	14	17	11	41	13	9	22	33	8	475	
Louisiana	51	6	25	8	34	9	4	18	23	1	620	
Mississippi	61	19	27	32	56	22	17	27	30	15	1,050	
Missouri	83	21	15	14	78	20	12	30	49	*	160	
Tennessee	61	2	6	10	17	2	6	27	41	4	340	
South central states	65	14	21	19	46	15	11	24	31	8	2,645	
Oklahoma	1	19	26	3	4	-	1	-	13	-	370	
Texas	9	15	7	9	11	3	1	4	16	2	5,300	
Southwestern states	9	16	8	8	11	2	1	3	16	2	5,670	
Arizona	37	47	32	14	26	6	15	8	5	4	380	
California	55	28	35	18	15	5	8	11	26	4	1,350	
New Mexico	4	12	9	6	1	-	*	-	1	1	77	
Western states	48	31	33	16	17	5	9	10	20	4	1,807	
United States	36	17	16	12	19	6	5	10	21	5	10,867	

1/ Contracting estimates for 1976 through 1980 based on April prospective plantings report; 1981 based on March; 1983 based on May; 1982, 1984 and later based on February. Estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations.

2/ February 1985, Crop Reporting Board, Statistical Reporting Service, USDA.

3/ Includes Florida, 1984 crop.

* Less than 0.5 percent.

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						Designated 8-Market Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Jul '85	Oct '85	Dec '85	Mar '86	May '86	Jul '86		
May 30	61.38	60.12	60.64	61.82	62.50	62.72	57.81	64.20
31	62.27	60.90	61.35	62.50	63.13	63.60	58.73	64.00
June 3	62.94	61.40	61.86	63.08	63.60	63.88	59.23	63.70
4	63.49	61.90	62.55	63.75	64.25	64.35	59.71	63.60
5	62.94	61.55	62.12	63.30	63.80	64.02	59.42	63.55
6	63.07	61.65	62.44	63.51	63.85	64.02	59.58	63.50

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					Designated 5-Market Average 1/
	Futures Settlement					
	Jul '85	Oct '85	Dec '85	Mar '86	May '86	
May 30	54.08	-	50.05	-	-	48.40
31	54.00	-	50.90	-	-	49.43
June 3	54.20	-	51.15	-	-	49.83
4	54.25	-	51.25	-	-	50.46
5	52.96	-	52.04	-	-	50.13
6	53.00	-	52.10	-	-	50.26

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 May 24		Through May 23	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,391,100	-	1,153,200
Exports	120,400	5,537,400	86,700	5,218,700
Total export commitments	-	6,928,500	-	6,371,900
New sales	52,700	-	21,600	-
Buy-backs and cancellations	21,400	-	2,900	-
Net sales	31,300	-	18,700	-
Sales next marketing year	52,500	1,241,600	24,400	565,000

Description	Marketing Year			
	1983-84		1984-85	
	Through May 31		Through May 30	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,274,300	-	1,080,800
Exports	121,200	5,657,700	81,600	5,300,300
Total export commitments	-	6,932,000	-	6,381,100
New sales	32,900	-	13,200	-
Buy-backs and cancellations	28,500	-	4,000	-
Net sales	4,400	-	9,200	-
Sales next marketing year	47,000	1,288,600	16,400	581,400

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

Upland cotton export sales for the current marketing year totaled 9,200 running bales during the week ended May 30, according to the Foreign Agricultural Service, USDA. Major buyers were Yugoslavia with 4,200 bales, Indonesia with 1,200 and Ghana with 1,200 bales. Sales for the 1985-86 marketing year totaled 16,400 bales and major buyers were Japan with 7,700, South Korea, 6,500, and Canada, 1,000 bales. Exports for the week totaled 81,600 bales. Asian destinations accounted for 61 percent of the week's shipments, the USSR 26 percent and Western Europe 11 percent.